

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES  
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt  
Securities Litigation, 08-CV-5523 (LAK)*

**STIPULATION OF SETTLEMENT AND RELEASE**

This Stipulation of Settlement and Release (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. This Stipulation is entered into between and among Lead Plaintiffs Alameda County Employees’ Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers’ Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund (“Lead Plaintiffs”), on behalf of the Settlement Class<sup>1</sup> and the following defendants: (i) Cabrera Capital Markets LLC (“Cabrera”), (ii) Charles Schwab & Co., Inc. (“Charles Schwab”), (iii) HVB Capital Markets, Inc. (“HVB”), (iv) Incapital LLC (“Incapital”), (v) MRB Securities Corp., as general partner of M.R. Beal & Company (M.R. Beal & Company, together with its owners and partners) (“MRB Securities”), (vi) Muriel Siebert & Co., Inc. and Siebert Capital Markets (“Muriel Siebert”), and (vii) Williams Capital Group, L.P. (“Williams”) (collectively, the “Second Group of Settling Underwriter Defendants” and together with the Lead Plaintiffs, the “Settling Parties”), by and through their respective counsel in the above-captioned consolidated class action.

A. WHEREAS, Lead Plaintiffs and the First Group of Settling Underwriter Defendants (as defined in Exhibit A hereto) reached an agreement in principle to settle the

---

<sup>1</sup> All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in the Stipulation of Settlement and Release dated December 2, 2011 attached hereto as Exhibit A.

Action and executed a binding term sheet on October 3, 2011, and ultimately entered into the Stipulation of Settlement and Release on December 2, 2011 (the "First Underwriter Stipulation"), attached hereto as Exhibit A, setting forth all of the terms of their agreement; and

B. WHEREAS, Lead Plaintiffs and the Second Group of Settling Underwriter Defendants were too far apart in their respective positions to reach an agreement to settle the Action at the time Lead Plaintiffs and the First Group of Settling Underwriter Defendants reached their agreement in principle, but continued to engage in arm's-length settlement negotiations with the continued assistance of the professional mediators who facilitated the First Underwriter Stipulation, Honorable Daniel Weinstein (Ret.) and Jed Melnick, Esq.; and

C. WHEREAS, over the course of the next two months, Lead Plaintiffs reached separate agreements in principle to settle the Action with each defendant in the Second Group of Settling Underwriter Defendants for additional monetary recoveries; and

D. WHEREAS, Lead Plaintiffs and each defendant in the Second Group of Settling Underwriter Defendants executed binding term sheets that set forth the particular amounts each defendant has agreed to pay or cause to be paid in settlement; and

E. WHEREAS, Lead Plaintiffs and each defendant in the Second Group of Settling Underwriter Defendants agreed to otherwise adopt the identical terms of the agreement reached by Lead Plaintiffs and the First Group of Settling Underwriter Defendants;

**NOW THEREFORE**, it is hereby STIPULATED AND AGREED, by and among the parties to this Stipulation, as follows:

The Settling Parties hereby adopt the First Underwriter Stipulation, dated December 2, 2011, attached hereto as Exhibit A, in its entirety, with the following deletions, additions and substitutions:

1. Delete the first two sentences of the first paragraph of the First Underwriter Stipulation and replace them with the first two sentences of this Stipulation.
2. In the paragraph R recital, substitute "term sheets to settle the above-captioned

consolidated class action,” for “Term Sheet to Settle Class Action on October 3, 2011.”

3. The following terms as used in the First Underwriter Stipulation will have, for purposes of this Stipulation and the settlement with the Second Group of Settling Underwriter Defendants embodied herein, the meanings defined below:

(a) In ¶1(y), “Non-Settling Defendants” shall mean the Individual Defendants (as defined in ¶1(p) of the First Underwriter Stipulation); the First Group of Settling Underwriter Defendants (as defined in ¶1(rr) of the First Underwriter Stipulation); Ernst & Young LLP and UBS Financial Services, Inc.

(b) In ¶1(kk), “Settlement Amount” shall mean \$9,018,000 in cash, which Lead Plaintiffs represent is the total amount required to be paid under the “executed binding term sheets” referenced in the paragraph D recital above.

(c) In ¶1(rr), “Settling Underwriter Defendants” shall mean Cabrera, Charles Schwab, HVB, Incapital, MRB Securities, Muriel Siebert, and Williams.

(d) In ¶1(ss), “Settling Underwriter Defendants’ Counsel” shall mean Katten Muchin Rosenman LLP, Howard Rice Nemerovski Canady Falk & Rabkin PC, Kasowitz Benson Torres & Friedman LLP, Boies Schiller & Flexner LLP, MRB Securities, Corp. (as General Partner of M.R. Beal & Company), Fulbright & Jaworski L.L.P. and Pillsbury Winthrop Shaw Pittman LLP.

4. In ¶36, substitute “less Settling Underwriter Defendants proportionate share (based on the Settlement Amount in ¶1(kk) of this Stipulation and of the First Underwriter Stipulation) of the Notice and Administration Costs” for “less Notice and Administration Costs.”

5. In ¶41, substitute “the date of the respective Settling Underwriter Defendants’ ‘executed binding term sheets’ referenced in the paragraph R recital above” for “October 3, 2011.”

6. The exhibits incorporated into the First Underwriter Stipulation shall be revised to

the extent necessary to be consistent with this Stipulation.

IT IS HEREBY AGREED by the undersigned as of December 9, 2011,

**BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP**

*By permission*  
David Stickney / DK

By: Max Berger  
Steven Singer  
David R. Stickney  
Niki L. Mendoza  
1285 Avenue of the Americas  
New York, NY 10019  
Tel: 212-554-1400  
Fax: 212-554-1444

*Co-Lead Counsel for Lead Plaintiffs and the  
Settlement Class*

**KATTEN MUCHIN ROSENMAN LLP**

David Bohan

By: David C. Bohan  
525 West Monroe Street  
Chicago, IL 60661-3693  
Tel: 312-902-5200  
Fax: 312-902-1061

*Counsel for Cabrera Capital Markets LLC*

**HOWARD RICE NEMERORSKI  
CANADY FALK & RABKIN PC**

*[Signature]*

By: Kenneth G. Hausman  
Three Embarcadero Center  
Seventh Floor  
San Francisco, CA 94111-4024  
Tel: 415-434-1600  
Fax: 415-677-6262

*Counsel for Charles Schwab & Co., Inc.*

**KESSLER TOPAZ  
MELTZER & CHECK, LLP**

*[Signature]*

By: David Kessler  
John A. Kehoe  
Jennifer L. Enck  
280 King of Prussia Road  
Radnor, PA 19087  
Tel: 610-667-7706  
Fax: 610-667-7056

*Co-Lead Counsel for Lead Plaintiffs  
and the Settlement Class*

**FULBRIGHT & JAWORSKI L.L.P.**

By: James Nespole  
666 Fifth Avenue  
New York, NY 10103-3198  
Tel: 212-318-3000  
Fax: 212-318-3400

*Counsel for Muriel Siebert & Co., Inc.  
and Siebert Capital Markets*

**BOIES SCHILLER &  
FLEXNER LLP**

David R. Boyd

By: David R. Boyd  
5301 Wisconsin Ave. NW  
Washington, DC 20015  
Tel: 202 237 2727  
Fax: 202-237-6131

*Counsel for Incapital LLC*

the extent necessary to be consistent with this Stipulation.

IT IS HEREBY AGREED by the undersigned as of December 9, 2011,

**BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP**

*David Stickney / By Remond*  
*DK*

By: Max Berger  
Steven Singer  
David R. Stickney  
Niki L. Mendoza  
1285 Avenue of the Americas  
New York, NY 10019  
Tel: 212-554-1400  
Fax: 212-554-1444

*Co-Lead Counsel for Lead Plaintiffs and the  
Settlement Class*

**KATTEN MUCHIN ROSENMAN LLP**

By: David C. Bohan  
525 West Monroe Street  
Chicago, IL 60661-3693  
Tel: 312-902-5200  
Fax: 312-902-1061

*Counsel for Cabrera Capital Markets LLC*

**HOWARD RICE NEMERORSKI  
CANADY FALK & RABKIN PC**

By: Kenneth G. Hausman  
Three Embarcadero Center  
Seventh Floor  
San Francisco, CA 94111-4024  
Tel: 415-434-1600  
Fax: 415-677-6262

*Counsel for Charles Schwab & Co., Inc.*

**KESSLER TOPAZ  
MELTZER & CHECK, LLP**

*DK*

By: David Kessler  
John A. Kehoe  
Jennifer L. Enck  
280 King of Prussia Road  
Radnor, PA 19087  
Tel: 610-667-7706  
Fax: 610-667-7056

*Co-Lead Counsel for Lead Plaintiffs  
and the Settlement Class*

**FULBRIGHT & JAWORSKI L.L.P.**

*James Nespole*  
By: James Nespole  
666 Fifth Avenue  
New York, NY 10103-3198  
Tel: 212-318-3000  
Fax: 212-318-3400

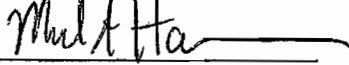
*Counsel for Muriel Siebert & Co., Inc.  
and Siebert Capital Markets*

**BOIES SCHILLER &  
FLEXNER LLP**

By: David R. Boyd  
5301 Wisconsin Ave. NW  
Washington, DC 20015  
Tel: 202 237 2727  
Fax: 202-237-6131

*Counsel for Incapital LLC*

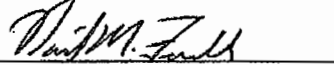
**KASOWITZ BENSON TORRES &  
FRIEDMAN LLP**



By: Michael Hanin  
Mark P. Ressler  
1633 Broadway  
New York, NY 10019  
Tel: 212-506-1700  
Fax: 212-506-1800

*Counsel for HVB Capital Markets, Inc.*

**PILLSBURY WINTHROP SHAW  
PITTMAN LLP**



By: David M. Furbush  
2475 Hanover Street  
Palo Alto, CA 94304-1114  
Tel: 650-233-4623  
Fax: 650-233-4545

*Counsel for Williams Capital*

**MRB SECURITIES, CORP  
(as General Partner of M.R. Beal &  
Company)**

By: Joseph A. Mendola  
110 Wall Street  
6th Floor  
New York, NY 10005  
Tel: 212-983-3930  
Fax: 212-983-4539

*Counsel for MRB Securities Corp., as general  
partner of M.R. Beal & Company (M.R. Beal &  
Company, together with its owners and partners)*

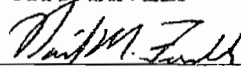
**KASOWITZ BENSON TORRES &  
FRIEDMAN LLP**

---

By: Michael Hanin  
Mark P. Ressler  
1633 Broadway  
New York, NY 10019  
Tel: 212-506-1700  
Fax: 212-506-1800

*Counsel for HVB Capital Markets, Inc.*

**PILLSBURY WINTHROP SHAW  
PITTMAN LLP**

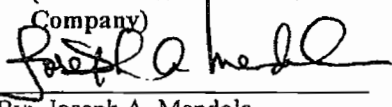


---

By: David M. Furbush  
2475 Hanover Street  
Palo Alto, CA 94304-1114  
Tel: 650-233-4623  
Fax: 650-233-4545

*Counsel for Williams Capital*

**MRB SECURITIES, CORP**  
(as General Partner of M.R. Beal &  
Company)



---

By: Joseph A. Mendola  
110 Wall Street  
6th Floor  
New York, NY 10005  
Tel: 212-983-3930  
Fax: 212-983-4539

*Counsel for MRB Securities Corp., as general  
partner of M.R. Beal & Company (M.R. Beal &  
Company, together with its owners and partners)*

**EXHIBIT A**



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES  
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt  
Securities Litigation, 08-CV-5523 (LAK)*

**STIPULATION OF SETTLEMENT AND RELEASE**

This Stipulation of Settlement and Release (the "Stipulation") is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the District Court, this Stipulation is entered into between and among Lead Plaintiffs Alameda County Employees' Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers' Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund ("Lead Plaintiffs"), on behalf of the Settlement Class (as defined below in ¶1(II)), and A.G. Edwards & Sons, Inc. ("A.G. Edwards"); ABN AMRO Inc. ("ABN Amro"); ANZ Securities, Inc. ("ANZ"); Banc of America Securities LLC ("BOA"); BBVA Securities Inc. ("BBVA"); BNP Paribas; BNY Mellon Capital Markets, LLC ("BNY"); Caja de Ahorros y Monte de Piedad de Madrid ("Caja Madrid"); Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank) ("Caylon"); CIBC World Markets Corp. ("CIBC"); Citigroup Global Markets Inc. ("CGMI"); Commerzbank Capital Markets Corp. ("Commerzbank"); Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited) ("Daiwa"); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets) ("DnB NOR"); DZ Financial Markets LLC ("DZ Financial"); Edward D. Jones & Co., L.P. ("E.D. Jones"); Fidelity Capital Markets Services (a division of National Financial Services LLC) ("Fidelity Capital Markets"); Fortis Securities LLC ("Fortis"); BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.) ("Harris Nesbitt"); HSBC Securities (USA) Inc. ("HSBC"); ING Financial Markets LLC ("ING"); Loop

Capital Markets, LLC (“Loop Capital”); Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC) (“Mellon”); Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch”); Mizuho Securities USA Inc. (“Mizuho”); Morgan Stanley & Co. Inc. (“Morgan Stanley”); nabCapital Securities, LLC (n/k/a nabSecurities, LLC) (“nabCapital”); National Australia Bank Ltd. (“NAB”); Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC) (“Natixis”); Raymond James & Associates, Inc. (“Raymond James”); RBC Capital Markets, LLC (f/k/a RBC Dain Rauscher Inc.) (“RBC Capital”); RBS Greenwich Capital (n/k/a RBS Securities Inc.) (“RBS Greenwich”); Santander Investment Securities Inc. (“Santander”); Scotia Capital (USA) Inc. (“Scotia”); SG Americas Securities LLC (“SG Americas”); Sovereign Securities Corporation, LLC (“Sovereign”); SunTrust Robinson Humphrey, Inc. (“SunTrust”); TD Securities (USA) LLC (“TD Securities”); UBS Securities LLC (“UBS Securities”); Utendahl Capital Partners, L.P. (“Utendahl”); Wachovia Capital Finance (“Wachovia Capital”); Wachovia Securities, LLC n/k/a Wells Fargo Securities, LLC (“Wachovia Securities”); and Wells Fargo Securities, LLC (“Wells Fargo”) (collectively, the “Settling Underwriter Defendants”), by and through their respective counsel in the above-captioned consolidated class action. Subject to the approval of the District Court and certain limitations expressly provided herein, this Settlement is intended to settle and release all claims against the Settling Underwriter Defendants and the other Released Underwriter Parties (as defined below). This Stipulation does not release any claims of Lead Plaintiffs and the other members of the Settlement Class against the Non-Settling Defendants (as defined below in ¶1(y)).<sup>1</sup>

A. WHEREAS, beginning on June 18, 2008, class actions were filed in the District Court, alleging violations of federal securities laws and captioned as follows: *Operative Plasterers & Cement Masons International Association Local 262 Annuity Fund, et al. v. Richard S. Fuld, Jr., et al*, Case No. 08 Civ. 5523; *Fogel Capital Management, Inc. v. Richard S.*

---

<sup>1</sup> All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶1 herein.

*Fuld, Jr., et al.*, Case No. 08 Civ. 8225; *Anthony Peyser v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 9404; *Stephen P. Gott v. UBS Financial Services, Inc., et al.*, Case No. 08 Civ. 9578; *Jeffrey Stark, et al. v. Erin Callan, et al.*, Case No. 08 Civ. 9793; *Stanley Tolin v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 10008; *Enrique Azpiazu v. UBS Financial Services, Inc., et al.*, Case No. 08 Civ. 10058; and *Brooks Family Partnership, LLC, et al. v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 10206. These actions were consolidated by the District Court's Order dated January 9, 2009 (the "Consolidation Order"), under the caption *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 08 Civ. 5523 (LAK) (the "Action"). In addition, pursuant to the District Court's July 31, 2008 Order (ECF No. 18), the District Court appointed Alameda County Employees' Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers' Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund as Lead Plaintiffs, and the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP (formerly, Schiffrin Barroway Topaz & Kessler, LLP) as Lead Counsel.<sup>2</sup>

B. WHEREAS, on September 15, 2008, Lehman Brothers Holdings Inc. ("LBHI") and certain of its subsidiaries and affiliates filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code (the "Lehman Bankruptcy Proceedings"). For this reason, LBHI is not named as a defendant in this Action.

C. WHEREAS, on September 19, 2008, a proceeding under the Securities Investor Protection Act (the "LBI SIPA Proceeding") was commenced against Lehman Brothers Inc. ("LBI"). For this reason, LBI is not named as a defendant in this Action.

---

<sup>2</sup> Lead Plaintiffs also sought to be appointed as lead plaintiffs in a related class action filed on April 29, 2008 in the United States District Court for the Northern District of Illinois and captioned *Southeastern Pennsylvania Transportation Authority v. Lehman Bros. Holdings, et al.*, Case No. 08-2431 ("SEPTA"). In July 2008, Lead Plaintiffs withdrew their motions to be appointed as lead plaintiffs in SEPTA, and that action was voluntarily dismissed.

D. WHEREAS, on October 27, 2008, plaintiffs filed an Amended Class Action Complaint asserting claims under Sections 11, 12 and/or 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k, 77l, 77o, against certain current and/or former Lehman officers and directors, and certain alleged underwriters of certain Lehman offerings, and claims under Sections 10, 20 and/or 20A of the Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j, 78t(a), 78tA, against certain former Lehman officers.

E. WHEREAS, on February 23, 2009, Lead Plaintiffs filed a Second Amended Consolidated Class Action Complaint.

F. WHEREAS, on April 27, 2009, defendants moved to dismiss the Second Amended Consolidated Class Action Complaint.

G. WHEREAS, on January 26, 2010, the District Court held a hearing for oral argument on such motions to dismiss.

H. WHEREAS, on March 17, 2010, pursuant to Pre-Trial Order No. 14, in light of the then-recent filing of the Examiner's Report in the Lehman Bankruptcy Proceedings, the District Court denied the pending motions to dismiss without prejudice and granted leave to further amend the complaint on or before April 23, 2010.

I. WHEREAS, on April 23, 2010, Lead Plaintiffs filed a Third Amended Class Action Complaint (the "Complaint"), asserting claims under the Securities Act against certain current and/or former Lehman officers and directors, Ernst & Young LLP, and certain alleged underwriters of certain Lehman offerings, and asserting claims under the Exchange Act against certain former Lehman officers and Ernst & Young LLP.

J. WHEREAS, on June 4, 2010, Defendants moved, together with memoranda of law, declarations, and exhibits in support thereof, to dismiss the Complaint.

K. WHEREAS, on June 30, 2010, Lead Plaintiffs submitted a memorandum of law, declarations, and exhibits in opposition to Defendants' motions to dismiss the Complaint.

L. WHEREAS, on July 13, 2010, Defendants submitted reply memoranda, declarations, and exhibits in support of their motions to dismiss the Complaint.

M. WHEREAS, on December 23, 2010, and January 31, 2011, Lead Plaintiffs submitted additional documents in support of the allegations in the Complaint and in opposition to Defendants' motions to dismiss.

N. WHEREAS, on July 27, 2011, the District Court issued a Memorandum Opinion granting in part and denying in part Defendants' motions to dismiss.

O. WHEREAS, on September 8, 2011, the District Court entered Pretrial Order No. 20 revising the July 27, 2011 Memorandum Opinion.

P. WHEREAS, on September 8, 2011, the District Court entered Pretrial Order No. 19, which set forth the District Court rulings in the revised July 27, 2011 Memorandum Opinion.

Q. WHEREAS, Lead Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint. They have also researched the applicable law with respect to the claims of Lead Plaintiffs and the other Settlement Class Members (as defined herein) against the Defendants and the potential defenses thereto. Further, Lead Plaintiffs, through Lead Counsel, have had telephonic settlement discussions and arm's-length negotiations with counsel for the Settling Underwriter Defendants, with the assistance of a professional mediator, Honorable Daniel Weinstein (Ret.) (the "Mediator"), with respect to a compromise and settlement of claims against the Settling Underwriter Defendants with a view to achieving the best relief possible consistent with the interests of the Settlement Class.

R. WHEREAS, Lead Plaintiffs and the Settling Underwriter Defendants (the "Settling Parties") entered into the Term Sheet to Settle Class Action on October 3, 2011, setting forth the terms of their agreement to settle the Action, subject to certain terms and conditions, including the completion of due diligence for the purpose of assessing the reasonableness and adequacy of the Settlement (as set forth in paragraph 33 below), and the execution of a "long-form" stipulation of settlement and related papers.

S. WHEREAS, based upon their investigation and extensive negotiation and mediation efforts, Lead Counsel have concluded that the terms and conditions of this Settlement and the documents incorporated herein by reference are fair, reasonable and adequate to Lead

Plaintiffs and the other Settlement Class Members and in their best interests, and have agreed to settle the claims raised in the Action as against the Settling Underwriter Defendants pursuant to the terms and provisions of this Stipulation, after considering: (1) the attendant risks of litigation; (2) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation; and (3) the substantial benefits that Lead Plaintiffs and other Settlement Class Members will receive from settlement of the claims against the Settling Underwriter Defendants.

T. WHEREAS, throughout the course of the Action, the Settling Underwriter Defendants have denied and continue to deny liability and maintain that they have meritorious defenses. Nonetheless, the Settling Underwriter Defendants have determined that it is desirable that the Action fully and finally be settled in the manner and upon the terms and conditions set forth in this Stipulation.

U. WHEREAS, nothing in this Stipulation shall be construed or deemed to be evidence of an admission or concession on the part of any Settling Underwriter Defendant or Released Underwriter Party with respect to any claim or any fault or liability or wrongdoing or damages whatsoever, or any infirmity in the defenses that the Settling Underwriter Defendants have asserted or may assert. Likewise, nothing in this Stipulation shall be construed or deemed to be evidence of an admission or concession on the part of any Lead Plaintiff or any Settlement Class Member of any infirmity in the claims asserted in the Action against any Defendant, including the Settling Underwriter Defendants or any Non-Settling Defendant.

V. WHEREAS, the Settling Underwriter Defendants and Lead Plaintiffs agree that each has complied fully with the strictures of Rule 11 of the Federal Rules of Civil Procedure.

**NOW THEREFORE**, without any admission or concession on the part of Lead Plaintiffs of any lack of merit of the Action whatsoever, and without any admission or concession of any liability or wrongdoing or lack of merit in the defenses whatsoever by Settling Underwriter Defendants and other released persons and entities, it is hereby **STIPULATED AND AGREED**, by and among the parties to this Stipulation, through their respective attorneys, subject to approval of the District Court pursuant to Rule 23(e) of the Federal Rules of Civil

Procedure, in consideration of the benefits flowing to the parties hereto from the Settlement, that all Settled Claims (as defined below) as against the Released Underwriter Parties (as defined below) and all Released Underwriter Parties' Claims (as defined below) shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions:

**CERTAIN DEFINITIONS**

1. As used in this Stipulation, the following terms shall have the following meanings:

a. "Action" shall mean *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 08 Civ. 5523 (LAK).

b. "Authorized Claimant" shall mean a Settlement Class Member who submits a timely and valid Proof of Claim Form to the Claims Administrator, in accordance with the requirements established by the District Court, and who is approved for payment from the Net Settlement Fund.

c. "Claim" shall mean a claim for payment from the Net Settlement Fund.

d. "Claim Form" or "Proof of Claim Form" shall mean the form substantially in the form attached hereto as Exhibit A-2, that a Claimant must complete should that Claimant seek to be potentially eligible to share in a distribution of the Net Settlement Fund.

e. "Claimant" shall mean a person or entity that submits a Claim Form to the Claims Administrator seeking to be potentially eligible to share in the proceeds of the Net Settlement Fund.

f. "Claims Administrator" shall mean GCG, Inc., subject to approval of the District Court, which shall provide all notices approved by the District Court to potential Settlement Class Members and shall administer the Settlement and distribute the Net Settlement Fund.

g. "Class Distribution Order" shall mean the order entered by the District Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to the Authorized Claimants.

h. "Complaint" shall mean the Third Amended Class Action Complaint for Violations of the Federal Securities Laws that was filed with the District Court on April 23, 2010.

i. "Defendants" shall mean the Settling Underwriter Defendants and the Non-Settling Defendants.

j. "District Court" shall mean the United States District Court for the Southern District of New York.

k. "Effective Date" shall mean the date on which all of the following shall have occurred: (i) Settling Underwriter Defendants no longer have any right under paragraph 35 to terminate this settlement, or if Settling Underwriter Defendants do have such right, they have given written notice to Lead Plaintiffs' counsel that they will not exercise such right; (ii) the District Court has entered the Preliminary Order; (iii) the District Court has approved the Settlement, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and (iv) the District Court has entered the Judgment, which has become Final.

l. "Escrow Account" shall mean an interest-bearing account designated and controlled by Lead Counsel, acting as agents for Lead Plaintiffs and the Settlement Class, wherein the Settlement Amount shall be deposited and held in escrow.

m. "Escrow Agent" shall mean Huntington National Bank, or such other financial institution(s) as Lead Counsel shall select, which shall be responsible for overseeing, safeguarding and distributing the Escrow Account, acting as agent for the Settlement Class.

n. "E&Y" shall mean Ernst & Young LLP.

o. "Final" means, with respect to any order of court, including, without limitation, the Judgment, that such order represents a final and binding determination of all



issues within its scope and is not subject to further review on appeal or otherwise. Without limitation, an order becomes “Final” when: (i) no appeal has been filed and the prescribed time for commencing any appeal has expired; or (ii) an appeal has been filed and either (a) the appeal has been dismissed and the prescribed time, if any, for commencing any further appeal has expired, or (b) the order has been affirmed in all material respects and the prescribed time, if any, for commencing any further appeal has expired. For purposes of this paragraph, an “appeal” includes appeals as of right, discretionary appeals, interlocutory appeals, proceedings involving writs of certiorari or mandamus, and any other proceedings of like kind. Any appeal or other proceeding pertaining solely to an order solely adopting or approving a Plan of Allocation or solely to any order issued with respect to any application for attorneys’ fees and expenses pursuant to paragraphs 16-18 below, shall not in any way delay or preclude the Judgment from becoming Final.

p. “Individual Defendants” shall mean Richard S. Fuld, Jr., Christopher M. O’Meara, Joseph M. Gregory, Erin Callan, Ian Lowitt, Michael L. Ainslie, John F. Akers, Roger S. Berlind, Thomas H. Cruikshank, Marsha Johnson Evans, Sir Christopher Gent, Roland A. Hernandez, Henry Kaufman and John D. Macomber.

q. “Judgment” shall mean the final judgment, which includes a bar order, substantially in the form attached hereto as Exhibit B, to be entered by the District Court pursuant to Rule 54(b) of the Federal Rules of Civil Procedure approving the Settlement.

r. “LBHI” means Lehman Brothers Holdings Inc.

s. “Lead Counsel” shall mean the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP, which were appointed Lead Counsel by the District Court’s July 31, 2008 Order.

t. “Lead Plaintiffs” shall mean the Alameda County Employees’ Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers’ Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund.

u. "Lehman" means LBHI and those of its subsidiaries and affiliates that, together with LBHI, are debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding.

v. "Litigation Expenses" shall mean the costs and expenses incurred by Plaintiffs' Counsel in connection with commencing and prosecuting the Action (which may include the costs and expenses of the Lead Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intend to apply to the District Court for reimbursement from the Settlement Fund.

w. "Named Plaintiffs" shall mean the Lead Plaintiffs who purchased Lehman Securities (Alameda County Employees' Retirement Association and Government of Guam Retirement Fund) and the following additional plaintiffs: Brockton Contributory Retirement System; Inter-Local Pension Fund of the Graphic Communications Conference of the International Brotherhood of Teamsters; Police and Fire Retirement System of the City of Detroit; American European Insurance Company; Belmont Holdings Corp.; Marsha Kosseff; Montgomery County Retirement Board; Teamsters Allied Benefit Funds; John Buzanowski; and Ann Lee.

x. "Net Settlement Fund" shall mean the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the District Court; and (iv) any attorneys' fees awarded by the District Court.

y. "Non-Settling Defendants" shall mean the Individual Defendants, E&Y, Cabrera Capital Markets, LLC, Charles Schwab & Co., Inc., HVB Capital Markets, Inc., M.R. Beal & Company, Muriel Siebert & Co., Inc., Siebert Capital Markets, UBS Financial Services, Inc., Williams Capital Group, L.P. and Incapital LLC.

z. "Notice" shall mean the Notice of Pendency of Class Action and Proposed Settlement with the Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit A-1, which is to be sent to potential Settlement Class Members.

aa. "Notice and Administration Costs" shall mean the costs, fees and expenses that are incurred by the Claims Administrator and Lead Counsel in connection with (i) providing notice to the Settlement Class, including obtaining security holder lists; (ii) administering the Claims process; and (iii) any expenses incurred in connection with the Escrow Account.

bb. "Offering Materials" shall mean the materials incorporated by reference in the Shelf Registration Statement.

cc. "Plaintiffs' Counsel" shall mean Lead Counsel and all other legal counsel who, at the direction and under the supervision of Lead Counsel, represent any Named Plaintiffs in the Action.

dd. "Plan of Allocation" shall mean the plan of allocation of the Net Settlement Fund which will be proposed to the District Court by Lead Plaintiffs.

ee. "Preliminary Order" shall mean the Order, substantially in the form attached hereto as Exhibit A, to be entered by the District Court.

ff. "Publication Notice" or "Summary Notice" shall mean the Summary Notice of Pendency of Class Action and Proposed Settlements with Individual Director and Officer Defendants and Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, to be published substantially in the form attached hereto as Exhibit A-3.

gg. "Released Underwriter Parties" shall mean any and all of the Settling Underwriter Defendants and their respective current and former trustees, officers, directors, principals, predecessors, successors, assigns, attorneys, parents, affiliates, employers, employees, agents, and subsidiaries, but specifically does not include any Non-Settling Defendant.

hh. "Released Underwriter Parties' Claims" shall mean any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Underwriter Defendants, except for claims relating to the enforcement of the Settlement.

ii. "Settled Claims" shall mean any and all claims, rights, demands, liabilities and causes of action of every nature and description, to the fullest extent that the law permits their release in this Action, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs or any other members of the Settlement Class: (a) alleged in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon or are related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that arise out of the Settlement Class Member's purchase or acquisition of the Lehman Securities pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement. Notwithstanding the foregoing, the Settlement Class, through the release in this Settlement, will not release (i) any claims against the Non-Settling Defendants; (ii) the claims asserted in any ERISA action or mortgage-backed securities action, including such claims submitted against any of the debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding; (iii) any claims or interests in the Lehman Bankruptcy Proceeding or the LBI SIPA Proceeding asserted by an individual Settlement Class Member based solely upon the ownership of any Lehman security which is entitled to a distribution under any confirmed plan of reorganization in the Lehman Bankruptcy Proceeding because of such ownership; or (iv) claims relating to the enforcement of the Settlement.

jj. "Settlement" or "UW Settlement" shall mean the settlement with the Settling Underwriter Defendants provided for by this Stipulation.

kk. "Settlement Amount" shall mean four hundred seventeen million dollars (\$417,000,000.00) in cash.

ll. "Settlement Class" or "UW Settlement Class" shall mean, solely for purposes of this Settlement, all persons and entities who purchased or otherwise acquired Lehman securities identified in Appendix A ("Lehman Securities") pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf

Registration Statement and who were damaged thereby. The Settlement Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached hereto, who purchased or otherwise acquired Lehman Securities (each, a "Managed Entity"). Excluded from the Settlement Class are (i) Defendants; (ii) the officers and directors of each Defendant; (iii) any entity (other than a Managed Entity) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the "Underwriter Settlement Class Period") owned, a majority interest; (iv) members of Defendants' immediate families and the legal representatives, heirs, successors or assigns of any such excluded party; and (v) Lehman. Also excluded from the Settlement Class are any persons or entities who exclude themselves by filing a timely request for exclusion in accordance with the requirements set forth in the Notice.

mm. "Settlement Class Member" or "UW Settlement Class Member" shall mean a person or entity that is a member of the Settlement Class and does not exclude himself, herself or itself by filing a timely request for exclusion in accordance with the requirements set forth in the Notice.

nn. "Settlement Class Representatives" or "UW Settlement Class Representatives" shall mean the Lead Plaintiffs who purchased Lehman Securities (Alameda County Employees' Retirement Association and Government of Guam Retirement Fund) and the other Named Plaintiffs as defined above.

oo. "Settlement Fund" shall mean the Settlement Amount plus any income or interest earned thereon.

pp. "Settlement Hearing" shall mean the hearing set by the District Court under Rule 23(d)(1)(c) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

qq. "Settling Parties" shall mean, collectively, the Lead Plaintiffs, on behalf of the Settlement Class, and the Settling Underwriter Defendants.

rr. "Settling Underwriter Defendants" shall mean A.G. Edwards, ABM Amro, ANZ, BOA, BBVA, BNP Paribas, BNY, Caja Madrid, Caylor, CIBC, CGMI, Commerzbank, Daiwa, DnB NOR, DZ Financial, E.D. Jones, Fidelity Capital Markets, Fortis, Harris Nesbitt, HSBC, ING, Loop Capital, Mellon, Merrill Lynch, Mizuho, Morgan Stanley, nabCapital, NAB, Natixis, Raymond James, RBC Capital, RBS Greenwich, Santander, Scotia, SG Americas, Sovereign, SunTrust, TD Securities, UBS Securities, Utendahl, Wachovia Capital, Wachovia Securities, and Wells Fargo.

ss. "Settling Underwriter Defendants' Counsel" shall mean Cleary Gottlieb Steen and Hamilton LLP.

tt. "Shelf Registration Statement" shall mean the shelf registration statement filed by LBHI with the Securities and Exchange Commission on Form S-3 and dated May 30, 2006, together with any amendments thereto, as well as any materials incorporated by reference therein.

uu. "Taxes" shall mean collectively: (i) any and all taxes, duties and similar charges (including any estimated taxes, withholdings, interest or penalties and interest thereon) arising in any jurisdiction with respect to the income or gains earned by or in respect of the Settlement Fund, including, without limitation, any taxes or tax detriments that may be imposed upon the Settling Underwriter Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund may be finally determined to not qualify as a Qualified Settlement Fund (within the meaning contemplated in paragraph 10 herein) for federal or state income tax purposes or any distribution of any portion of the Settlement Fund to Authorized Claimants and other persons entitled thereto pursuant to this Stipulation and; (ii) the reasonable expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, reasonable expenses of tax attorneys and accountants).

vv. "Unknown Claims" shall mean any and all Settled Claims which any Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its

favor at the time of the release of such claims, and any Released Underwriter Parties' Claims which any Settling Underwriter Defendant or any other Released Underwriter Party does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Released Underwriter Parties' Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and the Settling Underwriter Defendants shall expressly waive, and each other Settlement Class Member and each other Released Underwriter Party shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but each Lead Plaintiff shall expressly – and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have – fully, finally and forever settled and released any and all Settled Claims, known or Unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Settling Underwriter Defendants acknowledge, and each other Settlement Class Member and each other Released Underwriter Party by operation of law shall be deemed

to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Released Underwriter Parties' Claims was separately bargained for and was a key element of the Settlement.

#### **CLASS CERTIFICATION**

2. Solely for the purpose of the Settlement, the Settling Underwriter Defendants stipulate and agree to: (a) certification of the Action as a class action, pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of the Settlement Class; (b) appointment of Alameda County Employees' Retirement Association and Government of Guam Retirement Fund and the additional Named Plaintiffs as Settlement Class Representatives; and (c) appointment of Lead Counsel as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure. Lead Plaintiffs and the Settling Underwriter Defendants will move for entry of the Preliminary Order, which will certify the Action to proceed as a class action for settlement purposes only.

#### **RELEASE OF CLAIMS**

3. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action as against the Settling Underwriter Defendants only, and shall fully and finally release any and all Settled Claims as against all Released Underwriter Parties and shall also release any and all Released Underwriter Parties' Claims as against the Named Plaintiffs, and all of their respective counsel, and any other Settlement Class Member. On the Effective Date, the Action shall be dismissed as against only the Settling Underwriter Defendants with prejudice and without costs.

4. Pursuant to the Judgment, upon the Effective Date, each of the Named Plaintiffs and all other Settlement Class Members, release and shall be deemed by operation of law to have irrevocably, absolutely and unconditionally, fully, finally and forever released, waived, discharged and dismissed each and every Settled Claim against each and all of the Released Underwriter Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Underwriter Party.



5. Pursuant to the Judgment, upon the Effective Date, each of the Settling Underwriter Defendants, on behalf of themselves and their respective heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, affiliates, assigns and agents, release and shall be deemed by operation of law to have released, waived, discharged and dismissed each and every Released Underwriter Parties' Claims against each and all of the Named Plaintiffs, and their respective counsel, and any other Settlement Class Member, and shall forever be enjoined from prosecuting any or all of the Released Underwriter Parties' Claims against Named Plaintiffs, their respective counsel, or any other Settlement Class Member.

6. The Judgment shall include a mutual bar order in accordance with 15 U.S.C. §78u-4(f)(7)(A) and judgment reduction provision as set forth in Exhibit B attached hereto.

#### **THE SETTLEMENT CONSIDERATION**

7. In consideration of the Settlement of claims asserted in this Action, and subject to the terms and conditions of this Stipulation, the Settling Underwriter Defendants shall cause to be deposited the Settlement Amount into the Escrow Account within twenty (20) business days of the entry of the Preliminary Order.

#### **USE OF SETTLEMENT FUND**

8. The Settlement Fund shall be used to pay: (a) Taxes; (b) Notice and Administration Costs; (c) any Litigation Expenses awarded by the District Court; and (d) any attorneys' fees awarded to Plaintiffs' Counsel by the District Court. The balance remaining in the Settlement Fund (the "Net Settlement Fund") shall be distributed to Authorized Claimants as provided below.

9. Except as provided herein or pursuant to orders of the District Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the District Court and shall remain subject to the jurisdiction of the District Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the District Court. The Escrow Agent shall invest the Settlement Fund exclusively in instruments backed by the full faith

and credit of the United States Government or fully insured by the United States Government or an agency thereof, including a United States Treasury Money Market Fund or a bank account fully insured by the United States Government Federal Deposit Insurance Corporation (FDIC) up to the guaranteed FDIC limit. All risks related to the investment of the Settlement Fund shall be borne by the Settlement Fund.

10. The parties hereto agree that the Settlement Fund is intended to be a separate Qualified Settlement Fund within the meaning of Treasury Regulation Section 1.468B-1 and that Lead Counsel shall act as the administrator of the Qualified Settlement Fund within the meaning of Treasury Regulation Section 1.468B-2(k)(3), and shall be responsible for filing or causing to be filed all informational and other tax returns for the Settlement Fund and paying from the Settlement Fund any Taxes owed thereon. Settling Underwriter Defendants' Counsel will cause to be provided promptly to Lead Counsel the statement described in Treasury Regulation Section 1.468B-3(e). Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation Section 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a "relation back election," as described in Treasury Regulation Section 1.468-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

11. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without prior Order of the District Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes (including any interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. The Settlement Fund shall indemnify and hold all Released Underwriter Parties harmless for any Taxes and related expenses of any kind whatsoever (including without limitation, taxes payable by reason of any such indemnification), if any, payable by the Settling Underwriter Defendants by reason

of any income earned on the Settlement Fund. Settling Underwriter Defendants' Counsel shall notify the Escrow Agent promptly if any of the Settling Underwriter Defendants receive any notice of any claim for Taxes relating to the Settlement Fund.

12. This is not a claims-made settlement. Upon the occurrence of the Effective Date, neither the Settling Underwriter Defendants, any Released Underwriter Party, nor any person or entity who or which paid any portion of the Settlement Fund on their behalf shall have any right to the return of the Settlement Fund or any portion thereof irrespective of the number of Claims filed, the collective amount of losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

13. The Claims Administrator shall discharge its duties under Lead Counsel's supervision and subject to the jurisdiction of the District Court. Except as otherwise provided herein, the Settling Underwriter Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to any person, including, but not limited to, the Settlement Class Members, in connection with such administration. Lead Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim Form to those members of the Settlement Class at the address of each such person as set forth in the records of Lehman or its transfer agent(s), or who otherwise may be identified through further reasonable effort. The Settling Underwriter Defendants shall provide any information reasonably available to them that, in their judgment, will assist in the identification of potential Settlement Class Members for the purpose of sending notification of the Settlement within five (5) business days of the entry of the Preliminary Order. Lead Counsel will cause to be published the Publication Notice pursuant to the terms of the Preliminary Order or whatever other form or manner might be ordered by the District Court.

14. Notwithstanding the fact that the Effective Date has not yet occurred, Lead Counsel may pay from the Escrow Account, without further approval from Settling Underwriter Defendants or further order of the District Court, all reasonable Notice and Administration Costs actually incurred. Such costs and expenses shall include, without limitation, the actual costs of

printing and mailing the Notice and Proof of Claim Form, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, publication of the Summary Notice, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing Notice and processing the submitted Claims, and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs reasonably paid or reasonably incurred, including any related fees, shall not be returned or repaid to the Settling Underwriter Defendants, any Released Underwriter Party or any other person or entity who or which contributed any portion of the Settlement Amount.

15. The Released Underwriter Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the maintenance, investment or distribution of the Settlement Fund, the establishment or maintenance of the Escrow Account, the establishment or administration of the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, the distribution of the Net Settlement Fund, the administration of the Settlement, or any losses incurred in connection with such matters. Settling Underwriter Defendants take no position with respect to the provisions of this Stipulation governing those issues. The Released Underwriter Parties shall have no further or other liability or obligations to Lead Plaintiffs, Lead Counsel or any member of the Settlement Class with respect to the Settled Claims, except as expressly stated in this Stipulation.

**ATTORNEYS' FEES AND LITIGATION EXPENSES**

16. Lead Counsel will apply to the District Court for a collective award of attorneys' fees to Plaintiffs' Counsel from the Settlement Fund. Lead Counsel will also apply to the District Court for reimbursement of Litigation Expenses, which may include a request for reimbursement of Lead Plaintiffs' expenses in accordance with 15 U.S.C. § 77z-1(a)(4). None of the Settling Underwriter Defendants, nor any other Released Underwriter Party, shall have any obligation to pay any portion of Plaintiffs' Counsel's attorneys' fees or Litigation Expenses, aside from

payments due to the Settlement Fund, or take any position with respect to Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses.

17. Any attorneys' fees and Litigation Expenses that are awarded by the District Court shall be paid to Lead Counsel from the Escrow Account immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead Counsel agree to make appropriate refunds or repayments to the Settlement Fund, plus any interest, if any, actually accrued on such funds, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed. Lead Counsel shall make the appropriate refund or repayment in full no later than fifteen (15) business days after receiving from any of Settling Underwriter Defendants' Counsel or from a court of appropriate jurisdiction notice of any such reduction of the award of attorneys' fees and/or Litigation Expenses, or notice of the termination of the Settlement. An award of attorneys' fees and/or Litigation Expenses is not a necessary term to this Stipulation or a condition of this Stipulation, the Settlement or the releases provided herein. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on the District Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses. Any appeal relating to an award of attorneys' fees or Litigation Expenses will not affect the finality of the Settlement, the Judgment or the releases provided herein.

18. Lead Counsel shall have the sole authority to allocate the court-awarded attorneys' fees amongst Plaintiffs' Counsel in a manner which they, in good faith, believe reflects the contributions of such counsel to the prosecution and settlement of the Action. Settling Underwriter Defendants and the other Released Underwriter Parties shall have no responsibility for the allocation among Plaintiffs' Counsel, and/or any other person or entity who may assert some claim thereto, of any award of attorneys' fees or Litigation Expenses that the Court may

make in the Action, and Settling Underwriter Defendants take no position with respect to such matters.

**CLAIMS ADMINISTRATOR**

19. The Claims Administrator shall administer the process of receiving, reviewing and approving or denying Claims under Lead Counsel's supervision and subject to the jurisdiction of the District Court. None of the Settling Underwriter Defendants or other Released Underwriter Parties shall have any responsibility whatsoever to any person, including, but not limited to, Lead Plaintiffs, the Claims Administrator, Settlement Class Members or Lead Counsel in connection with such administration.

20. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or in part; and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's loss amount (as set forth in the Plan of Allocation to be submitted by Lead Counsel to the District Court for approval, or in such other plan of allocation as the District Court approves).

21. The allocation of the Net Settlement Fund among Authorized Claimants is a matter separate and apart from the proposed Settlement between Settling Underwriter Defendants and Lead Plaintiffs, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement.

22. A particular plan of allocation to be proposed by Lead Counsel is not a necessary term of this Stipulation, and it is not a condition of this Stipulation, the Settlement, or the releases provided herein that any particular plan of allocation be approved by the District Court. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on the District Court's or any appellate court's ruling with respect to any particular plan of allocation in this Action. No Settling Underwriter Defendant or any other Released Underwriter Party shall have any responsibility or liability whatsoever for allocation of the Net Settlement Fund. Any appeal relating to the allocation of the Net Settlement Fund, the administration of the

Settlement or the claims process will not affect the finality of the Settlement, the Judgment, or the releases provided herein.

23. Any Settlement Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and Settlement, including the terms of the Judgment to be entered in the Action and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims.

24. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund. No Settling Underwriter Defendant or any other Released Underwriter Party shall have any liability, obligation or responsibility whatsoever for the administration of the Settlement or disbursement of the Net Settlement Fund. No Settling Underwriter Defendant or any other Released Underwriter Party shall be permitted to review, contest or object to any Claim Form or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim Form or Claim for payment by a Settlement Class Member. Lead Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

25. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

a. Each Settlement Class Member shall be required to submit a Claim Form supported by such documents as are designated therein, including proof of the transactions and holdings claimed and the claimed incurred losses, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable.

b. All Claim Forms must be submitted by the date that will be set by the District Court, unless such deadline is extended by Order of the District Court. Any Settlement

Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the District Court, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement including the terms of the Judgment and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims. Provided that it is received before the motion for the Class Distribution Order is filed, a Claim Form shall be deemed to be submitted when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

c. Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Stipulation and the court-approved plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the District Court pursuant to subparagraph (e) below.

d. Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall attempt to communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under the supervision of Lead Counsel, shall attempt to notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefore, and shall indicate in such notice that the Claimant whose claim is to be rejected has the right to a review by the District Court if the Claimant so desires and complies with the requirements of subparagraph (e) below.

e. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of



the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the District Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the District Court.

f. The administrative determinations of the Claims Administrator accepting and rejecting Claims shall be presented to the District Court, on notice to Settling Underwriter Defendants' Counsel, for approval by the District Court in the Class Distribution Order.

26. Each Claimant shall be deemed to have submitted to the jurisdiction of the District Court with respect to the Claimant's Claim, including, but not limited to, the releases provided for in the Judgment, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or this Settlement in connection with the processing of Claim Forms.

27. Lead Counsel will apply to the District Court, on notice to Settling Underwriter Defendants' Counsel, for a Class Distribution Order, *inter alia*: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; and (b) if the Effective Date has occurred, directing payment of the Net Settlement Fund to the Authorized Claimants from the Escrow Account. Payment and/or distribution of any of the Settlement Amount to Settlement Class Members shall be made only after the Effective Date.

28. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Settlement Class Members. All Settlement Class Members whose Claims are not approved by the District Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in the Action and the releases

provided for therein and herein and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims.

29. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the District Court.

#### **REQUESTS FOR EXCLUSION**

30. Persons who purchased Lehman Securities requesting exclusion from the Settlement Class shall be required to provide the following information to the Claims Administrator, in addition to transactional information specified in the Notice: (i) name; (ii) address; (iii) telephone number; (iv) number and type of Lehman Securities purchased, acquired and sold, and (v) a statement that the person or entity wishes to be excluded from the Settlement Class. Unless otherwise ordered by the District Court, any person who purchased Lehman Securities who does not submit a timely request for exclusion as provided by this section shall be bound by this Stipulation. The deadline for submitting requests for exclusion shall be 21 calendar days prior to the Settlement Hearing.

31. The Claims Administrator shall scan and send electronically copies of all requests for exclusion to the Settling Underwriter Defendants' Counsel and to Lead Counsel expeditiously (and not more than three (3) business days) after the Claims Administrator receives such a request. As part of the reply papers in support of the Settlement, Lead Counsel will cause to be provided a list of all persons who have requested exclusion from the Settlement Class, and shall cause to be certified that all requests for exclusion received by the Claims Administrator have been copied and provided to the Settling Underwriter Defendants' Counsel.

#### **TERMS OF THE JUDGMENT**

32. If the Settlement contemplated by this Stipulation is approved by the District Court, Lead Counsel and Settling Underwriter Defendants' Counsel shall request that the District

Court enter a Judgment, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, substantially in the form annexed hereto as Exhibit B.

**DUE DILIGENCE AND COOPERATION**

33. The Settlement is subject to the completion of reasonable due diligence by Lead Plaintiffs. The due diligence (which is subject to the utmost confidentiality) may include proffers as to and production of documents and information by the Settling Underwriter Defendants regarding the allegations and claims asserted in the Complaint. The due diligence is for the purpose of assessing the reasonableness and adequacy of the Settlement, the scope and timing of which shall be reasonable and mutually agreed upon by the Settling Parties. Lead Plaintiffs, by and through Lead Counsel, shall have the right to withdraw from the proposed Settlement at any time prior to filing their motion for final approval of the proposed Settlement if, in their good faith discretion, Lead Plaintiffs determine that information produced during the due diligence renders the proposed Settlement unfair, unreasonable and/or inadequate. In the event of such withdrawal from the proposed Settlement, Lead Counsel shall provide written notice to the Settling Underwriter Defendants' Counsel in advance of the date on which their motion for final approval of the Settlement is due to be filed and the termination provisions set forth in paragraph 36 below shall apply.

**WAIVER OR TERMINATION**

34. Except as set forth in paragraph 33 above and in the Supplemental Agreement as defined and set forth in paragraph 35 below, the Settling Underwriter Defendants, provided they collectively agree, and Lead Plaintiffs, provided they collectively agree, shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to all other parties to this Stipulation within thirty (30) days of: (a) the District Court's declining to enter the Preliminary Order in any material respect without leave to amend and resubmit; (b) the District Court's refusal to approve this Stipulation and Settlement or any material part of it without leave to amend and resubmit; (c) the District Court's declining to enter the Judgment in any material respect without leave to amend and resubmit; or (d) the date upon which the

Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. Lead Plaintiffs shall have the right either to accept the amount actually deposited into the Escrow Account or to terminate the Settlement in the event that the Settling Underwriter Defendants do not cause the Settlement Amount to be deposited into the Escrow Account as provided in paragraph 7 above. Any decision with respect to an application for attorneys' fees or Litigation Expenses, or with respect to any plan of allocation, shall not be considered material to this Stipulation and Settlement and shall not be grounds for termination.

35. Simultaneously herewith, Lead Counsel and Settling Underwriter Defendants' Counsel are executing a "Supplemental Agreement." Unless otherwise directed by the Court or unless and until a dispute as between Lead Plaintiffs and the Settling Underwriter Defendants concerning its interpretation or application arises, the Supplemental Agreement will not be filed with the Court. The Settling Underwriter Defendants may, in accordance with the terms set forth in the Supplemental Agreement, elect in writing to terminate the Settlement and this Stipulation if certain conditions (the "Opt-Out Threshold") are met and Lead Counsel and Settling Underwriter Defendants' Counsel are unable to cure this condition in accordance with the terms of the Supplemental Agreement. If required by the Court, the Supplemental Agreement and/or any of its terms may be disclosed to the Court for purposes of approval of the Settlement, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to preserve the confidentiality of the Supplemental Agreement, particularly the Opt-Out Threshold. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation and Settlement shall only be enforceable as to the provisions of paragraphs 36 and 37.

36. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, the Settlement termination shall be without prejudice, and none of the terms shall be effective or enforceable and the facts of the Settlement shall not be admissible for any purpose, and the parties to this Stipulation shall be deemed to have reverted *nunc pro tunc* to the respective status in the Action as of October 3, 2011, and, except as

otherwise expressly provided, the Settling Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, and any portion of the Settlement Amount previously paid by or on behalf of the Settling Underwriter Defendants, including, but not limited to, any funds disbursed in payment of Litigation Expenses and attorneys' fees, together with any interest earned or appreciation thereon, less any Taxes paid or due with respect to such income, and less Notice and Administration Costs actually and reasonably incurred and paid or payable consistent with the provisions of paragraph 14 above, shall be returned to the Settling Underwriter Defendants within fourteen (14) business days after written notification of such event by Settling Underwriter Defendants and Lead Counsel to the Escrow Agent.

**NO ADMISSION OF WRONGDOING**

37. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it, including exhibits, all negotiations, discussions, drafts and proceedings in connection with the Settlement, and any act performed or document signed in connection with the Settlement:

a. shall not be offered or received against any of the Released Underwriter Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released Underwriter Parties with respect to the truth of any fact alleged by Named Plaintiffs or the validity of any claim that was or could have been asserted against any of the Released Underwriter Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Underwriter Parties;

b. shall not be offered or received against any of the Released Underwriter Parties as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other Settlement Class Members as evidence of any infirmity in the claims of the Named Plaintiffs or the other Settlement Class Members;

c. shall not be offered or received against any of the Released Underwriter Parties or against any of the Named Plaintiffs or any other Settlement Class Members as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other Settlement Class Members, in any other civil, criminal or administrative action, arbitration or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the District Court, the Settling Underwriter Defendants, any Released Underwriter Party, Named Plaintiffs and any other Settlement Class Member may file this stipulation and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release and discharge, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

d. shall not be construed against any Released Underwriter Parties, any Named Plaintiff or any other Settlement Class Member as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

e. shall not be construed as or received in evidence as an admission, concession or presumption against any Named Plaintiff or any other Settlement Class Member that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

#### **MISCELLANEOUS PROVISIONS**

38. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

39. This Settlement is not contingent on any of the Settling Parties settling with any other party in this or in any additional ongoing litigation.

40. Each Settling Underwriter Defendant contributing to the Settlement Fund warrants that, as to the payments made by or on behalf of it, at the time of such payment that the Settling Underwriter Defendant made or caused to be made pursuant to paragraph 7 above, such Settling Underwriter Defendant was not insolvent, nor will the payment required to be made by or on behalf of such Settling Underwriter Defendant render it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Settling Underwriter Defendants and not by their counsel. In the event one or more other entities are contributing to the Settlement Amount on behalf of a Settling Underwriter Defendant, the foregoing representations are made by such other entities.

41. If a case is commenced in respect of any of the Settling Underwriter Defendants or any other person or entity contributing funds to the Settlement Fund on behalf of any of the Settling Underwriter Defendants under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver, conservator, or other fiduciary is appointed under any similar law with respect to any of them, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of any of the Settling Underwriter Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Plaintiffs, the parties shall jointly move the District Court to vacate and set aside the releases given and the Judgment entered in favor of the Settling Underwriter Defendants and the other Released Underwriter Parties pursuant to this Stipulation, which releases and Judgment shall be null and void, and the Settling Parties shall be restored to their respective positions in the litigation immediately prior to October 3, 2011, and any cash amounts in the Settlement Fund, as well as any attorneys' fees or Litigation Expenses paid to Plaintiffs' Counsel, shall be returned as provided in paragraph 36 above, provided, however, that the provisions in this paragraph requiring return of funds shall expire and terminate upon the Judgment becoming Final.

42. The parties to this Stipulation intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Named Plaintiffs or any other Settlement Class Members against the Released Underwriter Parties with respect to all Settled Claims. Accordingly, Named Plaintiffs and Settling Underwriter Defendants agree not to assert in any forum that this Action was brought by Named Plaintiffs, or any other plaintiff in the actions consolidated in the Action, or defended by Settling Underwriter Defendants in bad faith or without a reasonable basis. The parties hereto shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense or settlement of this Action. The parties to this Stipulation agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the Settling Parties, including mediation sessions conducted under the auspices of a professional mediator, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

43. While retaining the right to deny that the claims asserted in this Action were meritorious, Settling Underwriter Defendants in any statement made to any media representative (whether or not for attribution) will not deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Named Plaintiffs and Settling Underwriter Defendants shall refrain from any accusations of wrongful or actionable conduct by either party concerning the prosecution and resolution of this Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

44. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except in writing signed by all signatories hereto or their successors-in-interest.

45. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

46. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the District Court, and the District Court shall retain exclusive jurisdiction over the Action and this Settlement, including for the purpose of entering



orders providing for awards of attorneys' fees and Litigation Expenses to Lead Counsel and enforcing the terms of this Stipulation.

47. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

48. This Stipulation and its exhibits, and the Supplemental Agreement constitute the entire agreement among the parties hereto concerning this Settlement, and supersedes all prior understandings, communications, and agreements with respect to the subject of the Settlement. No representations, warranties or inducements have been made by any party hereto concerning this Stipulation, its exhibits and the Supplemental Agreement other than those contained and memorialized in such documents.

49. This Stipulation may be executed in one or more original, e-mail and/or faxed counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

50. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

51. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

52. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being recognized that it is the result of arm's-length negotiations between the parties, and all parties have contributed substantially and materially to the preparation of this Stipulation.

53. All counsel and any other persons executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have full

authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to this Stipulation to effectuate its terms.

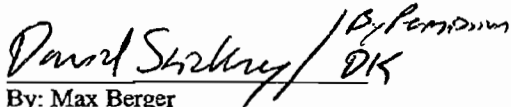
54. Named Plaintiffs represent and warrant that they have not assigned, transferred, or otherwise disposed of the claims that are the subject of this Agreement.

55. Lead Counsel and Settling Underwriter Defendants' Counsel agree to cooperate fully with one another in seeking District Court approval of the Preliminary Order, this Stipulation and the Settlement, and to promptly agree upon and execute all such other documents as may be reasonably required to obtain final approval by the District Court of the Settlement.

56. If any party is required to give notice to the other parties under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery, e-mail, or facsimile transmission with confirmation of receipt. Notice shall be provided to counsel as indicated on the signature block below.

DATED: December 2, 2011

**BERNSTEIN LITOWITZ BERGER  
& GROSSMANN LLP**



By: Max Berger  
Steven Singer  
David R. Stickney  
Niki L. Mendoza  
1285 Avenue of the Americas  
New York, New York 10019  
Tel: 212-554-1400  
Fax: 212-554-1444

*Co-Lead Counsel for Lead Plaintiffs and the  
Settlement Class*

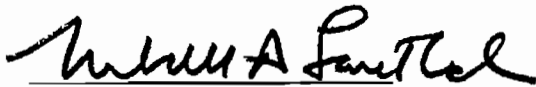
**KESSLER TOPAZ  
MELTZER & CHECK, LLP**



By: David Kessler  
John A. Kehoe  
Jennifer L. Enck  
280 King of Prussia Road  
Radnor, PA 19087  
Tel: 610-667-7706  
Fax: 610-667-7056

*Co-Lead Counsel for Lead Plaintiffs  
and the Settlement Class*

**CLEARY GOTTlieb STEEN &  
HAMILTON LLP**



By: Mitchell Lowenthal  
Victor L. Hou  
Roger A. Cooper  
One Liberty Plaza  
New York, NY 10006  
Tel: 212-225-2000  
Fax: 212-225-3999

*Counsel for the Settling Underwriter Defendants*

**APPENDIX A**

ISSUE DATE	SECURITY (CUSIP)
February 5, 2008 (the "Series J Offering")	7.95% Non-Cumulative Perpetual Preferred Stock, Series J (the "Series J Shares") (52520W317)
July 19, 2007	6% Notes Due 2012 (52517P4C2)
July 19, 2007	6.50% Subordinated Notes due 2017 (524908R36)
July 19, 2007	6.875% Subordinated Notes Due 2037 (524908R44)
September 26, 2007	6.2% Notes Due 2014 (52517P5X5)
September 26, 2007	7% Notes Due 2027 (52517P5Y3)
December 21, 2007	6.75% Subordinated Notes Due 2017 (5249087M6)
January 22, 2008	5.625% Notes Due 2013 (5252M0BZ9)
February 5, 2008	Lehman Notes, Series D (52519FFE6)
April 24, 2008	6.875% Notes Due 2018 (5252M0FD4)
April 29, 2008	Lehman Notes, Series D (52519FFM8)
May 9, 2008	7.50% Subordinated Notes Due 2038 (5249087N4)

**EXHIBIT B**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES  
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt  
Securities Litigation, 08-CV-5523-LAK*

**JUDGMENT AND ORDER APPROVING SETTLEMENT BETWEEN  
LEAD PLAINTIFFS AND THE SETTLING UNDERWRITER DEFENDANTS**

This matter came for hearing on [DATE] (the “Settlement Hearing”), on the application of the Settling Parties to determine (i) whether the terms and conditions of the Stipulation of Settlement and Release dated December 2, 2011 (the “First Underwriter Stipulation”) between Lead Plaintiffs, on behalf of the UW Settlement Class, and A.G. Edwards & Sons, Inc.; ABN AMRO Inc.; ANZ Securities, Inc.; Banc of America Securities LLC; BBVA Securities Inc.; BNP Paribas; BNY Mellon Capital Markets, LLC; Caja de Ahorros y Monte de Piedad de Madrid; Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank); CIBC World Markets Corp.; Citigroup Global Markets Inc.; Commerzbank Capital Markets Corp.; Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets); DZ Financial Markets LLC; Edward D. Jones & Co., L.P.; Fidelity Capital Markets Services (a division of National Financial Services LLC); Fortis Securities LLC; BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.); HSBC Securities (USA) Inc.; ING Financial Markets LLC; Loop Capital Markets, LLC; Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC);

Merrill Lynch, Pierce, Fenner & Smith Inc.; Mizuho Securities USA Inc.; Morgan Stanley & Co. Inc.; nabCapital Securities, LLC (n/k/a nabSecurities, LLC); National Australia Bank Ltd.; Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC); Raymond James & Associates, Inc.; RBC Capital Markets, LLC (f/k/a RBC Dain Rauscher Inc.); RBS Greenwich Capital (n/k/a RBS Securities Inc.); Santander Investment Securities Inc.; Scotia Capital (USA) Inc.; SG Americas Securities LLC; Sovereign Securities Corporation LLC; SunTrust Robinson Humphrey, Inc.; TD Securities (USA) LLC; UBS Securities LLC; Utendahl Capital Partners, L.P.; Wachovia Capital Finance; Wachovia Securities, LLC (n/k/a Wells Fargo Securities, LLC); and Wells Fargo Securities, LLC (collectively, the “First Group of Settling Underwriter Defendants”) are fair, reasonable, and adequate for the settlement of all Settled Claims, including all claims asserted by Lead Plaintiffs against the Settling Underwriter Defendants in the Third Amended Class Action Complaint for Violations of the Federal Securities Laws (the “Complaint”) now pending in this Court in the above-captioned consolidated class action (the “Action”), and should be approved; (ii) whether the terms and conditions of the Stipulation of Settlement and Release dated December 9, 2011 (the “Second Underwriter Stipulation”), largely adopting the First Underwriter Stipulation, between Lead Plaintiffs, on behalf of the UW Settlement Class, and Cabrera Capital Markets LLC; Charles Schwab & Co., Inc.; HVB Capital Markets, Inc.; Incapital LLC; MRB Securities Corp., as general partner of M.R. Beal & Company (M.R. Beal & Company, together with its owners and partners); Muriel Siebert & Co., Inc. and Siebert Capital Markets; and Williams Capital Group L.P. (collectively, the “Second Group of Settling Underwriter Defendants” and, together with the First Group of Settling Underwriter Defendants, the “Settling Underwriter Defendants”) are fair, reasonable, and adequate for the settlement of all Settled Claims, including all claims asserted by Lead Plaintiffs

against the Settling Underwriter Defendants in the Complaint now pending in this Court in the Action, and should be approved; and (iii) whether judgment should be entered (a) dismissing the Complaint on the merits, with prejudice and without costs, in favor only of the Settling Underwriter Defendants and the other Released Underwriter Parties and as against all persons or entities who are members of the UW Settlement Class herein who have not requested exclusion therefrom, (b) releasing the Settled Claims as against the Settling Underwriter Defendants and all other Released Underwriter Parties, and (c) entering a Bar Order and judgment reduction provision, as set forth in paragraphs 12 and 13 herein, in connection with this Action. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that a notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all persons and entities reasonably identifiable as members of the UW Settlement Class, and that a summary notice of the Settlement Hearing substantially in the form approved by the Court was published in the national edition of *The Wall Street Journal* and *Investor's Business Daily* pursuant to the specifications of the Court.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Judgment hereby incorporates by reference the definitions in the First Underwriter Stipulation and the Second Underwriter Stipulation (together, the "Stipulations"), and all capitalized terms used herein shall have the same meaning as set forth in the First Underwriter Stipulation for purposes of the settlement with the First Group of Settling Underwriter Defendants and the same meaning as set forth in the Second Underwriter Stipulation for purposes of the settlement with the Second Group of Settling Underwriter Defendants including, but not limited to:

a. "Released Underwriter Parties" shall mean any and all of the Settling Underwriter Defendants and their respective current and former trustees, officers,



directors, principals, predecessors, successors, assigns, attorneys, parents, affiliates, employers, employees, agents, and subsidiaries, but specifically does not include any Non-Settling Defendant.

b. "Released Underwriter Parties' Claims" shall mean any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Underwriter Defendants, except for claims relating to the enforcement of the Settlement.

c. "Settled Claims" shall mean any and all claims, rights, demands, liabilities and causes of action of every nature and description, to the fullest extent that the law permits their release in this Action, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs or any other members of the Settlement Class: (a) alleged in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon or are related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that arise out of the Settlement Class Member's purchase or acquisition of the Lehman Securities pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement. Notwithstanding the foregoing, the Settlement Class, through the release in this Settlement, will not release (i) any claims against the Non-Settling Defendants; (ii) the claims asserted in any ERISA action or mortgage-backed securities action, including such claims submitted against any of the debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding; (iii) any claims or interests in the Lehman Bankruptcy Proceeding or the LBI SIPA Proceeding asserted by an individual Settlement Class Member based solely upon the ownership of any Lehman security which is entitled to a distribution under any confirmed plan of reorganization in the Lehman Bankruptcy Proceeding because of such ownership; or (iv) claims relating to the enforcement of the Settlement.

2. This Court has jurisdiction to enter this Judgment. The Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all UW Settlement Class Members.

3. The Court hereby affirms its findings in its Order Concerning Proposed Settlement with the Settling Underwriter Defendants dated [DATE] (the "Preliminary Order"), that for purposes of the UW Settlement only, the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the

number of UW Settlement Class Members is so numerous that joinder thereof is impracticable; (b) there are questions of law and fact common to the UW Settlement Class; (c) the claims of the UW Settlement Class Representatives are typical of the claims of the UW Settlement Class; (d) the UW Settlement Class Representatives and Lead Counsel have and will fairly and adequately represent the interests of the UW Settlement Class; (e) the questions of law and fact common to the members of the UW Settlement Class predominate over any questions affecting only individual members of the UW Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

4. The Court further affirms its determinations in the Preliminary Order and finally certifies, for purposes of the UW Settlement only, pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure, the Action to proceed as a class action on behalf of all persons or entities who purchased or otherwise acquired Lehman securities identified in Appendix A to the First Underwriter Stipulation (“Lehman Securities”) pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement and who were damaged thereby. The UW Settlement Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached to the First Underwriter Stipulation, who purchased or otherwise acquired Lehman Securities (each, a “Managed Entity”). Excluded from the UW Settlement Class are (i) Defendants, (ii) the officers and directors of each Defendant, (iii) any entity (other than a Managed Entity) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the “Underwriter Settlement Class Period”) owned, a majority interest, (iv) members of Defendants’ immediate families and the legal representatives, heirs, successors or assigns of

any such excluded party, and (v) Lehman. Also excluded from the UW Settlement Class are the persons and entities who timely and validly requested exclusion from the UW Settlement Class as listed on Exhibit 1 annexed hereto.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, for purposes of the UW Settlement only, this Court affirms its findings in the Preliminary Order that the UW Settlement Class Representatives are adequate class representatives and finally certifies them as UW Settlement Class Representatives, and finally certifies the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

6. Notice of the pendency of this Action as a class action and of the proposed UW Settlement was given to all UW Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the UW Settlement Class of the pendency of the Action as a class action and of the terms and conditions of the proposed UW Settlement met the requirements of due process, Rule 23 of the Federal Rules of Civil Procedure, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

7. Pursuant to and in compliance with Rule 23 of the Federal Rules of Civil Procedure, the Court hereby finds that due and adequate notice of these proceedings was directed to all persons and entities who are UW Settlement Class Members, advising them of the UW Settlement, of Lead Counsel's intent to apply for attorneys' fees and reimbursement of Litigation Expenses associated with the Action, and of their right to object thereto, and a full and fair

opportunity was accorded to all persons and entities who are UW Settlement Class Members to be heard with respect to the foregoing matters. Thus, it is hereby determined that all UW Settlement Class Members who did not timely and validly elect to exclude themselves by written communication received by the claims administrator no later than the date set forth in the Notice and the Preliminary Order, are bound by this Judgment.

8. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the UW Settlement as set forth in the Stipulations, and finds that the UW Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of the UW Settlement Class Members, including Lead Plaintiffs. This Court further finds that the UW Settlement set forth in the Stipulations is the result of arm's-length negotiations between experienced counsel representing the interests of the Settling Parties. Accordingly, the UW Settlement embodied in the Stipulations is hereby approved in all respects and shall be consummated in accordance with the terms and provisions of the Stipulations.

9. The Action, the Complaint, and the claims asserted therein by the UW Settlement Class Members are hereby dismissed with prejudice as against only the Settling Underwriter Defendants and without costs except for the payments expressly provided for in the Stipulations.

10. Upon the Effective Date, each of the Named Plaintiffs and all other UW Settlement Class Members, release and shall be deemed by operation of law to have irrevocably, absolutely and unconditionally, fully, finally and forever released, waived, discharged and dismissed each and every Settled Claim against each and all of the Released Underwriter Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Underwriter Party.

11. Upon the Effective Date, each of the Settling Underwriter Defendants, on behalf of themselves and their respective heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, affiliates, assigns and agents, release and shall be deemed by operation of law to have released, waived, discharged and dismissed each and every Released Underwriter Parties' Claims against each and all of the Named Plaintiffs, and their respective counsel, and any other UW Settlement Class Member, and shall forever be enjoined from prosecuting any or all of the Released Underwriter Parties' Claims against Named Plaintiffs, their respective counsel, or any other UW Settlement Class Member.

12. Upon the Effective Date, any and all claims for contribution and indemnification (or any other claim against the Settling Underwriter Defendants where the injury to the non-settling person or entity is the non-settling person's or entity's liability to one or more members of the UW Settlement Class), arising from, relating to, or in connection with the Settled Claims (a) by any person or entity against any or all of the Released Underwriter Parties or (b) by any or all of the Released Underwriter Parties against any person or entity, other than a person or entity whose liability has been extinguished pursuant to the UW Settlement, are, to the fullest extent provided by law, permanently barred and fully discharged.

13. Any final verdict or judgment that may be obtained by or on behalf of the UW Settlement Class or a UW Settlement Class Member against any person or entity subject to the Bar Order in paragraph 12 above shall be reduced by the greater of: (a) an amount that corresponds to the percentage of responsibility of any Settling Underwriter Defendant (or Settling Underwriter Defendants, as applicable) for common damages; or (b) the amount paid by or on behalf of any Settling Underwriter Defendant (or Settling Underwriter Defendants, as

applicable) to the UW Settlement Class or UW Settlement Class Member, as applicable, for common damages.

14. This Judgment and the Stipulations, whether or not the Judgment becomes Final, and any proceedings taken pursuant to the Stipulations, including exhibits, all negotiations, discussions, drafts and proceedings in connection with the UW Settlement, and any act performed or document signed in connection with the UW Settlement:

a. shall not be offered or received against any of the Released Underwriter Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released Underwriter Parties with respect to the truth of any fact alleged by Named Plaintiffs or the validity of any claim that was or could have been asserted against any of the Released Underwriter Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Underwriter Parties;

b. shall not be offered or received against any of the Released Underwriter Parties as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other UW Settlement Class Members as evidence of any infirmity in the claims of the Named Plaintiffs or the other UW Settlement Class Members;

c. shall not be offered or received against any of the Released Underwriter Parties or against any of the Named Plaintiffs or any other UW Settlement Class Members as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other UW Settlement Class

Members, in any other civil, criminal or administrative action, arbitration or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that if the Stipulations are approved by the District Court, the Settling Underwriter Defendants, any Released Underwriter Party, Named Plaintiffs and any other UW Settlement Class Member may file the Stipulations and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release and discharge, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

d. shall not be construed against any Released Underwriter Parties, any Named Plaintiff or any other UW Settlement Class Member as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

e. shall not be construed as or received in evidence as an admission, concession or presumption against any Named Plaintiff or any other UW Settlement Class Member that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

15. The Court reserves jurisdiction over, without affecting in any way the finality of this Judgment, (a) implementation and enforcement of the UW Settlement; (b) approving a plan of allocation; (c) the allowance, disallowance or adjustment of any UW Settlement Class Member's claim on equitable grounds and any award or distribution of the Settlement Funds; (d) disposition of the Settlement Funds; (e) hearing and determining Lead Counsel's application for attorneys' fees, costs, interest and expenses, including fees and costs of experts and/or

consultants; (f) enforcing and administering this Judgment; (g) enforcing and administering the Stipulations including any releases executed in connection therewith; and (h) any other matter related or ancillary to the foregoing.

16. Separate Orders shall be entered regarding Lead Plaintiffs' motion for approval of the proposed Plan of Allocation and Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses. Such Orders shall not disturb or affect any of the terms of this Judgment.

17. In the event that the UW Settlement does not become effective in accordance with the terms of the Stipulations or in the event that the Settlement Funds, or any portion thereof, are returned to the Settling Underwriter Defendants (or such persons or entities responsible for funding the Settlement Amount), and such amount is not replaced by others, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulations, and shall be vacated to the extent provided by the Stipulations and, in such event: (a) all Orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulations; (b) the fact of the UW Settlement shall not be admissible for any purpose and the Settling Parties shall be deemed to have reverted *nunc pro tunc* to their respective status in this Action as of October 3, 2011; and (c) the Settlement Amount plus accrued interest, less any Taxes paid or due with respect to such income, and less Notice and Administration Costs actually incurred and paid or payable, shall be returned in full as provided in paragraph 36 of the First Underwriter Stipulation and in paragraph 36 of Exhibit A to the Second Underwriter Stipulation as modified by paragraph 4 of the Second Underwriter Stipulation.



18. Without further Order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulations.

19. There is no just reason for delay in the entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed.

Dated: \_\_\_\_\_

\_\_\_\_\_  
The Honorable Lewis A. Kaplan  
United States District Judge

**Exhibit 1**

**Persons and Entities Excluded from the UW Settlement Class**