

Bear Stearns Liquid Funding Holdings Inc.  
383 Madison Ave.  
New York, N.Y. 10179

To the holders of the Class A Voting Units  
(as defined in the within-mentioned LLC Agreement),  
whose names appear in the  
attached Annex A:

Ladies and Gentlemen:

Reference is made herein to the Limited Liability Company Agreement, dated as of November 9, 2001 (the *LLC Agreement*), for Liquid Funding Holdings, LLC, a Delaware limited liability company (*Holdings*). Unless otherwise indicated, capitalized terms used herein without definition have the meanings given to such terms in the LLC Agreement.

Bear Stearns Liquid Funding Holdings Inc. is interested in acquiring 100% of the Class A Voting Units in a single transaction (or series of related transactions) and on the terms and subject to the conditions set forth below (the *Transaction*).

**1. Indicative Terms of the Transaction:**

**Purchaser:** Bear Stearns Liquid Funding Holdings Inc. or an affiliate designated by it.

**Sellers:** The holders of the Class A Voting Units.

**Transaction:** Unless otherwise agreed by the Purchaser, the acquisition by the Purchaser of all (and not less than all) of the Class A Voting Units.

**Purchase Price:** The amount in \$ set out in Annex A of the draft purchase and sale agreement enclosed. For pricing purposes, closing of the Transaction is assumed to occur no later than 31 October 2010. If closing of the Transaction occurs later than this date, the above price may be adjusted upwards to reflect any de minimis increase in value due to interest accrual.

**Key Conditions:** Conditions to the closing of the Transaction include (without limitation) the following:

1. Each holder of Class A Voting Units shall have delivered all of its Class A Voting Units at closing, free and clear of all liens, charges, restrictions or other encumbrances, together with appropriate definitive transfer documentation (satisfactory to Purchaser) and satisfaction of any conditions set forth therein.

2. Purchaser shall have received all necessary governmental, company and third party approvals (if any) required for the consummation of the Transaction.
3. Each Member shall have waived any rights of first refusal or similar rights and transfer restrictions in the LLC Agreement that would limit the Transaction.
4. Each member of the Management Committee appointed by the holders of the Class A Voting Units and the Directors of Liquid Funding Limited shall have tendered his/her resignation effective upon the acquisition of the Class A Voting Units.

Enclosed with this letter is the form of purchase and sale agreement (with form of transfer agreement attached) that we propose to use in connection with the Transaction. We reserve the right to modify the terms of the Transaction and this form of agreement at any time prior to the execution of definitive documentation.

**2. Confidentiality.** The contents of this letter are confidential, and except as required by law, no public disclosure or publicity concerning the subject matter of this letter may be made by any addressee without our prior written consent and no addressee hereof will disclose to any unaffiliated person (other than its representatives, counsel and advisors) the existence or terms of this letter. Notwithstanding anything herein to the contrary, each addressee (and each of its employees, representatives, agents or affiliates) may disclose to any and all persons, without limitation of any kind, the United States federal tax treatment and tax structure of the Transaction and all materials of any kind related to that tax treatment or tax structure, including opinions or other tax analyses, that may be provided to or by it.

**3. Fees and Expenses.** Each party shall pay its own expenses in connection with the Transaction (whether or not closing occurs).

**4. Non-Binding.** Except for the provisions set forth under the headings "Confidentiality", "Fees and Expenses" "Non-Binding", "Securities Laws" and "Miscellaneous", the terms set forth herein are preliminary and not legally binding and do not create (and are not intended to create) an obligation on the part of Bear Stearns Liquid Funding Holdings Inc. or any of our affiliates to purchase or acquire any of the Class A Voting Units. This letter does not purport to address all of the terms that may be reflected in a definitive agreement of purchase and sale. Accordingly, except for the provisions set forth under the headings "Confidentiality", "Fees and Expenses", "Non-Binding", "Securities Laws" and "Miscellaneous", this proposal is not intended to create for any party a right of specific performance or a right to seek any payment or damages of any kind for any reason (including, without limitation, for failure to complete the Transaction).

**5. Contacts.** Please direct any questions or comments that you may have in relation to this letter to Jeffrey Lipman (email: [Jeffrey.Lipman@jpmorgan.com](mailto:Jeffrey.Lipman@jpmorgan.com); telephone: + 1 212 270 8211) or Lisa O'Brien of Freshfields Bruckhaus Deringer US

LLP, legal counsel to the Purchaser (email [lisa.obrien@freshfields.com](mailto:lisa.obrien@freshfields.com); telephone +1 212 277 4055).

**6. Securities Laws.** This letter is being delivered on the understanding and belief that, as required under the LLC Agreement, you are an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended. Your decision to participate in this Transaction must be taken by you in consultation with your advisors and without reliance on Purchaser or any affiliate of Purchaser. You must comply with all laws that apply to you in any place where you sell Class A Voting Units. You must also obtain any consents or approvals that you need in order to sell the Class A Voting Units. Neither we nor our affiliates are responsible for your compliance with these legal requirements.

**7. Waiver of rights of first refusal:** It is expressly acknowledged that by indicating your interest in the Transaction and signing and dating this letter: (a) you unconditionally and irrevocably waive any right conferred upon you pursuant to article VI of the LLC Agreement, (b) you do not wish or intend to purchase any of the Class A Voting Units and (c) you wish and intend to sell your interest in Holdings.

**8. Miscellaneous.** The terms of this letter and the Transaction shall be governed by and construed in accordance with the laws of the State of New York. Clause 7.15 of the attached purchase and sale agreement shall apply to this letter *mutatis mutandis* and as if set out in full herein.

**Please indicate your interest in participating in the Transaction by signing and dating the confirmation below and return a full copy of this letter to Jeffrey Lipman and Lisa O'Brien by electronic mail as soon as possible and in any event no later than 1 October 2010.** In addition, please provide the legal name, contact and account details required by Annex A of the attached purchase and sale agreement and any comments you may have to the enclosed documentation by that date.

We look forward to working with you.

Very truly yours,

BEAR STEARNS LIQUID FUNDING HOLDINGS INC.

By \_\_\_\_\_

Name: Jeffrey M. Lipman

Title: Senior Vice President

September 15, 2010

THE UNDERSIGNED HEREBY CONFIRMS  
ITS INTEREST IN PARTICIPATING IN THE  
TRANSACTION:

FINANCIAL TRUST COMPANY, INC.

By \_\_\_\_\_

Name:

Title:

Date:

## ANNEX 1

### Holders of the Class A Voting Units

1. Ceniarth Wales Interest
2. The Schott Family Limited Partnership
3. UNIQA Raiffeisen – Versicherung AG
4. UNIQA Personen Versicherung AG
5. Invemed Associates LLC
6. Financial Trust Company, Inc.
7. TLM Partners L.P.
8. J Ira Harris Living Trust
9. St. Albans Global Management LLLP
10. Marital Trust created under Fourth Rest
11. Nancy L Goldstien Marital Trust

This **PURCHASE AND SALE AGREEMENT** (this *Agreement*), dated as of... October 2010, by and between the party listed as the "Seller" on the signature pages hereto (*Seller*), and Bear Stearns Liquid Funding Holdings Inc., a Delaware corporation (*Purchaser*). Seller and Purchaser are hereinafter sometimes referred to individually as a *Party* and collectively as the *Parties*.

**WITNESSETH:**

**WHEREAS**, Seller and Purchaser are party to the Limited Liability Company Agreement, dated as of November 9, 2001 (as amended, modified and supplemented from time to time, the *LLC Agreement*) for Liquid Funding Holdings, LLC, a Delaware limited liability company (*Holdings*);

**WHEREAS**, Seller is the legal and beneficial owner of that number of Class A voting units in Holdings issued pursuant to the LLC Agreement listed opposite its name on Annex A hereto (collectively, the *Transferred Interests*); and

**WHEREAS**, Seller desires to sell and Purchaser desires to purchase the Transferred Interests, on the terms and conditions described herein.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller agree as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

For purposes of this Agreement, unless otherwise defined herein, capitalized terms have the meanings set forth in the LLC Agreement. In addition, the following terms have the following meanings:

**Business Day** means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks are authorized or required by applicable law, regulation or executive order to close in New York, New York.

**Closing Date** has the meaning set forth in Section 5.1.

**Limited** means Liquid Funding, Ltd., a Bermuda limited liability company, a subsidiary of Holdings.

**Other Acquisitions** has the meaning set forth in Section 4.1(d).

**Person** means any natural person, corporation, business trust, joint venture, association, company, firm, partnership, limited liability company, or other entity or governmental authority.

**Transfer Agreement** means the Transfer Agreement (in the form of Annex B hereto with such changes as may be acceptable to Seller and Purchaser) between Seller and Purchaser.

## **1.2 Interpretation of this Agreement**

In this Agreement, unless a contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the terms of this Agreement;
- (c) reference to day or days without further qualification means calendar days;
- (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, waived, supplemented, restated or replaced and in effect from time to time in accordance with the terms thereof; and
- (e) reference to "including" means "including, without limitation".

## **2. PURCHASE AND SALE OF INTERESTS**

### **2.1 Sale of Transferred Interests**

On the terms and conditions set forth in this Agreement, Seller agrees to sell to Purchaser, without recourse, representation or warranty (except as specifically set forth in Section 4.1, below), and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the Transferred Interests on the Closing Date.

### **2.2 Purchase Price**

The purchase price for the Transferred Interests (the **Purchase Price**) is the amount (expressed in U.S. Dollars) set forth on Annex A as the "Purchase Price". In addition, to the extent provided in Section 7.1, Seller shall be entitled to receive the amount (if any) payable under Section 7.1.

## **3. CONVEYANCE OF TRANSFERRED INTERESTS**

### **3.1 Allocation of Payments and Liabilities**

From and after the Closing Date, Purchaser shall be entitled to all distributions, payments, proceeds and profits payable with respect to or otherwise arising from the Transferred Interests. If and to the extent any such distributions, payments, proceeds or profits are received by Seller after the Closing Date, Seller will hold such amount in trust

for the benefit of Purchaser and promptly upon receipt remit the full amount thereof to Purchaser (without deduction, set-off or counter-claim).

### **3.2 Sale of Transferred Interests**

On the Closing Date, the ownership of Seller's interest in the Transferred Interests will be sold and transferred to Purchaser as provided herein. Seller's records will reflect the transfer of the Transferred Interests to Purchaser as a sale.

## **4. REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations of Seller**

To induce Purchaser to enter into this Agreement, Seller represents and warrants to Purchaser as of the date hereof and as of the Closing Date:

- (a) If Seller is not an individual, Seller is a corporation, partnership, limited liability company or trust, duly organized, validly existing and, if applicable, in good standing under the laws of the jurisdiction of its organization.
- (b) Seller has the requisite power and authority to execute and deliver this Agreement and the Transfer Agreement and to enter into and consummate all transactions contemplated hereby and thereby.
- (c) This Agreement and the Transfer Agreement have been duly authorized and this Agreement has been, and upon execution thereof, the Transfer Agreement shall be, duly and validly executed and delivered by Seller.
- (d) Seller acknowledges and agrees that Purchaser intends to acquire 100% of the other Class A Voting Units (the *Other Acquisitions*) contemporaneously with the Closing hereunder. Seller hereby consents to the Other Acquisitions and irrevocably waives any right of first refusal, right to notice and any other right, whether relating to a restriction on transfer or otherwise in respect of the Other Acquisitions that Seller may have under the LLC Agreement or otherwise.
- (e) Seller is the sole legal and beneficial owner of the Transferred Interests, and the Transferred Interests are free and clear of any and all pledges, liens, charges, security interests, or other encumbrances. Except as set forth in the LLC Agreement, Seller is not a party to any option, warrant, purchase right, or other contract relating to the sale, transfer or other disposition of the Transferred Interests. Except as set forth in the LLC Agreement, Seller is not and has not been a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any of the Transferred Interests, or any restrictions on transfer. Seller acquired the Transferred Interests in accordance with the terms of the LLC Agreement. Seller has no claim (contingent or otherwise) against Holdings or any of its Subsidiaries and, except as set forth in Section 7.1, Seller

shall have no further right or claim in contract, tort or otherwise, against Holdings or its Subsidiaries or in respect of their respective assets and does hereby release any such right or claim.

- (f) The execution, delivery and performance by Seller of this Agreement and the Transfer Agreement do not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any governmental authority.
- (g) The execution, delivery and performance of this Agreement and the Transfer Agreement by Seller do not and will not (i) to the extent applicable, violate, conflict with or result in the breach of the organizational documents of Seller, (ii) conflict with or violate any law or governmental order applicable to Seller, or (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, acceleration or cancellation of, any contract or instrument to which Seller is a party.
- (h) No broker, finder, investment banker or other Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or the Transfer Agreement based upon arrangements made by or on behalf of Seller.
- (i) To Seller's knowledge, neither Holdings nor any of its Subsidiaries is engaged in, or has engaged in, any activity other than, in the case of Holdings, holding the outstanding capital stock of Limited, and, in the case of Limited, activities for which Bear Stearns Bank plc. (now known as J.P. Morgan Bank Dublin plc) has acted as its investment manager.
- (j) Seller has such knowledge and experience in financial, business and investment matters that Seller is capable of evaluating, alone, or together with its representatives and advisors, the merits and risks of the sale of the Transferred Interests on the terms contemplated hereby and has independently, and without reliance on Purchaser made its own analysis and decision to enter into this Agreement and to sell the Transferred Interests to Purchaser. Seller acknowledges that Purchaser has not given Seller any advice on whether the sale of the Transferred Interests on the terms set forth herein is prudent.
- (k) Seller acknowledges that (i) Purchaser may have, and later may come into possession of, information with respect to the Transferred Interests that is not known to Seller and that may be material to a decision to sell the Transferred Interests (the *Excluded Information*), (ii) Seller has determined to sell the Transferred Interests notwithstanding its lack of knowledge of the Excluded Information and (iii) Purchaser shall have no liability to Seller or to any of Seller's representatives or affiliates, and Seller waives and releases any claims that it might have against Purchaser, whether under applicable securities laws or

otherwise, with respect to the nondisclosure of the Excluded Information in connection with this Agreement; provided, however, that the Excluded Information shall not and does not affect the truth or accuracy of Purchaser's representations in this Agreement.

#### **4.2 Representations of Purchaser**

To induce Seller to enter into this Agreement, Purchaser hereby represents and warrants to Seller as of the date hereof and as of the Closing Date:

- (a) Purchaser is a Delaware corporation, duly organized, validly existing, and in good standing under the laws of the State of Delaware.
- (b) Purchaser has the requisite corporate power and authority to acquire the Transferred Interests, to execute and deliver this Agreement and to enter into and consummate all transactions contemplated by this Agreement.
- (c) This Agreement has been duly and validly authorized, executed and delivered by Purchaser.
- (d) Purchaser qualifies as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act.
- (e) Purchaser is acquiring the Transferred Interests for its own account for investment and not with a view to or for sale or transfer in connection with any distribution thereof, in whole or in part, in any manner which would violate the Securities Act or any applicable state securities law.
- (f) Purchaser has such knowledge and experience in financial, business and investment matters that Purchaser is capable of evaluating alone, or together with its representatives and advisors, the merits and risks of purchasing of the Transferred Interests on the terms contemplated hereby and has independently and without reliance on Seller made its own analysis and decision to enter into this Agreement and to purchase the Transferred Interests from Seller and acknowledges that Seller has not given Purchaser any advice on whether the purchase of the Transferred Interests on the terms set forth herein is prudent

### **5. CLOSING**

#### **5.1 Closing Date**

The closing of the sale of the Transferred Interests (the *Closing*) will be held at the offices of Freshfields Bruckhaus Deringer US LLP, located at 520 Madison Avenue, 34th Floor, New York, NY 10022, at 11 a.m. local time on the fifth Business Day following the date by which the conditions precedent set forth in Section 6 shall have been satisfied (or waived to the extent provided herein), except for those conditions precedent that by

their terms cannot be satisfied until Closing (the *Closing Date*) or at such other place, date and time as Seller and Purchaser may mutually agree.

## **5.2 Closing Actions**

At the Closing and subject to satisfaction of any condition in Section 6 that by its terms cannot be satisfied until the Closing Date, Seller and Purchaser shall take or cause to be taken the following actions applicable to it (the *Closing Actions*); provided Purchaser shall not be required to perform its Closing Actions until each of the conditions precedent in Section 6 has been satisfied (or waived by Purchaser):

- (a) Purchaser shall deliver the Purchase Price to Seller by wire transfer of U.S. Dollars in immediately available funds to the account designated by Seller on Annex A hereto, which payment shall be treated for all purposes as a payment for the Transferred Interests;
- (b) Purchaser shall execute and deliver to Seller a counterpart to the Transfer Agreement delivered by Seller pursuant to Section 6(d); and
- (c) Automatically upon payment of the Purchase Price in accordance with Section 5.2(a), the Transfer Agreement shall be effective without the need for any further action by any Person.

## **6. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER**

The obligation of Purchaser to consummate the transactions contemplated hereby is subject to the fulfillment (or waiver by Purchaser) of each of the following conditions precedent:

- (a) The representations and warranties made by Seller in this Agreement shall be true and correct as of the Closing Date in all respects.
- (b) There shall not be in effect any order or injunction of any court, administrative body or governmental entity, or any other legal restraint or prohibition that would prevent, delay or impair the consummation of the transactions contemplated hereby or by the Transfer Agreement.
- (c) There shall not be any pending or threatened any action or proceeding seeking to enjoin or restrain consummation of the transactions contemplated by this Agreement, seeking to impose limitations on or impair Purchaser's ability to acquire or hold the Transferred Interests or to enjoy the benefits thereof or seeking damages in connection with such transactions.
- (d) Seller shall have executed and delivered to Purchaser the Transfer Agreement and such other documents as may be reasonably requested by Purchaser to transfer and convey to Purchaser all of Seller's right, title and interest to and under all of the Transferred Interests, free and clear of any and all pledges, liens, charges,

security interests, or other encumbrances, the effectiveness of which Transfer Agreement and other documents shall be conditioned solely upon Seller's receipt of the Purchase Price in accordance with the terms hereof.

- (e) Each member of the Management Committee appointed by the holders of the Class A Voting Units shall have tendered his or her resignation in a form satisfactory to Purchaser.
- (f) All consents, approvals or authorizations of, or registrations, filings or declaration with, any governmental authority or other Person reasonably determined by Purchaser to be required in connection with the consummation of the transactions contemplated hereby shall have been obtained.
- (g) To comply with Section 1445(e)(5) of the Code, Purchaser shall have received a certificate (described in U.S. Treasury Regulations section 1.1445-11T(d)(2)(i)) from Holdings to the effect that no U.S. Federal withholding is required in respect of any portion of the Purchase Price.
- (h) All conditions precedent to the closing of the Other Acquisitions shall have been (or shall be, substantially contemporaneously with the satisfaction of the conditions precedent hereunder) satisfied or waived in accordance with the terms thereof.
- (i) Since the date hereof, Purchaser shall not have become aware of any event or condition affecting Holdings or its Subsidiaries that could reasonably be expected to have a materially adverse effect on the business, operations, assets, liabilities or condition of Holdings or Limited.

## 7. MISCELLANEOUS

### 7.1 Payment of Deferred Consideration

Pursuant to the Proof of Claim filed in the United States Bankruptcy Court for the District of Delaware on January 11, 2008, Limited has filed a proof of claim in respect of contingent, unliquidated claims (if any) (collectively, the *Claims*) against American Home Mortgage Investment Corp. (*American Home*) arising from or related to the Master Repurchase Agreement (September 1996 version), dated as of March 18, 2005 (as amended, supplemented or otherwise modified from time to time and including all annexes, schedules, exhibits and any related agreements and other documents, collectively, the *MRA*) between Limited and American Home. There can be no assurances that Limited will receive any payment in respect of the Claims. If Holdings receives from Limited any distribution from amounts paid to Limited in partial or full satisfaction of the Claims, Seller shall be entitled to receive a percentage of the amount of such distribution (net of any costs or expenses (including, without limitation, reserves, enforcement costs, legal fees and claims against Holdings or Limited by American Home)) equal to Seller's ownership percentage of Holdings immediately prior to the



invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof.

#### **7.5 Further Assurances**

Each Party hereto agrees to execute and deliver such instruments and take such actions as any other Party may, from time to time before or after Closing, reasonably request in order to effectuate the purpose and to carry out the terms of this Agreement.

#### **7.6 Survival**

The representations and warranties made by a Party herein and in any certificate or other instrument delivered pursuant hereto will survive the Closing without limitation.

#### **7.7 Governing Law**

This Agreement shall be construed in accordance with, and this Agreement and any matters arising out of or relating in any way whatsoever to this Agreement (whether in contract, tort or otherwise), shall be governed by the law of the State of New York.

#### **7.8 Entire Agreement; Binding Effect**

This Agreement (including all exhibits and any other attachments) constitutes the entire understanding between the Parties regarding the subject matter of this Agreement, supersedes any and all previous communications and understandings between the Parties (including any bid, indication of interest, commitment letter or letter of interest) regarding the subject matter of this Agreement, and binds and inures to the benefit of the Parties, their successors and permitted assigns. No Party has entered into this Agreement in reliance upon any oral or written representation or information provided by any other Party other than the representations and information expressly set forth in this Agreement.

#### **7.9 No Third Party Beneficiaries**

Nothing expressed or mentioned in this Agreement is intended or will be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Parties and for the benefit of no other person.

#### **7.10 Counterparts**

This Agreement may be executed in two or more counterparts, each of which when so executed and delivered will be an original, but all of which together will constitute one and the same instrument.

### **7.11 Confidentiality; Publicity**

(a) For a period of two years from the date hereof, Seller and Purchaser shall keep confidential the terms of this Agreement and the Transfer Agreement and any non-public information supplied pursuant to this Agreement or the Transfer Agreement and shall not disclose, or cause to be disclosed, such confidential information to any Person, except (i) to such Party's representatives, advisors and auditors who agree to hold such information in confidence or who are otherwise bound by a professional or contractual duty to maintain the confidentiality of such information, (ii) to an affiliate of such Party, (iii) as may be required under any applicable law or at the request of any regulatory, supervisory or governmental authority, institution and department and (iv) pursuant to a subpoena or similar demand or court order (provided that, to the extent permitted by applicable law, such disclosing Party shall first, as promptly as practicable upon receipt of such subpoena or demand, furnish a copy thereof to the other Party to afford such other Party the opportunity to contest such subpoena or demand). This Section 7.11 shall not apply to information that is generally available to the public (other than pursuant to a breach of this Section 7.11) or that was in the possession of a Party prior to its disclosure under this Agreement or that otherwise becomes known to such Party other than in breach of a duty of confidentiality owed to the other Party. Notwithstanding anything to the contrary herein, each Party hereby authorizes each other Party (and each employee, representative or other agent thereof) to disclose to any and all Persons the U.S. Federal income tax treatment and tax structure of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to such Party related to such tax treatment and structure.

(b) No public release, announcement or filing concerning the transactions contemplated hereby shall be issued or filed by either Seller or Purchaser without the prior consent of the other Party, except as such release, announcement or filing may be required by applicable law, in which case the Party required to make such release, announcement or filing shall allow the other Party reasonable time to comment on such release, announcement or filing in advance of such issuance or filing.

### **7.12 Amendments and Waivers; Termination**

(a) Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge or termination is sought.

(b) Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

- (i) by mutual written consent of Seller and Purchaser;

- (ii) by Purchaser if any of the conditions set forth in Section 6 shall have become incapable of fulfillment and shall not have been waived in writing by Purchaser; or
- (iii) by Purchaser or Seller if the conditions precedent to Closing are not satisfied on or prior to 31 October 2010, unless on or prior to such date, Purchaser shall have notified Seller of a later date by which the conditions to Closing may be fulfilled.

(c) In the event of termination pursuant to Section 7.12(b)(ii) or (iii), written notice thereof shall forthwith be given by the terminating party to the other Party and this Agreement and the transactions contemplated by this Agreement shall be terminated without further action by any Party upon actual receipt of such notice.

(d) If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Sections 7.12(b) and (c), this Agreement shall become null and void and of no further force and effect, except for the provisions of:

- (i) Section 7.2, relating to expenses;
- (ii) Section 7.4, relating to severability;
- (iii) Sections 7.7, 7.15 and 7.16, relating to governing law, venue and jurisdiction;
- (iv) Section 7.8, relating to entire agreement and binding effect;
- (v) Section 7.9, relating to third-party beneficiaries;
- (vi) Section 7.11, relating to the obligations of the Parties to keep confidential certain information and publicity; and
- (iv) this Section 7.12.

Nothing in this Section 7.12 shall release or be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement.

### **7.13 Headings**

The headings in this Agreement are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

### **7.14 Assignment**

This Agreement shall not be assigned or transferred by any Party hereto without the express prior written consent of each other Party. This Agreement shall be binding upon

and shall inure to the benefit of each Party and their respective successors and permitted assigns.

#### **7.15 Jurisdiction; Venue; Consent to Service of Process**

Each of the Parties hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of and agrees that venue shall be proper in the Supreme Judicial Court of the State of New York, New York or, to the extent permitted by law, the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to or connected with this Agreement or the Transfer Agreement, or for recognition or enforcement of any judgment. Each of the Parties hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts. Each of the Parties agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Each of the Parties hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Transfer Agreement in the above-identified courts. Each of the Parties hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

#### **7.16 Waiver of Trial by Jury**

**EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES (TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT OR THE TRANSFER AGREEMENT.**

**IN WITNESS WHEREOF**, Purchaser and Seller have caused their names to be signed by their respective duly authorized officers as of the date first above written.

**SELLER:**

**FINANCIAL TRUST COMPANY, INC.**

By: \_\_\_\_\_

Name:

Title:

**PURCHASER:**

**BEAR STEARNS LIQUID FUNDING HOLDINGS INC.**

By: \_\_\_\_\_

Name:

Title:

**ANNEX A**  
**SELLER INFORMATION**

<b>Seller</b>	<b>Financial Trust Company, Inc.</b>
<b>Number of Class A Voting Units</b>	
<b>Purchase Price (USD)</b>	\$265,303
<b>Contact Details for Seller</b>	
<b>Seller Account Information</b>	Bank ABA# Account Number

## FORM OF TRANSFER AGREEMENT

**TRANSFER AGREEMENT** dated as of .... October, 2010 (this *Agreement*), between Financial Trust Company, Inc., a [\_\_\_\_\_] <sup>1</sup> (the *Transferor*) and Bear Stearns Liquid Funding Holdings Inc., a Delaware corporation (the *Transferee*).

## RECITALS

**WHEREAS**, the parties hereto are party to the Limited Liability Company Agreement for Liquid Funding Holdings, LLC, a Delaware limited liability company (*Holdings*), dated November 9, 2001 (as amended, modified and supplemented from time to time, the *LLC Agreement*); and

**WHEREAS**, the Transferor is the sole legal and beneficial owner of \_\_\_ Class A Voting Units issued by Holdings under the LLC Agreement (the *Transferred Interests*);

**WHEREAS**, the Transferor and the Transferee are parties to a Membership Interest Purchase and Sale Agreement, dated as of ... October, 2010 (the *Purchase Agreement*), providing for the terms and conditions for the sale of the Transferred Interests to the Transferee; and

**WHEREAS**, the parties hereto desire to effect the transfer by the Transferor to the Transferee of all of the right, title and interest of the Transferor in and to the Transferred Interests and the proceeds, payments or profits from the foregoing.

**NOW, THEREFORE**, in consideration of the premises and of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** For the purposes of this Agreement, unless otherwise defined herein, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the LLC Agreement.
2. **Assignment.** With effect on and after the date hereof, the Transferor does hereby irrevocably sell, transfer, assign and convey to the Transferee, all of its right, title and interest in and to the Transferred Interests and all proceeds, payments or profits of the Transferred Interests, together with all other documents and instruments evidencing any of such right, title and interest.
3. **GOVERNING LAW.** THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND THIS AGREEMENT AND ANY MATTERS ARISING

<sup>1</sup> Insert type of entity and jurisdiction of incorporation.

OUT OF OR RELATING IN ANY WAY WHATSOEVER TO THIS AGREEMENT (WHETHER IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

4. **Counterparts.** This Agreement may be executed in any number of separate counterparts and by each of the parties hereto in separate counterparts, each counterpart constituting an original and all such counterparts together constituting but one and the same instrument.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto and duly authorized as of the day and year first above written.

**FINANCIAL TRUST COMPANY, INC.**

By: \_\_\_\_\_  
Name:  
Title:

Mailing Address of Transferor:

[Address]

**BEAR STEARNS LIQUID FUNDING HOLDINGS  
INC., as Transferee**

By: \_\_\_\_\_  
Name:  
Title:

Mailing Address of Bear Stearns Liquid Funding Holdings Inc.:

## CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION .....	1
1.1 DEFINITIONS .....	1
1.2 INTERPRETATION OF THIS AGREEMENT .....	2
2. PURCHASE AND SALE OF INTERESTS .....	2
2.1 SALE OF TRANSFERRED INTERESTS .....	2
2.2 PURCHASE PRICE .....	2
3. CONVEYANCE OF TRANSFERRED INTERESTS .....	2
3.1 ALLOCATION OF PAYMENTS AND LIABILITIES .....	2
3.2 SALE OF TRANSFERRED INTERESTS .....	3
4. REPRESENTATIONS AND WARRANTIES .....	3
4.1 REPRESENTATIONS OF SELLER .....	3
4.2 REPRESENTATIONS OF PURCHASER .....	5
5. CLOSING .....	5
5.1 CLOSING DATE .....	5
5.2 CLOSING ACTIONS .....	6
6. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER .....	6
7. MISCELLANEOUS .....	7
7.1 PAYMENT OF DEFERRED CONSIDERATION .....	7
7.2 COSTS .....	8
7.3 NOTICES .....	8
7.4 SEVERABILITY OF PROVISIONS .....	8
7.5 FURTHER ASSURANCES .....	9
7.6 SURVIVAL .....	9
7.7 GOVERNING LAW .....	9
7.8 ENTIRE AGREEMENT; BINDING EFFECT .....	9
7.9 NO THIRD PARTY BENEFICIARIES .....	9
7.10 COUNTERPARTS .....	9

7.11	CONFIDENTIALITY; PUBLICITY.....	10
7.12	AMENDMENTS AND WAIVERS; TERMINATION.....	10
7.13	HEADINGS.....	11
7.14	ASSIGNMENT.....	11
7.15	JURISDICTION; VENUE; CONSENT TO SERVICE OF PROCESS .....	12
7.16	WAIVER OF TRIAL BY JURY .....	12

**DATED AS OF ... OCTOBER, 2010**

**FINANCIAL TRUST COMPANY, INC.,  
Seller**

**BEAR STEARNS LIQUID FUNDING HOLDINGS INC.  
Purchaser**

---

**MEMBERSHIP INTEREST PURCHASE AND  
SALE AGREEMENT**

---