



Wilmington Trust
Rodney Square
North 1100 North
Market Street Wilmington,
DE 19890-0001

ATTENTION ALL SPONSORS, NOMINEES, BROKERS OR OTHER PERSONS ACTING AS A NOMINEE OR CUSTODIAN FOR OR ON BEHALF OF OTHER PERSONS: PLEASE TRANSMIT THIS NOTICE IMMEDIATELY TO THE BENEFICIAL OWNER OF THE CERTIFICATES ISSUED PURSUANT TO THE TRUST AGREEMENT REFERENCED BELOW OR SUCH OTHER REPRESENTATIVE WHO IS AUTHORIZED TO TAKE ACTIONS WITH RESPECT TO SUCH CERTIFICATES. YOUR FAILURE TO ACT PROMPTLY IN COMPLIANCE WITH THIS PARAGRAPH MAY IMPAIR THE CHANCE OF THE BENEFICIAL OWNERS ON WHOSE BEHALF YOU ACT TO TAKE ANY APPROPRIATE ACTIONS CONCERNING THE MATTERS DESCRIBED IN THIS NOTICE.

URGENT AND TIME SENSITIVE

**NOTICE OF PROPOSED SETTLEMENT REGARDING ESTIMATION
MOTION ("NOTICE")**

IN CONNECTION WITH BANKRUPTCY OF

LEHMAN BROTHER HOLDINGS, INC., et al

Reference is hereby made to (i) the Trust Agreement dated as of February 1, 2007 (the "Trust Agreement"), by and among Structured Asset Securities Corporation, as depositor (the "SASCO Debtor"), Aurora Loan Services LLC, as master servicer, and Wilmington Trust Company ("Wilmington"), as trustee (the "Trustee") in connection with the Lehman XS Trust, Mortgage Pass-Through Certificates, Series 2007-3 (the "Certificates"), (ii) the Mortgage Loan Sale and Assignment Agreement dated as of February 1, 2007 (the "Sale Agreement"), by and between Lehman Brothers Holdings Inc., as seller (the "LBHI Debtor") and the SASCO Debtor, as purchaser, and (iii) the Assignment and Assumption Agreement dated as of February 1, 2007 (the "Assignment Agreement", and together with the Trust Agreement and the Sale Agreement, the "Agreements"), by and between Lehman Brothers Bank, FSB, as assignor and the LBHI Debtor, as assignee. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Agreements.

I. Lehman Bankruptcy

This Notice is to inform you of a proposed compromise of a motion filed in the bankruptcy case of the LBHI Debtor and its affiliated entities (collectively, the “**Debtors**”) regarding the proposed estimation of certain claims. This Notice is organized into the following sections:

- (1) General background regarding the Debtors’ bankruptcy case;
- (2) Description of the motion filed by the Debtors to estimate certain claims for the limited purposes of maintaining an adequate reserve for the claims;
- (3) Proposed settlement of the Debtors’ motion to estimate claims; and
- (4) Instructions regarding any response.

No response is required to this Notice unless you have questions, comments or an objection regarding the proposed settlement described herein. If you do elect to respond to the Trustee, your response must be received by the Trustee no later than 4:00 P.M. EST on February 17, 2012.

1. Background

On September 15, 2008, the Debtors filed voluntary petitions (the “**Case**”) seeking relief under Chapter 11 of 11 U.S.C. §§ 101 *et seq.* This proceeding is pending in the United States Bankruptcy Court for the Southern District of New York (“**Bankruptcy Court**”). The Trustee filed proofs of claim against the Debtors asserting claims for, *inter alia*, (a) exceptions contained in the files for the mortgages that were sold to certain residential mortgage loan securitization trusts for which the Trustee acts as trustee, (b) breaches of representations, if any, of the Debtors relating to such mortgage loans, (c) known early payment defaults, and (d) the fees and expenses of Wilmington, as Trustee (collectively, the “**Trustee Claims**”). Wells Fargo Bank, N.A., U.S. Bank National Association, Citibank, N.A., Deutsche Bank, N.A. and Wilmington (collectively with the Trustee, the “**RMBS Trustees**”) also filed proofs of claim (collectively with the Trustee Claims, the “**RMBS Claims**”) asserting claims for similar types of liability against the Debtors regarding residential mortgage loan securitization trusts for which they serve as trustees. On December 5, 2011, the Bankruptcy Court entered the Order (the “**Confirmation Order**”) Confirming the Modified Third Amended Joint Chapter 11 Plan, dated December 5, 2011 (the “**Plan**”). The Debtors’ docket may be accessed at <http://chapter11.epiqsystems.com/LBH/docket/Default.aspx?rc=1>. A copy of the Confirmation Order and the Plan may be found on the docket as ECF No. 23023 and 22973, respectively.

The actual amount of the RMBS Claims is unknown at this time. The Debtors will have to determine the actual, allowed amount of each of the RMBS Claims before the Debtors can make any distributions to the RMBS Trustees for the RMBS Claims. Under the Plan, the Debtors can make pro rata distributions to holders of allowed claims only if the Debtors include the full face amount of disputed claims in their pro rata distribution calculations or the Bankruptcy Court determines some other reserve amount is

appropriate in a claims estimation proceeding. The Debtors seek to estimate the amount of the RMBS Claims for purposes of establishing pro rata calculations for making initial distributions under the Plan and reserving assets for disputed claims.

2. Estimation Motion

On January 12, 2012, the Debtors filed a *Motion Pursuant to Section 8.4 of the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors and Sections 105(a), 502(c) and 1142(b) of the Bankruptcy Code to Estimate the Amounts of Claims Filed by Indenture Trustees on Behalf of Issuers of Residential Mortgage Backed Securities For Purposes of Establishing Reserves* (the “**Estimation Motion**”). The Estimation Motion is available on the Debtors’ docket at Document No. 24254. The Declaration of Zachary Trumpp in support of the Estimation Motion is available on the docket at Document No. 24255. The purpose of the Estimation Motion is to estimate the RMBS Claims so the Debtors may (i) commence making distributions to creditors whose claims have been allowed and (ii) establish appropriate reserves for disputed claims.

The Estimation Motion does not seek to resolve the amount of RMBS Claims. If the Bankruptcy Court does not estimate the RMBS Claims, the Debtors would be required to maintain a reserve for the amount of the RMBS Claims as filed, which could materially impact the Debtors’ ability to make distributions to other creditors whose claims have been allowed in a certain amount.

In the Estimation Motion, the Debtors seek authority to estimate the RMBS Claims at \$2.4 billion and reserve for that amount pending the final determination of the actual amount of the RMBS Claims. The Debtors assert that in the Estimation Motion that \$2.4 billion represents the high end of their potential liability for the RMBS Claims. The RMBS Trustees filed objections to the Estimation Motion.¹ The RMBS Trustees also engaged a consultant to analyze the Debtors’ methodology for determining the amount of the estimated RMBS Claims.

The Bankruptcy Court held a preliminary hearing on the Estimation Motion on January 26, 2012. The Bankruptcy Court did not enter an order estimating the amount of the RMBS Claims at that time. However, the Bankruptcy Court indicated that, unless the Debtors and the RMBS Trustees came to an agreement prior to the next Omnibus Claims Objection hearing on February 22, 2012, the Bankruptcy Court would hear evidence and estimate the amount of the RMBS Claims so the Debtors can make their initial distribution under the Plan. The Bankruptcy Court also indicated that it would not uphold certain challenges that the RMBS Trustees raised with respect to the Debtors’ proposed estimation of the RMBS Claims.

¹ The objections of the RMBS Trustees may be found on the Debtors’ docket at Document Nos. 24476, 24483, 24484, 24485, 24491 and 24492. The Declaration of James Burke, the RMBS Trustees’ expert, may be found at Document No. 24491.

3. Proposed Settlement

After the preliminary hearing, the RMBS Trustees met with the Debtors in an attempt to reach an agreement regarding the estimation of the RMBS claims for initial Plan distribution purposes and to establish an appropriate reserve. The RMBS Trustees, having considered the comments of the Bankruptcy Court, the assets available for distribution by the Debtors, the relatively small amount of the Debtors' initial distributions under the Plan, the advice of their independent consultant, and the fact that distributions under the Plan will continue for several more years, have agreed to a settlement whereby the RMBS Claims will be estimated at \$5 billion (the "*Estimate*").² The proposed order to approve the Estimate will make clear that the Estimate is merely an estimate of the RMBS Claims, and the actual RMBS Claims allowed in these proceedings may be higher or lower than the Estimate. The Debtors have advised the Bankruptcy Court and the RMBS Trustees that, even if the RMBS Claims are finally allowed in an amount considerably higher than the Estimate, the Debtors will have sufficient assets to make full distributions on the RMBS Claims. The Debtor and the RMBS Trustees have also agreed to engage a mediator as part of the ongoing process to reach a determination of the final allowed amount of the RMBS Claims.

The Debtors will present an order (the "*Order*") to the Bankruptcy Court memorializing this proposed settlement, and the Bankruptcy Court will consider the Order at a hearing on February 22, 2012, at 10:00 a.m. EST, at the United States Bankruptcy Court, Courtroom 601, One Bowling Green, New York, New York. Any objecting parties are required to attend the hearing, and failure to appear may result in relief being granted or denied.

If the Bankruptcy Court does not approve the proposed settlement and enter the Order, the Bankruptcy Court likely will conduct an evidentiary hearing on February 22, 2012, and estimate the RMBS Claims in an amount the Bankruptcy Court determines is appropriate. The Trustee intends to support the approval of the Order at the hearing, provided that it may determine to withdraw such support in the event it receives directions from holders to do so as provided below.

4. Instructions

No response to this Notice is required unless you object to the proposed settlement of the Estimation Motion. If you choose to respond to the Trustee, the Trustee must receive your written response by no later than February 17, 2012, at 4:00 P.M. EST. If the requisite amount of Holders direct the Trustee to object to the settlement, the Trustee may determine to withdraw its support of the entry of the Order in

² The settlement, which is over twice as much as the Debtor's requested reserve amount, is subject to the approval of the Bankruptcy Court.

accordance with such direction given in the manner contemplated and pursuant to the terms of the Trust Agreement.

If you have questions, comments or if you object to the settlement described herein, please contact Dorri Costello as provided below.

II. Additional Information

The Trustee will continue to communicate with holders of Certificates from time to time, as circumstances warrant. You may direct questions regarding this notice to the attention of Dorri Costello by telephone at (302) 636-6194, by e-mail at DCostello@wilmingtontrust.com, or by facsimile at (302) 636-4140. Wilmington, as Trustee, may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of material information to all holders. Holders of Certificates should not rely, nor are you entitled to rely, on any summary provided herein regarding the Estimation Motion, the Plan, or any other pleading filed with, or order entered by, the Bankruptcy Court, and holders of Certificates should review the actual terms of the Estimation Motion and the Plan.

Nothing herein is intended to, or shall, waive any term or provision of the Agreements or any other transaction document, or any rights, claims, or remedies of the Trustee thereunder or available at law or equity, all of which are hereby fully reserved.

This Notice is provided for informational purposes only. Wilmington has prepared this Notice based solely on publicly available information and without independent investigation. Wilmington gives no legal, financial, or tax advice regarding the Proposed Plan, the Disclosure Statement, the Case, or the Certificates. We have not undertaken any independent analysis of the Proposed Plan and take no position regarding whether the Proposed Plan likely would be confirmed by the Bankruptcy Court. Certificateholders are urged to consult with their own legal and other professional advisors regarding the Proposed Plan, the Disclosure Statement, the Case, and the Certificates.

Nothing herein is intended to, or shall, waive any term or provision of the Trust Agreement or any other transaction document, or any rights of the Trustee thereunder or under applicable law, all of which are hereby fully reserved, including, without limitation, the right of the Trustee under the Trust Agreement to require satisfactory indemnity before taking any action directed by the requisite Certificateholders.

Dated: February 7, 2012

WILMINGTON TRUST COMPANY

As Trustee