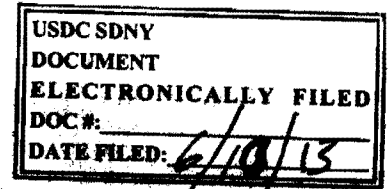


Kaplan, J.

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



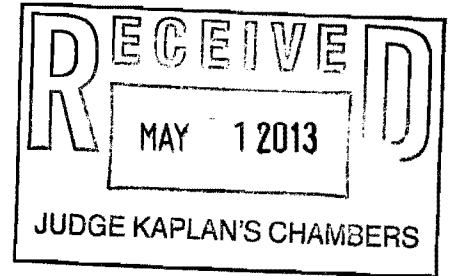
In re LEHMAN BROTHERS SECURITIES  
AND ERISA LITIGATION

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 APPROVING DISTRIBUTION PLAN**

Lead Plaintiffs, on notice to counsel for the Settling Defendants, moved this Court for an order approving a distribution plan for the Net Settlement Fund, and the Court having considered all the materials and arguments submitted in support of the Motion, including Lead Plaintiffs' Memorandum in Support of Motion for Approval of Distribution Plan and the Declaration of Stephen J. Cirami in Support of Lead Plaintiffs' Motion for Approval of Distribution Plan (the "Cirami Declaration"), submitted therewith;

**NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

1. This Order incorporates by reference the definitions in (a) the Stipulation of Settlement and Release dated December 2, 2011, between Lead Plaintiffs and the First Group of Settling Underwriter Defendants (ECF No. 533-3), the Stipulation of Settlement and Release dated December 9, 2011, between Lead Plaintiffs and the Second Group of Settling Underwriter Defendants (ECF No. 541), and the Stipulation of Settlement and Release dated October 14, 2011, between Lead Plaintiffs and the D&O Defendants (ECF No. 533-2) (collectively, the "Stipulations"); (b) the Notice of Pendency of Class Action and Proposed Settlement with the Director and Officer Defendants, Settlement Fairness Hearing and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses and the Notice of Pendency of Class Action and Proposed Settlement with the

Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses (collectively, the "Settlement Notices"); and (c) the Cirami Declaration, and all terms used herein shall have the same meanings as set forth in the Stipulations, the Settlement Notices, and the Cirami Declaration.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all members of the Settlement Classes.

3. Lead Plaintiffs' plan for distribution of the Net Settlement Funds to Authorized Claimants is **APPROVED**. Accordingly,

(a) The administrative recommendations of the Court-approved Claims Administrator, The Garden City Group, Inc. ("GCG"), to accept the Timely Eligible Claims set forth in Exhibit B-1 to the Cirami Declaration and the Late But Otherwise Eligible Claims set forth in Exhibit B-2 to the Cirami Declaration, are adopted;

(b) The Claims Administrator's administrative recommendations to reject wholly ineligible or otherwise deficient Claims, as set forth in Exhibit B-3 to the Cirami Declaration, are adopted;

(c) GCG shall conduct an initial distribution (the "Initial Distribution") of the available balance of the Net Settlement Funds, after deducting the payments previously allowed and approved herein, and after the payment of any estimated taxes and the costs of preparing appropriate tax returns and any escrow fees, as follows:

(1) GCG shall calculate award amounts for all Authorized Claimants as if the entire Net Settlement Funds were to be distributed by calculating their *pro rata* shares of the funds. More specifically, pursuant to the Court-approved Plans of Allocation:

(i) GCG shall calculate each Authorized Claimant's *pro rata* share of the D&O Net Settlement Fund by comparing the Claimant's Net Recognized Losses for transactions in the D&O Eligible Securities to the total Net Recognized Losses of all Authorized Claimants for all transactions in the D&O Eligible Securities. The Authorized Claimant's calculated *pro rata* share of the D&O Net Settlement Fund shall be the Claimant's "D&O Distribution Amount"; and

(ii) GCG shall calculate each Authorized Claimant's *pro rata* share of the UW Net Settlement Fund by comparing the Claimant's Net Recognized Losses for transactions in each particular UW Eligible Security in comparison to the total Net Recognized Losses of all Authorized Claimants for all transactions in each particular UW Eligible Security. The Authorized Claimant's calculated *pro rata* share of the UW Net Settlement Fund shall be the Claimant's "UW Distribution Amount";

(2) (i) GCG shall eliminate from the distribution of the D&O Net Settlement Fund any Authorized Claimant whose D&O Distribution Amount calculates to less than \$10. Such Claimants shall not receive any payment from the D&O Net Settlement Fund; and

(ii) GCG shall eliminate from the distribution of the UW Net Settlement Fund any Authorized Claimant whose UW Distribution Amount calculates to less than \$10. Such Claimants shall not receive any payment from the UW Net Settlement Fund;

(3) (i) After eliminating Claimants who would have received less than \$10, GCG shall re-calculate the D&O Distribution Amounts for Authorized

Claimants who would have received \$10 or more pursuant to the calculation described in subparagraph (c)(1)(i) above; and

(ii) After eliminating Claimants who would have received less than \$10, GCG shall re-calculate the UW Distribution Amounts for Authorized Claimants who would have received \$10 or more pursuant to the calculation described in subparagraph (c)(1)(i) above;

(4) (i) Authorized Claimants whose D&O Distribution Amount calculates to less than \$100 pursuant to subparagraph (c)(3)(i) above shall be paid their full D&O Distribution Amount (“D&O Claims Paid in Full”), and such Claimants shall get no additional payment in subsequent distributions of the D&O Net Settlement Fund; and

(ii) Authorized Claimants whose UW Distribution Amount calculates to less than \$100 pursuant to subparagraph (c)(3)(ii) above shall be paid their full UW Distribution Amount (“UW Claims Paid in Full”), and such Claimants shall get no additional payment in subsequent distributions of the UW Net Settlement Fund;

(5) (i) Authorized Claimants whose D&O Distribution Amount calculates to \$100 or more pursuant to subparagraph (c)(3)(i) above shall be paid 90% of their D&O Distribution Amount. The remaining 10% of their payments shall be held in reserve (the “D&O Reserve”) to address any Claims-in-Process that ultimately are determined to be eligible to participate in the D&O Settlement, and for any other contingencies that may arise. To the extent the D&O Reserve is not

depleted, the remainder shall be distributed in the "Second Distribution" of the D&O Net Settlement Fund described in subparagraph (e)(1) below; and

(ii) Authorized Claimants whose UW Distribution Amount calculates to \$100 or more pursuant to subparagraph (c)(3)(ii) above shall be paid 90% of their UW Distribution Amount. The remaining 10% of their payments will be held in reserve (the "UW Reserve") to address any Claims-in-Process that ultimately are determined to be eligible to participate in the UW Settlement, and for any other contingencies that may arise. To the extent the UW Reserve is not depleted, the remainder shall be distributed in the "Second Distribution" of the UW Net Settlement Fund described in subparagraph (e)(2) below;

(6) Authorized Claimants shall be issued Initial Distribution checks which are a combination of their D&O Distribution Amount and their UW Distribution Amount, subject to the conditions set forth in subparagraphs (c)(4) and (5) above. In order to encourage Authorized Claimants to cash their checks promptly, and to avoid or reduce future expenses relating to uncashed checks, all Initial Distribution checks (and Claims-in-Process Distribution checks issued pursuant to subparagraph (d) below) shall bear the notation: "CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION IF NOT CASHED BY [DATE 120 DAYS AFTER ISSUE DATE]";

(7) Authorized Claimants who do not cash their Initial Distribution checks (or, as applicable, Claims-in-Process Distribution checks) within the time allotted or on the conditions set forth in footnote 11 of the Cirami Declaration shall irrevocably forfeit all recovery from the applicable Settlements. The funds allocated

to all such stale-dated checks will be available to be redistributed to other Authorized Claimants in the Second Distribution described below. Similarly, Authorized Claimants who do not cash their Second Distribution checks or any subsequent distributions within the time allotted or on the conditions set forth in footnote 11 of the Cirami Declaration will irrevocably forfeit any further recovery from the applicable Net Settlement Funds;

(d) When GCG has completed the processing of the Claims-in-Process, Lead Counsel will move the Court for approval of GCG's determinations with respect to those Claims (as well as Claims as to which judicial review has been requested); and upon entry of an order approving such Claims for payment, GCG shall make a distribution to those Claimants that will bring them into parity with the Claimants approved for payment pursuant to this Order (the "Claims-in-Process Distribution"). Specifically, GCG shall:

(1) (i) Apply the pro ration factors used in conjunction with the calculations set forth in subparagraph (c)(1)(i) above to determine which Claimants do not meet the \$10 minimum payment threshold for the D&O Settlement; and

(ii) Apply the pro ration factors used in conjunction with the calculations set forth in subparagraph (c)(1)(ii) above to determine which Claimants do not meet the \$10 minimum payment threshold for the UW Settlement;

(2) (i) Apply the pro ration factors used in conjunction with subparagraph (c)(3)(i) above to determine which of these Authorized Claimants' D&O Distribution Amount is less than \$100, and these Claimants will be sent their full D&O Distribution Amount and become "D&O Claims Paid in Full" and get no additional payment in subsequent distributions of the D&O Net Settlement Fund; and

(ii) Apply the pro ration factors used in conjunction with subparagraph (c)(3)(ii) above to determine which of these Authorized Claimants' UW Distribution Amount is less than \$100, and these Claimants will be sent their full UW Distribution Amount and become "UW Claims Paid in Full" and get no additional payment in subsequent distributions of the UW Net Settlement Fund;

(3) (i) With respect to Authorized Claimants whose D&O Distribution Amount calculates to \$100 or more pursuant to subparagraph (c)(3)(i) above, GCG will distribute to such Claimants 90% of their D&O Distribution Amount; and

(ii) With respect to Authorized Claimants whose UW Distribution Amount calculates to \$100 or more pursuant to subparagraph (c)(3)(i) above, GCG will distribute to such Claimants 90% of their UW Distribution Amount;

(e) After GCG has made reasonable and diligent efforts to have Authorized Claimants cash their Initial Distribution checks and Claims-in-Process Distribution checks (as set forth in paragraph 46(b)(6) footnote 10 of the Cirami Declaration), GCG will conduct a second distribution (the "Second Distribution") of the respective Net Settlement Funds as follows:

(1) Any amount remaining in the D&O Net Settlement Fund one (1) year after the Claims-in-Process Distribution (including the D&O Reserve and the funds for all void stale-dated checks), after deducting GCG's unpaid costs and expenses incurred in connection with administering the D&O Settlement for which it has not yet been paid (including the costs of the Claims-in-Process Distribution and the estimated costs of such Second Distribution), and after the payment of any estimated



taxes and the costs of preparing appropriate tax returns, will be distributed to all Authorized Claimants from the Initial Distribution or Claims-in-Process Distribution who (1) were not D&O Claims Paid in Full and (2) cashed their Initial Distribution check or Claims-in-Process Distribution check; and

(2) Any amount remaining in the UW Net Settlement Fund one (1) year after the Claims-in-Process Distribution (including the UW Reserve and the funds for all void stale-dated checks), after deducting GCG's unpaid costs and expenses incurred in connection with administering the UW Settlement for which it has not yet been paid (including the costs of the Claims-in-Process Distribution and the estimated costs of such Second Distribution), and after the payment of any estimated taxes and the costs of preparing appropriate tax returns, will be redistributed to all Authorized Claimants from the Initial Distribution or Claims-in-Process Distribution who (1) were not UW Claims Paid in Full and (2) cashed their Initial Distribution check or Claims-in-Process Distribution check;

(f) In order to allow a final distribution of any funds remaining in the D&O Net Settlement Fund or the UW Net Settlement Fund after completion of the Second Distribution, whether by reason of uncashed checks, returned funds, tax refunds, or otherwise:

(1) If cost effective, not less than six (6) months after the Second Distribution is conducted, a further redistribution of the relevant Net Settlement Fund, pursuant to which the funds remaining in such Net Settlement Fund, after deducting GCG's unpaid costs and expenses incurred in connection with administering the applicable Settlement for which it has not yet been paid (including



the estimated costs of such distribution), and after the payment of any estimated taxes and the costs of preparing appropriate tax returns, shall be distributed to Authorized Claimants who cashed their Second Distribution checks and who would receive at least \$10 from such redistribution of the Net Settlement Fund, with additional redistributions thereafter in six-month intervals, subject to the conditions previously noted, until GCG and Lead Counsel determine that further redistribution of the Net Settlement Fund is not cost-effective; and

(2) At such time as GCG and Lead Counsel determine that the redistribution of funds remaining in the D&O Net Settlement Fund or the UW Net Settlement Fund is not cost-effective, any otherwise valid late or late adjusted claims received after April 17, 2013 shall be paid in accordance with subparagraph (h) below. If any funds shall remain in a Net Settlement Fund after payment of such late or late adjusted claims, the remaining balance of such Net Settlement Fund, after payment of any unpaid costs or fees and taxes, shall be contributed to non-sectarian, not-for-profit 501(c)(3) organizations recommended by Lead Counsel and approved by the Court;

(g) All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the Proofs of Claim submitted herein, or otherwise involved in the administration or taxation of the Settlement Funds or the Net Settlement Funds, are hereby released and discharged from any and all claims arising out of such involvement, and all members of the Settlement Classes, whether or not they receive payment from the Net Settlement Funds, are hereby barred from making any further claims against the Net Settlement Funds, Lead Plaintiffs, Lead Counsel, the Claims Administrator, the Escrow

Agent or any other agent retained by Lead Plaintiffs or Lead Counsel in connection with the administration or taxation of the Settlement Funds or the Net Settlement Funds beyond the amount allocated to Authorized Claimants;

(h) No further Proofs of Claim shall be accepted, and no further adjustments to Proofs of Claim shall be made for any reason, after April 17, 2013, subject to the following exception. If Proofs of Claim are received or modified after April 17, 2013 that would have been eligible for payment or additional payment under the Court-approved Plans of Allocation if timely received then, at the time that GCG and Lead Counsel agree that a redistribution of the relevant Net Settlement Fund is not cost effective as provided in subparagraph (f)(2) above, such Claimants may be paid the distribution amounts or additional distribution amounts from such Net Settlement Fund on a *pro rata* basis that would bring them into parity with other Authorized Claimants who have cashed all their prior distribution checks to the extent possible;

(i) Unless otherwise ordered by the Court, one year after the Second Distribution, GCG will destroy the paper copies of the Proofs of Claim and all supporting documentation and, one year after all funds in the Net Settlement Funds have been distributed, GCG will destroy electronic copies of the same; and

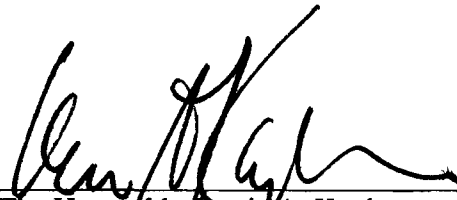
(j) GCG's unpaid fees and expenses in the amount of \$677,474.46 incurred through since September 30, 2012 through February 28, 2013, as well as GCG's estimate of fees and expenses to conduct the initial distribution of the Net Settlement Funds as set forth on Exhibit C to the Cirami Declaration are approved. In payment of such fees and expenses, Lead Counsel shall direct payment of \$677,474.46 out of the Settlement Funds to GCG on a

*pro rata* basis as follows: 17.43% from the D&O Settlement Fund and 82.57% from the UW Settlement Fund.

4. This Court retains jurisdiction to consider any further applications concerning the administration of the Settlements, and such other and further relief as this Court deems appropriate.

SO ORDERED:

June 10, 2013

  
The Honorable Lewis A. Kaplan  
United States District Judge 25

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