

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 and the issuance of the Bankruptcy Court Order,¹ 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(mm)), and 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,

¹ “Bankruptcy Court Order,” as that term is used herein, shall mean an order of the United States Bankruptcy Court, Southern District of New York (“Bankruptcy Court”) authorizing relief from the automatic stay to the extent applicable and approving, solely to the extent necessary, the use of the proceeds of the Policies (as defined below) to fund the Settlement Amount (as defined below).

Henry Kaufman and John D. Macomber (the “Settling Defendants”) (collectively, the “Settling Parties”), 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 Defendants and the other Released 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(z)).²

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. 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

² All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶1 herein.

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.³

B. WHEREAS, on September 15, 2008, Lehman Brothers Holdings Inc. filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. For this reason, Lehman Brothers Holdings Inc. is not named as a defendant in this Action.

C. 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.

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

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

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

³ Lead Plaintiffs also sought to be appointed as lead plaintiffs in a related class action filed on April 29, 2008 in the U.S. 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.

G. 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 *In re Lehman Brothers Holdings Inc., et al.* Chapter 11 Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.) ("Bankruptcy Case"), 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.

H. 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.

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

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

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

L. 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.

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

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

O. 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.

P. 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 Settling Defendants and the potential defenses thereto. Further, Lead Plaintiffs, by Lead Counsel, have had several in-person and telephonic settlement discussions and arm's-length negotiations with counsel for the Settling Defendants and with or through a professional mediator, Honorable Daniel Weinstein (Ret.) (the "Mediator"), with respect to a compromise and settlement of claims against the Settling Defendants with a view to settling the issues in dispute with respect to the Settling Defendants and achieving the best relief possible consistent with the interests of the Settlement Class.

Q. WHEREAS, the Settling Parties have entered into a Confidential Supplemental Term Sheet to Settle Class Action ("Supplemental Agreement"), which is incorporated by reference herein.

R. WHEREAS, based upon their investigation and extensive 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 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 diminishing resources to fund a settlement or an adverse judgment, if any, against the Settling Defendants.

S. WHEREAS, nothing in this Stipulation shall be construed or deemed to be evidence of an admission or concession on the part of any Settling Defendant or Released 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 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 the Settling Defendants or any Non-Settling Defendant.

T. WHEREAS, the Settling 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 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 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 Parties (as defined below) and all Released 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. “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Southern District of New York.

d. “Claim” shall mean a claim for payment from the Net Settlement Fund.

e. “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.

f. “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.

g. “Claims Administrator” shall mean the firm retained by Lead Plaintiffs and Lead Counsel subject to approval of the District Court to provide all notices approved by the District Court to potential Settlement Class Members and to administer the Settlement and distribute the Net Settlement Fund.

h. “Class Distribution Order” shall mean the first 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.

i. “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.

j. “Defendants” shall mean the Settling Defendants and the Non-Settling Defendants.

k. “District Court” shall mean the United States District Court for the Southern District of New York.

l. “Effective Date” shall mean the date on which all of the following shall have occurred: (i) the District Court has entered the Preliminary Approval Order; (ii) 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; (iii) the District Court has entered the Judgment, which has become Final; and (iv) the Bankruptcy Court has issued the Bankruptcy Court Order, which has become Final.

m. “Escrow Account” shall mean an account, mutually agreed to by the parties, jointly controlled by Lead Counsel, acting as agents for the Lead Plaintiffs and the Settlement Class, and Dechert LLP, with the escrow instructions to be mutually agreed to by Lead Counsel and Dechert LLP, wherein the Settlement Amount shall be deposited and held in escrow. Within five business days following the later date of when the Bankruptcy Court enters the Bankruptcy Court Order or the District Court has granted final approval of the Settlement, Dechert LLP shall withdraw from their joint control of the Escrow Account.

n. “Escrow Agent” shall mean The Huntington National Bank, or such other financial institution(s) as Lead Counsel and Settling Defendants’ counsel shall select, which shall be responsible for overseeing, safeguarding and distributing the Escrow Account, acting as agent for the Settlement Class.

o. “E&Y” shall mean Ernst & Young LLP.

p. “Final,” when referring to an order or judgment, shall mean: (i) that the time for appeal or appellate review of such order or judgment has expired; or (ii) if there has been an appeal, that such order or judgment has been affirmed on appeal or that said appeal has been decided without causing a material change in the order or judgment, and such order or judgment is no longer subject to appellate review by further appeal or writ of certiorari.

q. “Insurers” shall mean the insurers that issued directors and officers insurance policies to LBHI for the May 16, 2007-2008 policy period under which the Settling Defendants are insured that will fully or partially fund the Settlement Amount.

r. “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.

s. “LBHI” means Lehman Brothers Holdings Inc.

t. “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.

u. “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.

v. “Lehman” means LBHI and those of its subsidiaries and affiliates that, together with LBHI, are debtors in the LBHI bankruptcy proceedings.

w. “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.

x. “Named Plaintiffs” shall mean Lead Plaintiffs 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; Stacey Oyler; Montgomery County Retirement Board; Fred Telling; Stuart Bregman; Irwin and Phyllis Ingwer; Carla LaGrassa; Teamsters Allied Benefit Funds; Francisco Perez; Island Medical Group PC Retirement Trust f/b/o Irwin Ingwer; Robert Feinerman; John Buzanowski; Steven Ratnow; Ann Lee; Sydney Ratnow; Michael Karfunkel; Mohan Ananda; Fred Mandell; Roy Wiegert; Lawrence Rose; Ronald Profili; Grace Wang; Stephen Gott; Juan Tolosa; Neel Duncan; Nick Fotinos; Arthur Simons; Richard Barrett; Shea-Edwards Limited Partnership; Miriam Wolf; Harry Pickle (trustee of Charles Brooks); Barbara Moskowitz; Rick Fleischman; Karim Kano; David Kotz; Ed Davis; and Joe Rottman.

y. “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.

z. “Non-Settling Defendants” shall mean E&Y and the Underwriter Defendants.

aa. “Notice” shall mean the Notice of Pendency of Class Action and Proposed Settlement, 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.

bb. “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.

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 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. “Policies” shall mean the directors and officers insurance policies for the May 16, 2007-2008 policy period issued by the Insurers.

ff. “Preliminary Approval Order” shall mean the order, substantially in the form attached hereto as Exhibit A, to be entered by the District Court preliminarily approving the Settlement, certifying the Settlement Class for settlement purposes only, and directing that notice be provided to the Settlement Class.

gg. “Publication Notice” or “Summary Notice” shall mean the Summary Notice of Pendency of Class Action and Proposed Settlement, 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.

hh. “Released Parties” shall mean any and all of the Settling Defendants, Lehman⁴ and all past, present and future employees, officers and directors of Lehman, their

⁴ Inclusion of Lehman and all past, present and future employees, officers and directors of Lehman (who are not one of the Settling Defendants) in the definition of “Released Parties” is conditioned upon Lehman, prior to the Effective Date, producing (and certifying to Lead Counsel that it has produced) all non-privileged and responsive transcripts and documents

respective present or former spouses, immediate family members, heirs, attorneys, representatives, executors, estates, administrators, successors and assigns, and insurers including without limitation the Insurers, provided however, that “Released Parties” does not include any of the Non-Settling Defendants, nor any of their respective parents, successors, subsidiaries, and affiliates and any entity in which any of them have or had during the Settlement Class Period a controlling interest and the officers and directors thereof.

ii. “Released 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 Defendants, except for claims relating to the enforcement of the Settlement.

jj. “Settled Claims” shall mean any and all claims, rights, remedies, demands, liabilities, or causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, punitive damages, compensation, restitution, disgorgement, rescission, interest, attorneys’ fees/costs, expert or consulting fees, and any other costs, expenses or liabilities of any kind or nature whatsoever), whether legal, statutory or equitable in nature to the fullest extent that the law permits their release in this Action, by or on behalf of Lead Plaintiffs or any other Settlement Class Members against any of the Released Parties that have been alleged or could have been alleged in the Complaint or in any preceding complaints by any of the Settlement Class Members (or in any forum or proceeding or otherwise), whether based on

containing the search terms and for the custodians Lead Plaintiffs and Lehman previously identified and agreed to, and subject to Lead Plaintiffs’ good faith follow-up requests, with such production to begin promptly after the signing of this Stipulation, subject to pre-existing confidentiality agreements governing the production of such transcripts and documents, and to continue on a rolling basis if necessary, without undue delay, until completion.

federal, state, local, statutory, or common law, rule, or regulation, whether known or Unknown Claims, whether class, representative, or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, whether at law or in equity, matured or unmatured, that (1) are based upon or arise from any of the allegations, transactions, facts, matters, events, disclosures, statements, occurrences, circumstances, representations, conduct, acts, or omissions or failures to act that have been alleged or asserted in the Complaint or in any preceding complaints (or in any forum or proceeding or otherwise), and (2) are based upon the purchase or acquisition of (a) Lehman securities identified in Appendix A, (b) Lehman Structured Notes identified in Appendix B, and/or (c) Lehman common stock or call options and/or sale of put options (“Lehman Securities”), during the Settlement Class Period. Notwithstanding the foregoing, “Settled Claims” does not include (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 Bankruptcy Case; (iii) any claims or interests in the Bankruptcy Case asserted by a 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 Bankruptcy Case because of such ownership; or (iv) claims relating to the enforcement of the Settlement.

kk. “Settlement” shall mean the settlement with the Settling Defendants provided for by this Stipulation.

ll. “Settlement Amount” shall mean ninety million dollars (\$90,000,000.00) in cash, paid by the Insurers on behalf of the Settling Defendants.

mm. “Settlement Class” shall mean, solely for purposes of this Settlement, all persons and entities who (1) purchased or acquired Lehman securities identified in Appendix A pursuant or traceable to the Shelf Registration Statement and who were damaged thereby, (2)

purchased or acquired any Lehman Structured Notes identified in Appendix B pursuant or traceable to the Shelf Registration Statement and who were damaged thereby, or (3) purchased or acquired Lehman common stock, call options, and/or sold put options between June 12, 2007 and September 15, 2008, through and inclusive, and who were damaged thereby. Excluded from the Settlement Class are (i) Defendants, (ii) Lehman, (iii) the executive officers and directors of each Defendant or Lehman, (iv) any entity in which Defendants or Lehman have or had a controlling interest, (v) members of Defendants' immediate families, and (vi) the legal representatives, heirs, successors or assigns of any such excluded party. 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.

nn. "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.

oo. "Settlement Class Period" shall mean the period between June 12, 2007 and September 15, 2008, through and inclusive.

pp. "Settlement Class Representatives" shall mean Lead Plaintiffs and the other Named Plaintiffs as defined below.

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

rr. "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.

ss. "Settling 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.

tt. “Settling Defendants’ Counsel” shall mean the law firms indicated by the signature blocks below.

uu. “Settling Parties” shall mean, collectively, the Lead Plaintiffs, on behalf of the Settlement Class, and the Settling Defendants.

vv. “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 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) expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, expenses of tax attorneys and accountants).

ww. “Underwriter Defendants” shall mean A.G. Edwards & Sons, Inc. (acquired by Wachovia Securities on October 1, 2007, which itself was acquired by Wells Fargo on December 31, 2008); ABN Amro Holding N.V. (acquired by RFS Holdings B.V.); ANZ Securities, Inc.; Banc of America Securities LLC; BBVA Securities Inc.; BNP Paribas S.A.; BNY Mellon Capital Markets, LLC; Cabrera Capital Markets, LLC; Caja de Ahorros y Monte de Piedad de Madrid; Calyon Securities (USA) Inc.; Charles Schwab & Co., Inc.; 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; DZ Financial Markets LLC; Edward D. Jones & Co., L.P.; Fidelity Capital Markets Services; Fortis Securities LLC; Harris Nesbitt Corp.; HSBC Securities (USA) Inc.; HVB Capital Markets, Inc.; Incapital LLC; ING Financial Markets LLC; Loop Capital Markets, LLC; M.R. Beal & Company; Mellon Financial Markets, LLC; Merrill Lynch, Pierce, Fenner & Smith Inc.; Mizuho Securities USA, Inc.; Morgan Stanley & Co. Inc.; Muriel Siebert & Co., Inc.; nabCapital Securities, LLC; National Australia Bank Ltd.; Natixis Bleichroeder Inc.; Raymond James & Associates, Inc.; RBC Capital Markets Corporation (f/k/a RBC Dain Rauscher Inc.); RBS Greenwich Capital; Santander Investment Securities Inc.; Scotia Capital (USA) Inc.; SG Americas Securities LLC; Siebert Capital Markets; Société Générale Corporate and Investment Banking; Sovereign Securities Corporation, LLC; SunTrust Robinson Humphrey, Inc.; TD Securities (USA) LLC; UBS Investment Bank; UBS Securities LLC; Utendahl Capital Partners, L.P. (acquired by Williams Capital Group, L.P. on or about Jan. 10, 2010); Wachovia Capital Finance (acquired by Wells Fargo Securities, LLC on Dec. 31, 2008); Wachovia Securities (acquired by Wells Fargo Securities on Dec. 31, 2008); Wells Fargo Securities, LLC; and Williams Capital Group, L.P.

xx. “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 Parties’ Claims which any Settling Defendants or any other Released 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 Parties’ Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and the Settling Defendants shall expressly waive, and each other

Settlement Class Member and each other Released 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 is known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Settling Defendants acknowledge, and each other Settlement Class Member and each other Released 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 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 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 Lead Plaintiffs and the additional 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 Defendants will move for entry of the Preliminary Approval 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 Defendants only, and shall fully and finally release any and all Settled Claims as against all Released Parties and shall also release any and all Released Parties' Claims as against 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 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 Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Party.

5. Pursuant to the Judgment, upon the Effective Date, each of the Settling 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 Parties' Claims against each and all of the Named Plaintiffs, and their respective counsel, and any other Class Member, and shall forever be enjoined from prosecuting any or all of the Released Parties' Claims against Named Plaintiffs, their respective counsel, or any other Class Member.

6. Upon the Effective Date, the Lead Plaintiffs agree that any proofs of claim that they have filed in the Bankruptcy Case that come within the scope of the Settled Claims, including without limitation proofs of claim nos. 27759 and 27762 shall, upon the Effective Date, be disallowed with prejudice and, within ten (10) business days of the Effective Date, Lead

Plaintiffs shall file a notice on the docket in the Bankruptcy Case withdrawing the Proofs of Claim.⁵

7. The Judgment shall include bar order and judgment reduction provisions as set forth in Exhibit B attached hereto.

THE SETTLEMENT CONSIDERATION

8. In consideration of the Settlement of claims asserted in this Action, and subject to the terms and conditions of this Stipulation, Settling Defendants shall cause to be paid the Settlement Amount into the Escrow Account no later than the latter of within ten (10) business days of (i) entry of the Bankruptcy Court Order; or (ii) execution of this Stipulation.

USE OF SETTLEMENT FUND

9. Until the Bankruptcy Court enters the Bankruptcy Court Order and the District Court grants Final approval of the Settlement, Lead Counsel and Dechert LLP shall jointly control the Escrow Account and any instructions to the Escrow Agent shall require the signature of Dechert LLP in addition to Lead Counsel. Within five business days following the latter date of when the Bankruptcy Court enters the Bankruptcy Court Order or the District Court grants final approval of the Settlement, Dechert LLP shall withdraw from joint control of the Escrow Account.

10. 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.

⁵ Lead Plaintiffs' agreement in this paragraph is subject to the cooperation of Lehman as discussed in footnote 4 above.

11. 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.

12. 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 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.

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

14. This is not a claims-made settlement. Upon the occurrence of the Effective Date, neither the Settling Defendants, any Released Party, Lehman, the Insurers, 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.

15. 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, Settling Defendants and the Insurers 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. Lead Counsel will cause to be published the Publication Notice pursuant to the terms of the Preliminary Approval Order or whatever other form or manner might be ordered by the District Court.

16. Subject to entry of the Bankruptcy Court Order, notwithstanding the fact that the Effective Date has not yet occurred, Lead Counsel may pay from the Settlement Fund, without further approval from Settling Defendants or further order of the District Court, all reasonable Notice and Administration Costs actually incurred, up to \$1 million. 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. Additional Notice and Administration Costs may be paid from the Settlement Fund upon prior approval of the District Court. 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 Defendants, any Released Party, Lehman, the Insurers or to any person or entity who or which paid any portion of the Settlement Amount on their behalf.

ATTORNEYS' FEES AND LITIGATION EXPENSES

17. 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. § 78u-4(a)(4). None of the Settling Defendants, nor any other Released Party, shall take any position with respect to Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses.

18. Any attorneys' fees and Litigation Expenses that are awarded by the District Court shall be paid to Lead Counsel from the settlement fund 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 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.

19. 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.

CLAIMS ADMINISTRATOR

20. 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 Defendants, Insurers or other Released Party shall have any responsibility whatsoever to any person, including, but not limited to, Lead Plaintiffs, Settlement Class Members or Lead Counsel in connection with such administration. Settling Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

21. 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).

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 Defendant, Insurer, or any other Released Party (or their respective counsel) 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.

24. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund. No Settling Defendant, Insurer or any other Released Party (or their respective counsel), shall have any liability, obligation or responsibility whatsoever for the administration of the Settlement or disbursement of the Net Settlement Fund. No Settling Defendant, Insurers or any other Released 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. 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 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, 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 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 Settled Claim against any and all Released Parties.

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.

TERMS OF THE JUDGMENT

30. If the Settlement contemplated by this Stipulation is approved by the District Court, and the Bankruptcy Court Order is obtained, Lead Counsel and Settling 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.

WAIVER OR TERMINATION

31. Settling Defendants and Lead Plaintiffs 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 Approval Order in any material respect without leave to amend and resubmit; (b) the Final denial of the Bankruptcy Court Order without leave to amend and resubmit; (c) the District Court's refusal to approve this Stipulation and Settlement or any material part of it without leave to amend and resubmit; (d) the District Court's declining to enter the Judgment in any material respect without leave to amend and resubmit; or (e) the date upon which the Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. In addition, Lead Plaintiffs shall also have the right to terminate the Settlement in the event that the Settling Defendants do not cause to be paid the Settlement Amount as provided in paragraph 8 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.

32. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, the parties to this Stipulation shall be deemed to have reverted *nunc pro tunc* to their respective status in the Action as of August 24, 2011, and, except as otherwise expressly provided, the parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, and the Settlement consideration previously paid by or on behalf of the Settling Defendants, 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 16 above, shall be returned to the Insurers within ten (10) business days after immediate written notification of such event by Settling Defendants and Lead Counsel to the Escrow Agent. The portion of the Settlement consideration returned to each Insurer shall be done pursuant to directions from Settling Defendants' Counsel and shall equal the amount such Insurer contributed, except that Notice and Administration Costs shall first be deducted from the amount(s) to be returned to the lower layer Insurer(s). Any appreciation or interest earned, less any Taxes paid or due with respect to such income, shall be paid to the Insurers in proportion to the amount of the Settlement consideration to be returned to each of them.

NO ADMISSION OF WRONGDOING

33. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it:

a. shall not be offered or received against any of the Released Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released 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 Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Parties;

b. shall not be offered or received against any of the Released 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 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 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 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 Defendants, Named Plaintiffs and any other Settlement Class Member may refer to it to effectuate the protection from liability granted them hereunder and/or by the Judgment, or otherwise to enforce the terms of the Settlement;

d. shall not be construed against any Released 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

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

35. 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 Released Parties 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 Defendants and the other Released Parties pursuant to this Stipulation, which releases and Judgment shall be null and void, and the parties shall be restored to their respective positions in the litigation immediately prior to August 24, 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 31 above, provided, however, that the provisions in this paragraph requiring return of funds shall expire and terminate upon the initial distribution from the Net Settlement Fund to Settlement Class Members pursuant to a Class Distribution Order.

36. 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 Parties with respect to all Settled Claims.

Accordingly, Named Plaintiffs and Settling 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 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.

37. While retaining the right to deny that the claims asserted in this Action were meritorious, Settling 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 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.

38. This Stipulation is conditioned upon the terms set forth in the Supplemental Agreement. In the event Lead Plaintiffs, on behalf of the Settlement Class, withdraw from this Stipulation due to non-satisfaction or non-waiver of the conditions in the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect. In the event the Settlement and this Stipulation are terminated, the Supplemental Agreement shall remain confidential and this provision of paragraph 39 shall survive termination.

39. 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.

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

41. 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 jurisdiction 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.

42. 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.

43. This Stipulation and its exhibits constitute the entire agreement among the parties hereto concerning this Settlement, and no representations, warranties or inducements have been made by any party hereto concerning this Stipulation and its exhibits other than those contained and memorialized in such documents or in the Supplemental Agreement.

44. 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.

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

46. 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.

47. 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.

48. 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.

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

50. 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 AS OF October 14, 2011

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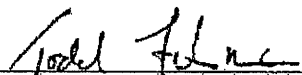
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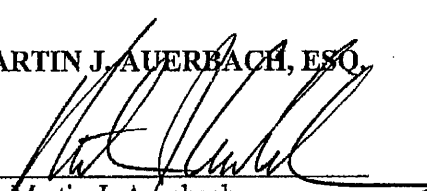
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Appendix A

ISSUE DATE	SECURITY (CUSIP)
June 9, 2008	Common Stock (524908100)
February 5, 2008 (the "Series J Offering")	7.95% Non-Cumulative Perpetual Preferred Stock, Series J (the "Series J Shares") (52520W317)
April 4, 2008 (the "Series P Offering")	7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series P (the "Series P Shares") (52523J453)
June 12, 2008 (the "Series Q Offering")	8.75% Non-Cumulative Mandatory Convertible Preferred Stock, Series Q (the "Series Q Shares") (52520W218)
June 15, 2007	Medium-Term Notes, Series I (52517P2S9)
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)
July 31, 2007	100% Principal Protected Notes Linked to a Basket Consisting of a Foreign Equity Component and a Currency Component (524908K25)
August 1, 2007	Partial Principal Protection Notes Linked to a Basket of Global Indices (524908J92)
August 22, 2007	Annual Review Notes with Contingent Principal Protection Linked to an Index (52517P4Y4)
August 29, 2007	Medium-Term Notes, Series I (52517P4T5)
September 26, 2007	6.2% Notes Due 2014 (52517P5X5)
September 26, 2007	7% Notes Due 2027 (52517P5Y3)
December 5, 2007	Medium-Term Notes, Series I (5252M0AU1)
December 7, 2007	Medium-Term Notes, Series I (5252M0AW7)

December 21, 2007	6.75% Subordinated Notes Due 2017 (5249087M6)
December 28, 2007	Medium-Term Notes, Series I (5252M0AY3)
January 22, 2008	5.625% Notes Due 2013 (5252M0BZ9)
January 30, 2008	Medium-Term Notes, Series I (5252M0BX4)
February 5, 2008	Lehman Notes, Series D (52519FFE6)
February 14, 2008	Medium-Term Notes, Series I Principal Protected Notes Linked to MarQCuS Portfolio A (USD) Index (5252M0DK0)
February 20, 2008	Buffered Return Enhanced Notes Linked to the Financial Select Sector SPDR Fund (5252M0DH7)
February 27, 2008	Medium-Term Notes, Series I (5252M0CQ8)
March 13, 2008	Medium-Term Notes, Series I (5252M0EH6)
April 21, 2008	Medium-Term Notes, Series I (5252M0EY9)
April 21, 2008	Medium-Term Notes, Series I (5252M0FA0)
April 24, 2008	6.875% Notes Due 2018 (5252M0FD4)
April 29, 2008	Lehman Notes, Series D (52519FFM8)
May 7, 2008	Buffered Semi-Annual Review Notes Linked to the Financial Select Sector SPDR® Fund (5252M0FR3)
May 9, 2008	7.50% Subordinated Notes Due 2038 (5249087N4)
May 19, 2008	Medium-Term Notes, Series I (5252M0FH5)
June 13, 2008	Annual Review Notes with Contingent Principal Protection Linked to the S&P 500® Index (5252M0GM3)
June 26, 2008	Medium-Term Notes, Series I (5252M0GN1)

Appendix B

ISSUE DATE	SECURITY (CUSIP)
March 30, 2007	100% Principal Protection Notes Linked to a Global Index Basket (52520W564) (524908VP2)
March 30, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52520W556) (524908VQ0)
April 30, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517PX63)
April 30, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52520W515)
May 31, 2007	100% Principal Protection Notes Linked to a Currency Basket (52520W440)
June 29, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P2P5)
July 31, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P3H2)
August 31, 2007	100% Principal Protection Notes Linked to an International Index Basket (52522L186)
August 31, 2007	100% Principal Protection Notes Linked to a Global Index Basket (52522L889)
September 28, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52522L244)
September 28, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P5K3)

October 31, 2007 Medium-Term Notes, Series I, 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W341)

October 31, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500 Index (52522L293)

October 31, 2007 Return Optimization Securities Linked to an Index (52522L319)

October 31, 2007 Return Optimization Securities Linked to an Index (52522L335)

November 30, 2007 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W333)

November 30, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500® Index (52522L459)

December 31, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500® Index (52522L491)

January 31, 2008 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P4N8)

January 31, 2008 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W325)

January 31, 2008 100% Principal Protection Absolute Return Barrier Notes Linked to the S&P 500® Index (52522L525)

February 8, 2008 Autocallable Optimization Securities with Contingent Protection Linked to the S&P 500® Financials Index (52522L657)

February 29, 2008 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (5252MOCZ8)

February 29, 2008 Return Optimization Securities with Partial Protection Notes Linked to the S&P 500® Index (52522L574)

February 29, 2008 100% Principal Protection Absolute Return Barrier Notes Linked to the Russell 2000® Index (52522L566)

February 29, 2008 100% Principal Protection Notes Linked to an Asian
Currency Basket
(52523J412)

March 31, 2008 Return Optimization Securities with Partial Protection
Notes Linked to the S&P 500® Index
(52522L806)

March 31, 2008 Return Optimization Securities with Partial Protection
Notes Linked to the MSCI EM Index
(52522L814)

March 31, 2008 Bearish Autocallable Optimization Securities with
Contingent Protection Linked to the Energy Select
Sector SPDR® Fund
(52522L871)

March 31, 2008 100% Principal Protection Absolute Return Barrier
Notes Linked to the Russell 2000® Index
(52522L798)

April 23, 2008 Return Optimization Securities with Partial Protection
Linked to a Basket of Global Indices
(52523J172)

May 15, 2008 Return Optimization Securities with Partial Protection
Linked to the S&P 500 Financials Index
(52523J206)

May 30, 2008 Return Optimization Securities with Partial Protection
Linked to the S&P 500® Financials Index
(52523J230)

June 30, 2008 100% Principal Protection Absolute Return Barrier
Notes
(52523J248)

June 30, 2008 100% Principal Protection Absolute Return Barrier
Notes
(52523J255)

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*

**[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT, PROVIDING
FOR NOTICE AND SCHEDULING HEARING**

WHEREAS:

A. 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 themselves and the Settlement Class (as hereinafter defined), have applied to the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure for: (i) an order approving the settlement of the above-captioned litigation (the "Action") in accordance with the Stipulation of Settlement and Release (the "Stipulation"), which, together with the exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Action with the Settling Defendants¹ (the "Settlement"); (2) dismissal of the Action with prejudice as against all of the

¹ As defined in the Stipulation, "Settling Defendants" means 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.

Released Parties only (as defined in the Stipulation), upon the terms and conditions set forth in the Stipulation; and (3) certification of the Action as a class action for settlement purposes only;

B. The Settling Defendants do not oppose this request; and

C. The Court is familiar with and has reviewed the record in the Action and has reviewed the Stipulation, including the exhibits attached to the Stipulation, and found good cause for entering the following Order:

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court, for the purposes of this Order, adopts all defined terms as set forth in the Stipulation unless otherwise defined herein.

2. The Court hereby preliminarily approves the Settlement as being fair and reasonable and adequate to the Settlement Class, pending a final hearing on the Settlement.

3. Pending further order of the Court, all litigation activity against or by the Settling Defendants in this Action, except that contemplated herein, in the Stipulation, in the Notice of Pendency of Class Action and Proposed Settlement, Settlement Fairness Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice" or "Class Notice") or in the Judgment, is hereby stayed and all hearings, deadlines and other proceedings in this Action to the extent they involve claims against the Settling Defendants, except for the Final Approval Hearing, are hereby taken off calendar.

CLASS CERTIFICATION

4. The Court hereby certifies the Action to proceed as a class action for purposes of the Settlement only, pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of all persons and entities who:

- (1) Purchased or acquired Lehman securities identified in Appendix A to the Stipulation pursuant or traceable to the Shelf Registration Statement and who were damaged thereby,
- (2) Purchased or acquired any Lehman Structured Notes identified in Appendix B to the Stipulation pursuant or traceable to the Shelf Registration Statement and who were damaged thereby, or
- (3) Purchased or acquired Lehman common stock, call options, and/or sold put options between June 12, 2007 and September 15, 2008, through and inclusive, and who were damaged thereby.

Excluded from the Settlement Class are (i) Defendants, (ii) Lehman, (iii) the executive officers and directors of each Defendant or Lehman, (iv) any entity in which Defendants or Lehman have or had a controlling interest, (v) members of Defendants' immediate families, and (vi) the legal representatives, heirs, successors or assigns of any such excluded party. 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.

5. The Court hereby finds and concludes that pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of the Settlement only, the following are adequate class representatives and are certified as Settlement Class Representatives for the Settlement Class: 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; Operating Engineers Local 3 Trust Fund; 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; Stacey Oyler; Montgomery County Retirement Board; Fred Telling; Stuart Bregman; Irwin and Phyllis Ingwer; Carla LaGrassa; Teamsters Allied Benefit Funds; Francisco Perez; Island Medical Group PC Retirement Trust f/b/o Irwin Ingwer; Robert Feinerman; John Buzanowski; Steven Ratnow; Ann Lee; Sydney Ratnow; Michael Karfunkel; Mohan Ananda; Fred Mandell; Roy Wiegert; Lawrence Rose; Ronald Profili; Grace Wang; Stephen Gott; Juan Tolosa; Neel Duncan; Nick Fotinos; Arthur Simons; Richard Barrett; Shea-Edwards Limited Partnership; Miriam Wolf; Harry Pickle (trustee of Charles Brooks); Barbara Moskowitz; Rick Fleischman; Karim Kano; David Kotz; Ed Davis; and Joe Rottman. The Court further certifies Lead Counsel as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

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

MAILING AND PUBLICATION OF NOTICE

7. The Court approves the appointment of The Garden City Group, Inc. as the Claims Administrator to supervise and administer the notice procedure, as well as the processing of claims as more fully set forth below:

a. No later than _____, the Claims Administrator shall cause a copy of the Notice and Claim Form, annexed hereto as Exhibits A-1 and A-2, respectively, to be mailed by first-class mail, postage prepaid, to those members of the Settlement Class who may be identified through reasonable effort, including in the records of Lehman or its transfer agent(s) (the “Notice Date”);

b. A summary notice (the “Summary Notice”), annexed hereto as Exhibit A-3, shall be published once in the national edition of *The Wall Street Journal* and *Investor’s Business Daily* no later than _____; and

c. The Notice, the Summary Notice and the Claim Form shall also be placed on the Claims Administrator’s website, or a website created for this Settlement, on or before the Notice Date.

8. The Court approves the form of Notice and Summary Notice (together, the “Notices”) and the Claim Form, and finds that the procedures established for publication, mailing and distribution of such Notices substantially in the manner and form set forth in Paragraph 7 of this Order meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934 (the “Exchange Act”), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), 15 U.S.C. § 78u-4(a)(7), the Constitution of the United States, and any other applicable law, and constitute the best notice practicable under the circumstances.

9. For the purpose of identifying and providing notice to the Settlement Class, the Settling Defendants counsel shall request that Lehman or its counsel or other agent(s), no later than five (5) business days after entry of the Bankruptcy Court Order, provide to the Claims Administrator Lehman's security holder lists (consisting of security holder names and addresses), in electronic form, at no expense to the Settlement Class, Lead Counsel, or the Settlement Fund.

10. No later than _____, Lead Counsel shall cause to be filed with the Court affidavits or declarations showing that the mailing and publication have been made in accordance with this Order.

11. Nominees who purchased Lehman securities for beneficial owners who are Settlement Class Members are directed to: (a) request within fourteen (14) calendar days of receipt of the Notice additional copies of the Notice and the Claim Form from the Claims Administrator for such beneficial owners; or (b) send a list of the names and addresses of such beneficial owners to the Claims Administrator within fourteen (14) calendar days after receipt of the Notice. If a nominee elects to send the Notice to beneficial owners, such nominee is directed to mail the Notice within fourteen (14) calendar days of receipt of the additional copies of the Notice from the Claims Administrator, and upon such mailing, the nominee shall send a statement to the Claims Administrator confirming that the mailing was made as directed, and the nominee shall retain the list of names and addresses for use in connection with any possible future notice to the Settlement Class. Upon full compliance with this Order, including the timely mailing of the Notice to beneficial owners, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with this Order by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is

sought and reflecting compliance with these instructions, including timely mailing of the Notice, if the nominee elected or elects to do so. Such properly documented expenses incurred by nominees in compliance with the terms of this Order shall be paid from the Settlement Fund.

HEARING: RIGHT TO BE HEARD

12. The Court will hold a settlement hearing (the “Final Approval Hearing” or “Fairness Hearing”) on _____, 20__, at _____.m., in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007, Courtroom 12D, for the following purposes: (i) to determine whether the Settlement should be finally approved as fair, reasonable, adequate and in the best interests of the Settlement Class; (ii) to determine whether the Judgment, in the form attached as Exhibit B to the Stipulation, should be entered dismissing and releasing the Settled Claims (as that term is defined in the Stipulation) with prejudice; (iii) to rule upon the Plan of Allocation; (iv) to rule upon Lead Counsel’s application for an award of attorneys’ fees and reimbursement of Litigation Expenses; and (v) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

13. Papers in support of the Settlement, the Plan of Allocation and Lead Counsel’s application for attorneys’ fees and reimbursement of Litigation Expenses shall be filed no later than _____. Reply papers shall be filed no later than _____.

14. Any member of the Settlement Class may appear at the Final Approval Hearing and show cause why the proposed Settlement embodied in the Stipulation should or should not be approved as fair, reasonable, adequate and in the best interests of the Settlement Class, or why the Judgment should or should not be entered thereon, and/or to present opposition to the Plan of

Allocation or to the application of Lead Counsel for attorneys' fees and reimbursement of Litigation Expenses. However, no Settlement Class Member or any other person shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the terms of the Plan of Allocation or the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses, unless, no later than _____, that Settlement Class Member or person (i) filed said objections, papers and briefs with the Clerk of the United States District Court for the Southern District of New York; and (ii) has served written objections, by hand or first-class mail, including the basis therefor, as well as copies of any papers and/or briefs in support of his, her or its position upon each of the following counsel for receipt no later than _____: David Stickney, Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130 and David Kessler, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087 on behalf of the Lead Plaintiffs; Patricia M. Hynes, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY 10020 on behalf of Defendant Richard S. Fuld, Jr.; Kelly M. Hnatt, Wilkie Farr & Gallagher LLP, 1875 K Street, NW, Washington, DC 20006 on behalf of Defendant Ian Lowitt; Robert J. Cleary, Proskauer Rose LLP, 11 Times Square, New York, NY 10036 on behalf of Defendant Erin Callan; Audrey Strauss, Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, NY 10004 on behalf of Defendant Joseph M. Gregory; Michael J. Chepiga, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017 on behalf of Defendant Christopher M. O'Meara; Andrew J. Levander, Dechert LLP, 1095 Avenue of the Americas, New York, NY 10036 on behalf of Defendants John F. Akers, Michael L. Ainslie,

Roger S. Berlind, Thomas H. Cruikshank, Marsha Johnson Evans, Sir Christopher Gent, Roland A. Hernandez, Henry Kaufman and John D. Macomber.

15. Any objection must include: (a) the full name, address, and phone number of the objecting Settlement Class Member; (b) a list and documentation of all of the Settlement Class Member's transactions involving Lehman Securities during the Settlement Class Period, including brokerage confirmation receipts or other competent documentary evidence of such transactions, including the amount and date of each purchase, acquisition or sale and the price paid and/or received; (c) a written statement of all grounds for the objection accompanied by any legal support for the objection; (d) copies of any papers, briefs or other documents upon which the objection is based; (e) a list of all persons who will be called to testify in support of the objection; (f) a statement of whether the objector intends to appear at the Final Approval Hearing; (g) a list of other cases in which the objector or the objector's counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five years; and (h) the objector's signature, even if represented by counsel. If the objector intends to appear at the Final Approval Hearing through counsel, the objection must also state the identity of all attorneys who will appear on his, her or its behalf at the Final Approval Hearing. Any Settlement Class Member who does not make his, her or its objection in the manner provided for herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the Settlement as reflected in the Stipulation, to the Plan of Allocation or to the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses. By objecting to the Settlement, the Plan of Allocation and/or the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses, or otherwise requesting to be heard at the Final Approval Hearing, a person

or entity shall be deemed to have submitted to the jurisdiction of the Court with respect to the person's or entity's objection or request to be heard and the subject matter of the Settlement, including, but not limited to, enforcement of the terms of the Settlement (including, but not limited to, the release of the Settled Claims provided for in the Stipulation and the Judgment).

16. If approved, all Settlement Class Members will be bound by the proposed Settlement provided for in the Stipulation, and by any judgment or determination of the Court affecting Settlement Class Members, regardless of whether or not a Settlement Class Member submits a Claim Form.

17. Any member of the Settlement Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

18. The Court reserves the right to (a) adjourn or continue the Final Approval Hearing, or any adjournment or continuance thereof, without further notice to Settlement Class Members and (b) approve the Stipulation with modification and without further notice to Settlement Class Members. The Court retains jurisdiction of this Action to consider all further applications arising out of or otherwise relating to the proposed Settlement, and as otherwise warranted.

19. All Settlement Class Members shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable to the Settlement Class.

CLAIMS PROCESS

20. In order to be entitled to participate in the Settlement, a Settlement Class Member must complete and submit a Claim Form in accordance with the instructions contained

therein. To be valid and accepted, Claim Forms submitted in connection with this Settlement must be postmarked no later than _____.

21. Any Settlement Class Member who does not timely submit a valid Claim Form shall not be eligible to share in the Settlement Fund, unless otherwise ordered by the Court, but will otherwise be bound by all of the terms of the Stipulation and Settlement, including the terms of the Judgment to be entered in the Action and the releases provided for therein.

REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS

22. Any requests for exclusion must be submitted in accordance with the instructions included in the Notice and for receipt no later than _____. Any Settlement Class Member who wishes to be excluded from the Settlement Class must provide (i) name, (ii) address, (iii) telephone number, (iv) number and type of Lehman security purchased or acquired, (v) prices or other consideration paid or received for such Lehman securities, (vi) the date of each purchase, acquisition or sale transaction, and (vii) a statement that the person or entity wishes to be excluded from the Settlement Class. It must also be signed by the person or entity requesting exclusion, and provide a telephone number for that person or entity. All persons who submit valid and timely requests for exclusion in the manner set forth in this paragraph and the Notice shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or any final judgment.

23. Any member of the Settlement Class who does not request exclusion from the Settlement Class in the manner stated in this Order and the Notice shall be deemed to have waived his, her or its right to be excluded from the Settlement Class, and shall forever be barred from requesting exclusion from the Settlement Class in this or any other proceeding, and shall

be bound by the Settlement and the Judgment, including, but not limited to the release of the Settled Claims against the Released Parties provided for in the Stipulation and the Judgment, if the Court approves the Settlement.

24. The Released Parties shall have no responsibility or liability whatsoever with respect to the Plan of Allocation or Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses. The Plan of Allocation and Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses will be considered separately from the fairness, reasonableness and adequacy of the Settlement. At or after the Final Approval Hearing, the Court will determine whether Lead Counsel's proposed Plan of Allocation should be approved, and the amount of attorneys' fees and Litigation Expenses to be awarded to Lead Counsel. Any appeal from any orders relating solely to the Plan of Allocation or solely to Lead Counsel's application for an award of attorneys' fees and Litigation Expenses, or any reversal or modification thereof, shall not operate to terminate or cancel the Settlement, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement of the Action set forth therein.

25. Only Settlement Class Members and Lead Counsel shall have any right to any portion of, or any rights in the distribution of, the Settlement Fund, unless otherwise ordered by the Court or otherwise provided in the Stipulation.

26. All funds held by the Escrow Agent shall be deemed and considered to be in custodia legis and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation and/or further order of the Court.

27. As set forth in the Stipulation, subject to entry of the Bankruptcy Court Order, notwithstanding the fact that the Effective Date has not yet occurred, Lead Counsel may pay

from the Settlement Fund, without further approval from Settling Defendants or further order of this Court, all reasonable Notice and Administration Costs actually incurred, up to \$1 million. 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. Additional Notice and Administration Costs may be paid from the Settlement Fund upon approval of this Court. In the event that the Settlement is terminated pursuant to the terms of the Stipulation, all Notice and Administration Costs reasonably paid or reasonably incurred, including any related fees, shall not be returned or repaid to the Settling Defendants, any Released Party, Lehman, the Insurers or to any person or entity who or which paid any portion of the Settlement Amount on their behalf.

28. The fact and terms of this Order and the Settlement, all negotiations, discussions, drafts and proceedings in connection with this Order and the Settlement, and any act performed or document signed in connection with this Order and the Settlement, shall not, in this or any other Court, administrative agency, arbitration forum or other tribunal, constitute an admission of, or evidence of, or be deemed to create any inference of, (i) any acts of wrongdoing or lack of wrongdoing, (ii) any liability on the part of Settling Defendants or any other released party to Lead Plaintiffs, the Settlement Class or anyone else, (iii) any deficiency of any claim or defense that has been or could have been asserted in this Action, (iv) any damages or lack of damages suffered by Lead Plaintiffs, the Settlement Class or anyone else, or (v) that the Settlement Amount (or any other amount) represents the amount that could or would have been recovered

in this Action against the Settling Defendants if it was not settled at this point in time. The fact and terms of this Order and the Settlement, all negotiations, discussions, drafts and proceedings in connection with this Order and the Settlement, and any act performed or document signed in connection with this Order and the Settlement, shall not be offered or received in evidence or used for any other purpose in this or any other proceeding in any court, administrative agency, arbitration forum or other tribunal, except as necessary to enforce the terms of this Order and/or the Settlement, including, but not limited to, the Judgment and the release of the Settled Claims provided for in the Stipulation and the Judgment and/or to obtain the Bankruptcy Order.

29. Lead Counsel shall apply to this Court, on notice to Settling 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.

30. In the event that the Settlement fails to become effective in accordance with its terms, or if the Judgment is not entered or is reversed, vacated or materially modified on appeal (and, in the event of material modification, if any party elects to terminate the Settlement), this Order (except Paragraphs 27 and 28) shall be null and void, the Stipulation shall be deemed terminated, and the Settling Parties shall return to their positions without prejudice in any way, as provided for in the Stipulation.

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31. The Court retains exclusive jurisdiction over the Action to, *inter alia*, consider all further matters arising out of or connected with the Settlement.

Dated: _____, 2011

The Honorable Lewis A. Kaplan
United States District Judge

EXHIBIT A-1

**NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT, SETTLEMENT FAIRNESS
HEARING AND MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF LITIGATION EXPENSES**

**IF YOU PURCHASED OR ACQUIRED
THE LEHMAN SECURITIES DESCRIBED BELOW,
YOU COULD GET A PAYMENT FROM
A LEGAL SETTLEMENT.**

A U.S. Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- A settlement of the above captioned class action lawsuit (the “Action”) has been reached with certain of the defendants in the Action and includes a class of all persons and entities who (1) purchased or acquired Lehman securities identified in Appendix A hereto pursuant or traceable to the Shelf Registration Statement and were damaged thereby, (2) purchased or acquired any Lehman Structured Notes identified in Appendix B hereto pursuant or traceable to the Shelf Registration Statement and were damaged thereby, or (3) purchased or acquired Lehman common stock, call options, and/or sold put options (“Lehman Securities”) between June 12, 2007 and September 15, 2008, through and inclusive and were damaged thereby (the “Settlement Class”).
 - The settlement is comprised of \$90,000,000 in cash (“Settlement Amount”) plus interest (the “Settlement Fund”) for the benefit of the Settlement Class. Estimates of average recovery per damaged security are set forth on Appendix C hereto. Settlement Class Members should note, however, that these are only estimates based on the overall number of potentially damaged securities in the Settlement Class. Some Settlement Class Members may recover more or less than these estimated amounts depending on, among other factors, how many Settlement Class Members submit claims, when and the prices at which their Lehman Securities were purchased, acquired or sold, and what security they purchased, acquired or sold. In addition, as set forth in Question 18 below, Lead Counsel will seek approval for attorneys’ fees in the amount of ____% of the Settlement Amount, plus interest thereon, and for reimbursement of Litigation Expenses in an amount not to exceed \$____, plus interest thereon. If the Court approves Lead Counsel’s application for attorneys’ fees and Litigation Expenses (as set forth in Question 18 below), the average cost per damaged security will be as set forth on Appendix C hereto.
- If the settlement is approved by the Court, it will result in (i) the distribution of the Settlement Fund, minus certain Court-approved fees, costs and expenses as described herein, to investors who submit valid claim forms; (ii) the release of the Settling Defendants (as defined below) and certain other related parties, as identified in Question 1 below, from further lawsuits that are based on, arise out of, or relate in any way to the facts and claims alleged, or that could have been alleged, in the Action; and (iii) the dismissal with prejudice of the Settling Defendants. The settlement also avoids the costs and risks of further litigation against these defendants.

- This settlement does not resolve claims against any other defendants in the Action, and the Action will continue against Lehman Brothers Holdings Inc.’s auditor and various underwriters (the “Non-Settling Defendants”).

SUBMIT A CLAIM FORM	The only way to get a payment. Instructions as to how to request a claim form are contained below.
EXCLUDE YOURSELF	Get no payment. The only option that might let you sue the defendants that settled concerning the claims being resolved in this settlement.
OBJECT	Write to the Court about why you don’t like the settlement or any aspect thereof.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options – and the deadlines to exercise them – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the settlement. If it does, it will take time to process all of the claim forms and to distribute payments. Please be patient.

[END OF COVER PAGE]

BASIC INFORMATION.....PAGE __

1. Why was this Notice issued?
2. What is this lawsuit about?
3. Why is this a class action?
4. Why is there a settlement?
5. Are the other defendants included in this settlement?

WHO IS IN THE SETTLEMENT..... PAGE __

6. How do I know if I am part of the settlement?
7. Are there exceptions to being included?
8. I’m still not sure if I’m included.

THE SETTLEMENT BENEFITS – WHAT YOU GET.....PAGE __

9. What does the Settlement provide?
10. How much will my payment be?

- 11. What am I giving up as part of the settlement?
- 12. How can I get a payment?
- 13. When will I get my payment?

EXCLUDING YOURSELF FROM THE SETTLEMENT..... PAGE ___

- 14. If I exclude myself, can I get money from this settlement?
- 15. If I do not exclude myself, can I sue later?
- 16. How do I get out of the settlement?

THE LAWYERS REPRESENTING YOU..... PAGE ___

- 17. Do I have a lawyer in this case?
- 18. How will the lawyers be paid?

OBJECTING TO THE SETTLEMENT..... PAGE ___

- 19. How do I tell the Court if I don't like the settlement?
- 20. What's the difference between objecting and excluding?

THE COURT'S FAIRNESS HEARING..... PAGE ___

- 21. When and where will the Court decide whether to approve the settlement?
- 22. Do I have to come to the fairness hearing?
- 23. May I speak at the fairness hearing?

IF YOU DO NOTHING.....PAGE ___

- 24. What happens if I do nothing at all?

GETTING MORE INFORMATION.....PAGE ___

- 25. How do I get more information?

INFORMATION FOR BROKERS AND OTHER NOMINEES.....PAGE ___

- 26. What if I bought Lehman Securities for a beneficial owner?

BASIC INFORMATION



A U.S. Court authorized this Notice to inform you about a settlement reached with certain of the defendants (the "Settling Defendants" or "Individual Defendants") in a class action lawsuit. This Notice explains the lawsuit, the settlement and your legal rights and options in connection with the settlement before the Court decides whether to give "final approval" to the settlement. The Honorable Lewis A. Kaplan of the United States District Court for the Southern District of New York is presiding over the case known as *In re Lehman Brothers Equity/Debt Securities Litigation*, 08-CV-5523-LAK. The persons or entities that are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiffs are referred to as Lead Plaintiffs. The defendants who have agreed to settle (*i.e.*, 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) are referred to as the Settling Defendants or the Individual Defendants. The proposed settlement will resolve all claims against the Settling Defendants and certain other released parties only; it will not resolve the claims against the Non-Settling Defendants, which Lead Plaintiffs will continue to pursue.

Receipt of this Notice does not necessarily mean that you are a Settlement Class Member or that you will be entitled to receive proceeds from the settlement. If you wish to participate in the distribution of the proceeds from the settlement, you will be required to submit the Claim Form that is included with this Notice, as described in Question 12 below.

The operative complaint in the Action, the Third Amended Class Action Complaint dated April 23, 2010 (the "Complaint"), asserts (i) claims under the Securities Act of 1933 against certain current and/or former Lehman officers and directors, Ernst & Young LLP ("E&Y"), and certain alleged underwriters of certain Lehman offerings, and (ii) claims under the Securities Exchange Act of 1934 against certain former Lehman officers and E&Y. The Complaint alleges, among other things, that during the Settlement Class Period and in connection with the Offering Materials, defendants made misrepresentations and omissions of material facts concerning certain aspects of Lehman's financial results and operations. On September 15, 2008, Lehman Brothers Holdings Inc. filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code and is not named as a defendant in this Action. On July 27, 2011, the court issued an order granting the defendants' motions to dismiss regarding certain of the claims in the Complaint and denying the defendants' motions to dismiss with respect to other claims.

In a class action lawsuit, one or more persons or entities known as class representatives – in this case the "Lead Plaintiffs" are 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 – assert legal claims on behalf of other persons and entities with similar legal claims.¹ The Lead Plaintiffs sued on behalf of others who have similar claims. All of these people together are referred to as the "Settlement Class" or as "Settlement

¹ Additional named plaintiffs in this Action are 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; Stacey Oyler; Montgomery County Retirement Board; Fred Telling; Stuart Bregman; Irwin and Phyllis Ingwer; Carla LaGrassa; Teamsters Allied Benefit Funds; Francisco Perez; Island Medical Group PC Retirement Trust f/b/o Irwin Ingwer; Robert Feinerman; John Buzanowski; Steven Ratnow; Ann Lee; Sydney Ratnow; Michael Karfunkel; Mohan Ananda; Fred Mandell; Roy Wiegert; Lawrence Rose; Ronald Profili; Grace Wang; Stephen Gott; Juan Tolosa; Neel Duncan; Nick Fotinos; Arthur Simons; Richard Barrett; Shea-Edwards Limited Partnership; Miriam Wolf; Harry Pickle (trustee of Charles Brooks); Barbara Moskowitz; Rick Fleischman; Karim Kano; David Kotz; Ed Davis; and Joe Rottman.

Class Members.” One Court resolves the issues for all Settlement Class Members, except for any persons or entities who choose to exclude themselves from the Settlement Class (*see* Question 16 below), if the Court determines that a class action is an appropriate method to do so.

The Settling Defendants have agreed to settle the Action. The Court did not decide in favor of the Lead Plaintiffs or the Settling Defendants. The Settling Parties disagree on both liability and the amount of damages that could be won if Lead Plaintiffs had prevailed at trial. Specifically, the Settling Parties disagree, among other things, on (1) whether the statements made or facts allegedly omitted were material, false or misleading, (2) whether the Settling Defendants are otherwise liable under the securities laws for those statements or omissions, and (3) the average amount of damages per security, if any, that would be recoverable if Lead Plaintiffs were to prevail. Moreover, there are limitations on the ability of the Individual Defendants to pay a substantial judgment. Instead of continuing to litigate the Action, both sides agreed to a settlement. That way, the Settling Parties avoid the cost of a trial, and the people affected – the Settlement Class Members – will get compensation. Based upon their investigation and extensive mediation efforts, and after considering (a) the attendant risks of litigation, (b) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation, and (c) the diminishing resources to fund a settlement or an adverse judgment, if any, against the Settling Defendants, Lead Plaintiffs and their lawyers believe that the settlement is in the best interests of the Settlement Class Members.

The Settling Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Settling Defendants have agreed to the settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the settlement may not be construed as an admission of any Settling Defendant’s wrongdoing.

No. This Settlement only includes the Settling Defendants and the lawsuit is continuing against E&Y, Lehman’s auditor during the Settlement Class Period, and certain underwriters of certain Lehman offerings identified in the Complaint, a copy of which can be found on the settlement website at www.LehmanSecuritiesLitigationSettlement.com.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are a Settlement Class Member.

Judge Kaplan has determined that everyone who fits the following description is a Settlement Class Member, unless you are excluded from the Settlement Class as described in Question 7

below: *All persons and entities who (1) purchased or acquired Lehman securities identified in Appendix A hereto pursuant or traceable to the Shelf Registration Statement and who were damaged thereby, (2) purchased or acquired any Lehman Structured Notes identified in Appendix B hereto pursuant to or traceable to the Shelf Registration Statement and who were damaged thereby, or (3) purchased or acquired Lehman common stock, call options, and/or sold put options between June 12, 2007 and September 15, 2008 through and inclusive, and who were damaged thereby.*

Yes. Excluded from the Settlement Class are: (i) Defendants, (ii) Lehman, (iii) the executive officers and directors of each Defendant or Lehman, (iv) any entity in which Defendants or Lehman have or had a controlling interest, (v) members of Defendants' immediate families, and (vi) the legal representatives heirs, successors or assigns of any such excluded party. Also excluded are any persons or entities who timely and validly request exclusion from the Settlement Class as set forth in this Notice.

If you are not sure whether you are a Settlement Class Member, you may visit www.LehmanSecuritiesLitigationSettlement.com or you can contact the Claims Administrator for the settlement, GCG, Inc. by writing to *In Re: Lehman Brothers Equity/Debt Securities Litigation*, c/o GCG, Inc., P.O. Box 9821, Dublin, OH 43017-5721 or by calling (800) 505-6901. You may also want to contact your broker to see if you bought the Lehman Securities eligible to participate in the settlement.

THE SETTLEMENT BENEFITS – WHAT YOU GET

A Settlement Fund for \$90,000,000 has been established. If the settlement is approved, the Settlement Fund, less Court-awarded attorneys' fees and expenses, the costs of administering the settlement and taxes, if any (the "Net Settlement Fund"), will be distributed to eligible Settlement Class Members.

The proposed Plan of Allocation provides for distribution of the Net Settlement Fund to Authorized Claimants as follows:

Each person claiming to be a claimant entitled to share in the Net Settlement Fund ("Authorized Claimant") shall be required to submit a separate Claim Form signed under penalty of perjury and supported by such documents as specified in the Claim Form as are reasonably available to the Authorized Claimant.

All Claim Forms must be postmarked no later than _____, 2012 addressed as follows:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG, Inc.
Claims Administrator
P.O. Box 9821
Dublin, OH 43017-5721

Unless otherwise ordered by the Court, any Settlement Class Member who fails to submit a properly completed and signed Claim Form within such period as may be ordered by the Court shall be forever barred from receiving any payments pursuant to the settlement, but will in all other respects be subject to the provisions of the Stipulation of Settlement and Release dated October __, 2011 (the "Stipulation") entered into by the Settling Parties and the final judgment entered by the Court.

The Plan of Allocation is a matter separate and apart from the proposed settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Settling Parties, or another plan of allocation, without further notice to Settlement Class Members.

The proposed Plan of Allocation, which is subject to Court approval, is set forth in the attachment to this Notice.

If the settlement is approved by the Court and becomes final, you will be releasing the Settling Defendants (as set forth in Question 1 above) and certain parties related to the Settling Defendants (*i.e.*, the "Released Parties" as set forth in paragraph 1(hh) of the Stipulation) for all of the Settled Claims defined in paragraph 1(jj) of the Stipulation. These claims are called "Settled Claims" and are those brought in this case or that could have been raised in the case, as fully defined in the Stipulation. The Stipulation is available at www.LehmanSecuritiesLitigationSettlement.com. The Stipulation describes the Released Claims with specific description, in necessarily accurate legal terminology, so please read it carefully.

If you are a Settlement Class Member you will need to submit a Claim Form and the necessary supporting documentation to establish your potential eligibility to share in the Net Settlement Fund. A Claim Form is included with this Notice, or you may go to the website maintained by the Claims Administrator, www.LehmanSecuritiesLitigationSettlement.com, to request that a Claim Form be mailed to you. Submitting a Claim Form does not necessarily guarantee that you will receive a payment. Please refer to the attached Plan of Allocation for further information on how Lead Plaintiffs propose the Settlement Fund will be allocated.

Please retain all records of your ownership of and transactions in Lehman Securities, as they may be needed to document your claim.

If the settlement is approved, it will take time for the Claims Administrator to review all of the Claim Forms that are submitted and to decide pursuant to the Plan of Allocation how much each claimant should receive. This could take many months. Furthermore, distribution may be postponed until the end of the case, so that any additional money collected from any future settlements may be distributed at the same time. Please check the website for updates.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Settling Defendants on your own about the same claims being released in this settlement, then you must take steps to exclude yourself from the settlement. This is sometimes referred to as “opting out” of the Settlement Class. See Question 16 below.

No. If you exclude yourself from the Settlement Class, you will not be able to request a payment from this settlement, and you cannot object to this settlement. You will not be bound by anything that happens in this lawsuit with respect to the Individual Defendants, and you may be able to sue the Individual Defendants on your own in the future. Excluding yourself from this Settlement Class will not automatically exclude you from any subsequent settlement class relating to any future settlement with other defendants.

No. Unless you exclude yourself, you give up any right to sue the Settling Defendants or any of the other released parties for the claims being released by this settlement. If you have a pending lawsuit relating to the claims being released in the Action against any of the Settling Defendants, you should speak to your lawyer in that case immediately.

To exclude yourself from the Settlement Class, you must send a letter by mail saying that you want to be excluded from the Settlement Class in the *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 09-MD-2017 (LAK). Be sure to include your name, address, telephone number and your signature. You must also include information concerning your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of the eligible Lehman Securities during the Settlement Class Period. The request for exclusion must be signed by the person or entity requesting exclusion,

and provide a telephone number for that person or entity. Requests for exclusion will not be valid if they do not include the information set forth above. You must mail your exclusion request so that it is **received** no later than _____, 2012 to:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG, Inc.
Claims Administrator
P.O. Box 9821
Dublin, OH 43017-5721

*Please keep a copy of everything you send by mail, in case it is lost or destroyed during mailing.

You cannot exclude yourself over the phone or by e-mail.

THE LAWYERS REPRESENTING YOU

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP to represent you and the other Settlement Class Members. These lawyers are called Lead Counsel. You may contact them as follows: David R. Stickney, Esq., Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130 (866) 648-2524, blbg@blbglaw.com, or David Kessler, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, (610) 667-7706, info@ktmc.com. You will not be separately charged for these lawyers beyond your *pro rata* share of any attorneys' fees and expenses awarded by the Court that will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

Lead Counsel have not received any payment for their services in pursuing claims against the Settling Defendants on behalf of the Settlement Class, nor have they been reimbursed for their out-of-pocket expenses. Before final approval of the settlement, Lead Counsel intend to apply to the Court for an award of attorneys' fees, as compensation for investigating the facts, litigating the case and negotiating the settlement, on behalf of all Plaintiffs' Counsel not to exceed ___% of the Settlement Amount, plus interest thereon. At the same time, Lead Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed \$_____, plus interest thereon. Litigation Expenses may include reimbursement of the expenses of Lead Plaintiffs in accordance with 15 U.S.C. § 78u-4(a)(4). The Court may award less than the requested amounts. Any payments to the attorneys for fees or expenses, now or in the future, will first be approved by the Court.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

If you are a Settlement Class Member, you can object to the settlement if you don't like any part of it. To object, you must send a letter saying that you object to the settlement in the *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 09-MD-2017 (LAK) and the reasons why you object to the settlement. Be sure to include your name, address, telephone number and your signature. You must also include information concerning all of your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of the eligible Lehman Securities during the Settlement Class Period to confirm that you are a member of the Settlement Class, including brokerage confirmation receipts or other competent documentary evidence of such transactions. The objection must include a written statement of all grounds for an objection accompanied by any legal support for the objection; copies of any papers, briefs or other documents upon which the objection is based; a list of all persons who will be called to testify in support of the objection; a statement of whether the objector intends to appear at the Final Approval Hearing; a list of other cases in which the objector or the objector's counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five years; and the objector's signature, even if represented by counsel. If you are not a member of the Settlement Class, you cannot object to the settlement as it does not affect you. Any objection to the settlement must be **received** by *each of the following* by _____, 2011:

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK Clerk of the Court 500 Pearl Street New York, NY 10007	BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP David Stickney Niki L. Mendoza 12481 High Bluff Drive, Suite 300 San Diego, CA 92130-3582	DECHERT LLP Andrew J. Levander Kathleen N. Massey Adam J. Wasserman 1095 Avenue of the Americas New York, NY 10036
	KESSLER TOPAZ MELTZER & CHECK, LLP David Kessler John Kehoe 280 King of Prussia Road Radnor, PA 19087	

Objecting is simply telling the Court that you do not like something about the settlement, the Plan of Allocation, and/or the application for attorneys' fees and Litigation Expenses. You can object *only if* you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to consider whether to approve the settlement, the Plan of Allocation and the application for attorneys' fees and Litigation Expenses. You may attend and you may ask to speak, but you don't have to.

The Court will hold a fairness hearing at _____ .m., on _____, 2012, before the Honorable Lewis A. Kaplan at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St, New York, NY 10007, Courtroom 12D. At this hearing, the Court will consider whether the settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Kaplan will listen to people who have asked to speak at the hearing. Judge Kaplan may also consider Lead Counsel's application for attorneys' fees and Litigation Expenses at this time. The fairness hearing may occur on a different date without additional notice, so it is a good idea to check www.LehmanSecuritiesLitigationSettlement.com for updated information.

No. Lead Counsel will answer any questions Judge Kaplan may have. But, you are welcome to attend the hearing at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as your written objection was received on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter stating that it is your "Notice of Intention to Appear in the *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 09-MD-2017 (LAK)." Be sure to include your name, address, telephone number, your signature, and also identify your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of the eligible Lehman Securities during the Settlement Class Period. Your notice of intention to appear must be received no later than _____, 2012, and must be sent to the Clerk of the Court, Lead Counsel, and Representative Counsel for the Settling Defendants, at the

addresses listed in Question 19 above. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

If you do nothing, you will receive no money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Settling Defendants or other released parties about the same claims being released in this settlement. You will be able to act on any rights you have against the Non-Settling Defendants.

GETTING MORE INFORMATION

This notice summarizes the settlement. More details are contained in the Stipulation. You can get a copy of the Stipulation and more information about the settlement by visiting www.LehmanSecuritiesLitigationSettlement.com. You may also write to the Claims Administrator at, P.O. Box 9821, Dublin, OH 43017-5721.

INFORMATION FOR BROKERS AND OTHER NOMINEES

If you bought Lehman Securities during the Settlement Class Period as a nominee for a beneficial owner, the Court has directed that, **within fourteen (14) days after you receive the Notice**, you must either:

- (1) provide the names and addresses of such persons and entities to the Claims Administrator, GCG, Inc., and GCG, Inc. will send a copy of the Notice and Claim Form to the beneficial owners; or
- (2) send a copy of the Notice and Claim Form by first class mail to the beneficial owners of such Lehman Securities. You can request copies of these documents by contacting the Claims Administrator or by going to www.LehmanSecuritiesLitigationSettlement.com.

If you verify and provide details about your assistance with either of these options, you may be reimbursed from the Settlement Fund for the actual expenses you incur to send the Notice and Claim Form, including postage and/or the reasonable costs of determining the names and addresses of beneficial owners. Please send any requests for reimbursement, along with appropriate supporting documentation, to: *In Re: Lehman Brothers Equity/Debt Securities*

Litigation, c/o GCG, Inc., Claims Administrator, P.O. Box 9821, Dublin, OH 43017-5721, or visit www.LehmanSecuritiesLitigationSettlement.com.

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: _____, 2012

By Order of the Clerk of the Court
United States District Court
Southern District of New York

Appendix A

ISSUE DATE	SECURITY (CUSIP)
June 9, 2008	Common Stock (524908100)
February 5, 2008 (the "Series J Offering")	7.95% Non-Cumulative Perpetual Preferred Stock, Series J (the "Series J Shares") (52520W317)
April 4, 2008 (the "Series P Offering")	7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series P (the "Series P Shares") (52523J453)
June 12, 2008 (the "Series Q Offering")	8.75% Non-Cumulative Mandatory Convertible Preferred Stock, Series Q (the "Series Q Shares") (52520W218)
June 15, 2007	Medium-Term Notes, Series I (52517P2S9)
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)
July 31, 2007	100% Principal Protected Notes Linked to a Basket Consisting of a Foreign Equity Component and a Currency Component (524908K25)
August 1, 2007	Partial Principal Protection Notes Linked to a Basket of Global Indices (524908J92)
August 22, 2007	Annual Review Notes with Contingent Principal Protection Linked to an Index (52517P4Y4)
August 29, 2007	Medium-Term Notes, Series I (52517P4T5)
September 26, 2007	6.2% Notes Due 2014 (52517P5X5)
September 26, 2007	7% Notes Due 2027 (52517P5Y3)
December 5, 2007	Medium-Term Notes, Series I (5252M0AU1)
December 7, 2007	Medium-Term Notes, Series I (5252M0AW7)

December 21, 2007	6.75% Subordinated Notes Due 2017 (5249087M6)
December 28, 2007	Medium-Term Notes, Series I (5252M0AY3)
January 22, 2008	5.625% Notes Due 2013 (5252M0BZ9)
January 30, 2008	Medium-Term Notes, Series I (5252M0BX4)
February 5, 2008	Lehman Notes, Series D (52519FFE6)
February 14, 2008	Medium-Term Notes, Series I Principal Protected Notes Linked to MarQCuS Portfolio A (USD) Index (5252M0DK0)
February 20, 2008	Buffered Return Enhanced Notes Linked to the Financial Select Sector SPDR Fund (5252M0DH7)
February 27, 2008	Medium-Term Notes, Series I (5252M0CQ8)
March 13, 2008	Medium-Term Notes, Series I (5252M0EH6)
April 21, 2008	Medium-Term Notes, Series I (5252M0BY9)
April 21, 2008	Medium-Term Notes, Series I (5252M0FA0)
April 24, 2008	6.875% Notes Due 2018 (5252M0FD4)
April 29, 2008	Lehman Notes, Series D (52519FFM8)
May 7, 2008	Buffered Semi-Annual Review Notes Linked to the Financial Select Sector SPDR® Fund (5252M0FR3)
May 9, 2008	7.50% Subordinated Notes Due 2038 (5249087N4)
May 19, 2008	Medium-Term Notes, Series I (5252M0FH5)
June 13, 2008	Annual Review Notes with Contingent Principal Protection Linked to the S&P 500® Index (5252M0GM3)
June 26, 2008	Medium-Term Notes, Series I (5252M0GN1)

Appendix B

ISSUE DATE	SECURITY (CUSIP)
March 30, 2007	100% Principal Protection Notes Linked to a Global Index Basket (52520W564) (524908VP2)
March 30, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52520W556) (524908VQ0)
April 30, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517PX63)
April 30, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52520W515)
May 31, 2007	100% Principal Protection Notes Linked to a Currency Basket (52520W440)
June 29, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P2P5)
July 31, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P3H2)
August 31, 2007	100% Principal Protection Notes Linked to an International Index Basket (52522L186)
August 31, 2007	100% Principal Protection Notes Linked to a Global Index Basket (52522L889)
September 28, 2007	Performance Securities with Partial Protection Linked to a Global Index Basket (52522L244)
September 28, 2007	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P5K3)

October 31, 2007 Medium-Term Notes, Series I, 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W341)

October 31, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500 Index (52522L293)

October 31, 2007 Return Optimization Securities Linked to an Index (52522L319)

October 31, 2007 Return Optimization Securities Linked to an Index (52522L335)

November 30, 2007 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W333)

November 30, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500® Index (52522L459)

December 31, 2007 Return Optimization Securities with Partial Protection Linked to the S&P 500® Index (52522L491)

January 31, 2008 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517P4N8)

January 31, 2008 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W325)

January 31, 2008 100% Principal Protection Absolute Return Barrier Notes Linked to the S&P 500® Index (52522L525)

February 8, 2008 Autocallable Optimization Securities with Contingent Protection Linked to the S&P 500® Financials Index (52522L657)

February 29, 2008 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (5252M0CZ8)

February 29, 2008 Return Optimization Securities with Partial Protection Notes Linked to the S&P 500® Index (52522L574)

February 29, 2008 100% Principal Protection Absolute Return Barrier Notes Linked to the Russell 2000® Index (52522L566)

February 29, 2008 100% Principal Protection Notes Linked to an Asian
Currency Basket
(52523J412)

March 31, 2008 Return Optimization Securities with Partial Protection
Notes Linked to the S&P 500® Index
(52522L806)

March 31, 2008 Return Optimization Securities with Partial Protection
Notes Linked to the MSCI EM Index
(52522L814)

March 31, 2008 Bearish Autocallable Optimization Securities with
Contingent Protection Linked to the Energy Select
Sector SPDR® Fund
(52522L871)

March 31, 2008 100% Principal Protection Absolute Return Barrier
Notes Linked to the Russell 2000® Index
(52522L798)

April 23, 2008 Return Optimization Securities with Partial Protection
Linked to a Basket of Global Indices
(52523J172)

May 15, 2008 Return Optimization Securities with Partial Protection
Linked to the S&P 500 Financials Index
(52523J206)

May 30, 2008 Return Optimization Securities with Partial Protection
Linked to the S&P 500® Financials Index
(52523J230)

June 30, 2008 100% Principal Protection Absolute Return Barrier
Notes
(52523J248)

June 30, 2008 100% Principal Protection Absolute Return Barrier
Notes
(52523J255)

EXHIBIT A-3

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*

**SUMMARY NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED
\$90 MILLION DOLLAR SETTLEMENT WITH INDIVIDUAL DEFENDANTS,
SETTLEMENT FAIRNESS HEARING, AND MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF LITIGATION EXPENSES**

TO: ALL PERSONS OR ENTITIES WHO (1) PURCHASED OR ACQUIRED LEHMAN SECURITIES IDENTIFIED IN APPENDIX A TO THE STIPULATION OF SETTLEMENT AND RELEASE ("STIPULATION") PURSUANT OR TRACEABLE TO THE SHELF REGISTRATION STATEMENT AND WHO WERE DAMAGED THEREBY, (2) PURCHASED OR ACQUIRED ANY LEHMAN STRUCTURED NOTES IDENTIFIED IN APPENDIX B TO THE STIPULATION PURSUANT OR TRACEABLE TO THE SHELF REGISTRATION STATEMENT AND WHO WERE DAMAGED THEREBY, OR (3) PURCHASED OR ACQUIRED LEHMAN COMMON STOCK, CALL OPTIONS, AND/OR SOLD PUT OPTIONS BETWEEN JUNE 12, 2007 AND SEPTEMBER 15, 2008, THROUGH AND INCLUSIVE (COLLECTIVELY, THE "COMPANY'S SECURITIES") AND WHO WERE DAMAGED THEREBY.

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, (i) of the pendency of this action (the "Action") as a class action on behalf of the persons and entities described above (the "Settlement Class"), except for certain persons and entities who are excluded from the Settlement Class by definition; and (ii) that a settlement reached in this Action has been proposed that will fully and finally settle all claims against and release the Settling Defendants (who are certain Lehman officers and directors during the settlement class period) and certain related parties. A hearing will be held before the Honorable Lewis A. Kaplan, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 at [TIME] on [DATE] (i) to determine whether the proposed Settlement should be approved by the Court as

fair, reasonable, and adequate; (ii) to determine whether the Settled Claims against the Settling Defendants and other Released Parties should be dismissed with prejudice and/or released; (iii) to determine whether the proposed plan of allocation should be approved by the Court as fair and reasonable; and (iv) to consider the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Settlement only resolves claims against the Settling Defendants and certain related parties; the claims against the other defendants in the Action will continue.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING ACTION AND THE SETTLEMENT, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the full printed Notice of Pendency of Class Action and Proposed Settlement, Settlement Fairness Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice"), with the attached Claim Form, you may obtain a copy of these documents by contacting the Claims Administrator: *In re Lehman Brothers Equity/Debt Securities Litigation*, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9821, Dublin, OH 43017-5721, 1-800-505-6901. Copies of the Notice and Claim Form can also be downloaded from the website maintained by the Claims Administrator, www.LehmanSecuritiesLitigationSettlement.com, or from Lead Counsel's websites www.blbglaw.com and www.ktmc.com.

If you are a Settlement Class Member and do not exclude yourself from the Settlement Class, you will be bound by any judgment entered in the Action. To exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is *received* no later than [DATE], in accordance with the instructions set forth in the Notice. If you submit an exclusion you will have no right to recover money pursuant to this settlement and will have to pursue any claims against the Settling Defendants independently. Any objections to any of the proposed Settlement, the proposed plan of allocation, or the request for attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel for the Settlement Class and counsel for the Settling Defendants such that they are *received* no later than [DATE], in accordance with the instructions set forth in the Notice.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE. Inquiries, other than requests for the Notice or Claim Form, may be made to Lead Counsel:

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By Order of the Court

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 OFFICERS AND DIRECTORS**

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 between Lead Plaintiffs, on behalf of the Settlement Class, and 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 (the “Settling Defendants”) (the “Stipulation”) are fair, reasonable, and adequate for the settlement of all claims asserted by Lead Plaintiffs against the Settling 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; and (ii) whether judgment should be entered (a) dismissing the Complaint on the merits, with prejudice and without costs, in favor only of the Settling Defendants and the other Released Parties and as against all persons or entities who are members of the Settlement Class herein who have not requested exclusion therefrom, (b) releasing the Settled Claims as against

the Settling Defendants and all other Released 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 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 Stipulation, and all capitalized terms used herein shall have the same meaning as set forth in the Stipulation including, but not limited to:

(a) "Released Parties" shall mean any and all of the Settling Defendants, Lehman¹ and all past, present and future employees, officers and directors of Lehman, their respective present or former spouses, immediate family members, heirs, attorneys, representatives, executors, estates, administrators, successors and assigns, and insurers including without limitation the Insurers, provided however, that "Released Parties" does not include any of the Non-Settling Defendants, nor any of their respective parents, successors, subsidiaries, and affiliates and any entity in which any of them have or had during the Settlement Class Period a controlling interest and the officers and directors thereof.

¹ Inclusion of Lehman and all past, present and future employees, officers and directors of Lehman (who are not one of the Settling Defendants) in the definition of "Released Parties" is conditioned upon Lehman, prior to the Effective Date, producing (and certifying to Lead Counsel that it has produced) all non-privileged and responsive transcripts and documents containing the search terms and for the custodians Lead Plaintiffs and Lehman previously identified and agreed to, and subject to Lead Plaintiffs' good faith follow-up requests, with such production to begin promptly after the signing of this Stipulation, subject to pre-existing confidentiality agreements governing the production of such transcripts and documents, and to continue on a rolling basis if necessary, without undue delay, until completion.

(b) “Released 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 Defendants, except for claims relating to the enforcement of the Settlement.

(c) “Settled Claims” shall mean any and all claims, rights, remedies, demands, liabilities, or causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, punitive damages, compensation, restitution, disgorgement, rescission, interest, attorneys’ fees/costs, expert or consulting fees, and any other costs, expenses or liabilities of any kind or nature whatsoever), whether legal, statutory or equitable in nature to the fullest extent that the law permits their release in this Action, by or on behalf of Lead Plaintiffs or any other Settlement Class Members against any of the Released Parties that have been alleged or could have been alleged in the Complaint or in any preceding complaints by any of the Settlement Class Members (or in any forum or proceeding or otherwise), whether based on federal, state, local, statutory, or common law, rule, or regulation, whether known or Unknown Claims, whether class, representative, or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, whether at law or in equity, matured or unmatured, that (1) are based upon or arise from any of the allegations, transactions, facts, matters, events, disclosures, statements, occurrences, circumstances, representations, conduct, acts, or omissions or failures to act that have been alleged or asserted in the Complaint or in any preceding complaints (or in any forum or proceeding or otherwise), and (2) are based upon the purchase or acquisition of (a) Lehman securities identified in Appendix A, (b) Lehman Structured Notes identified in Appendix B, and/or (c) Lehman common stock or call options and/or sale of put options during the Settlement Class Period. Notwithstanding the foregoing, “Settled Claims” does not include (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 Bankruptcy Case; (iii) any claims or interests in the Bankruptcy Case asserted by a 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 Bankruptcy Case 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 Settlement Class Members.

3. The Court hereby affirms its findings in its Order Preliminarily Approving Settlement, Providing for Notice and Scheduling Hearing dated [DATE] (the “Preliminary Approval Order”), that for purposes of the 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 Settlement Class Members is so numerous that joinder thereof is impracticable; (b) there are questions of law and fact common to the Settlement Class; (c) the claims of the Settlement Class Representatives are typical of the claims of the Settlement Class they seek to represent; (d) the Settlement Class Representatives and Lead Counsel have and will fairly and adequately represent the interests of the Settlement Class; (e) the questions of law and fact common to the members of the Settlement Class predominate over any questions affecting only individual members of the 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 Approval Order and finally certifies, for purposes of the 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:

- (1) Purchased or acquired Lehman securities identified in Appendix A to the Stipulation pursuant or traceable to the Shelf Registration Statement and who were damaged thereby,
- (2) Purchased or acquired any Lehman Structured Notes identified in Appendix B to the Stipulation pursuant or traceable to the Shelf Registration Statement and who were damaged thereby, or

- (3) Purchased or acquired Lehman common stock, call options, and/or sold put options between June 12, 2007 and September 15, 2008, through and inclusive, and who were damaged thereby.

Excluded from the Settlement Class are (i) Defendants, (ii) Lehman, (iii) the executive officers and directors of each Defendant or Lehman, (iv) any entity in which Defendants or Lehman have or had a controlling interest, (v) members of Defendants' immediate families, and (vi) the legal representatives, heirs, successors or assigns of any such excluded party. Also excluded from the Settlement Class are the persons and/or entities who timely and validly requested exclusion from the 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 Settlement only, this Court affirms its findings in the Preliminary Approval Order that the Settlement Class Representatives are adequate class representatives and finally certifies them as 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 Settlement was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the pendency of the Action as a class action and of the terms and conditions of the proposed 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 Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(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 Settlement Class Members, advising them of the 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 Settlement Class Members to be heard with respect to the foregoing matters. Thus, it is hereby determined that all Settlement Class Members who did not timely and validly elect to exclude themselves by written communication postmarked or otherwise delivered on or before the date set forth in the Notice and the Preliminary Approval Order, are bound by this Judgment.

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

9. The Complaint is hereby dismissed with prejudice as against only the Settling Defendants and without costs against any of the parties, except for the payments expressly provided for in the Stipulation.

10. 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 Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Party.

11. Upon the Effective Date, each of the Settling 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 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 Parties' Claims against Named Plaintiffs, their respective counsel, or any other Settlement Class Member.

12. Upon the Effective Date, any and all claims for contribution and indemnification (or any other claim against the Settling Defendants where the injury to the non-settling person or entity is the non-settling person's or entity's liability to the Settlement Class), arising out of or reasonably flowing from the Settled Claims (a) by any person or entity against any or all of the Settling Defendants or (b) by any or all of the Settling Defendants against any person or entity, other than a person whose liability has been extinguished pursuant to the 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 Settlement Class or a 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 the Settling Defendant for common damages; or (b) the amount paid by or on behalf of the Settling Defendant to the Settlement Class or Settlement Class Member for common damages.

14. This Judgment, the Stipulation, and any of their terms and provisions, and any of the negotiations or proceedings connected with it, and any of the documents or statements referred to therein:

a. shall not be offered or received against any of the Released Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released 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 Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Parties;

b. shall not be offered or received against any of the Released 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 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 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 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 the Stipulation; provided, however, that if the Stipulation is approved by the District Court, the Settling Defendants, Named Plaintiffs and any other Settlement Class Member may refer to it to effectuate the protection from liability granted them thereunder and/or by the Judgment, or otherwise to enforce the terms of the Settlement;

d. shall not be construed against any Released 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.

15. The Court reserves jurisdiction over, without affecting in any way the finality of this Judgment, (a) implementation and enforcement of the Settlement; (b) approving a plan of allocation; (c) the allowance, disallowance or adjustment of any Settlement Class Member's claim on equitable grounds and any award or distribution of the Settlement Fund; (d) disposition of the Settlement Fund; (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 Stipulation including any releases executed in connection therewith; and (h) other matters 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 Settlement does not become effective in accordance with the terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned to Settling 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 Stipulation, and shall be vacated to the extent provided by the Stipulation 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 Stipulation; (b) the fact of the Settlement shall not be admissible in any trial of this Action and the Settling Parties shall be deemed to have reverted *nunc pro tunc* to their respective status in this Action immediately prior to August 24, 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 ___ of the 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 Stipulation.

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 Settlement Class