

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (JMP) SIPA

ORDER PURSUANT TO SIPA SECTION 78 fff-2(f), 11 U.S.C. SECTIONS 105(a) AND 363(b) AND FED. R. BANK. P. 9019(a) APPROVING THE TRUSTEE'S IMPLEMENTATION OF THE LBI LIQUIDATION ORDER TO COMPLETE THE ACCOUNT TRANSFERS FOR THE BENEFIT OF CUSTOMERS, INCLUDING THE RELATED LIMITED SETTLEMENT AGREEMENT COMPLETING THE PIM CONVERSION FOR THE BENEFIT OF PRIVATE INVESTMENT MANAGEMENT CUSTOMERS, AND TERMINATING THE ACCOUNT TRANSFER PROCESS

Upon consideration of the motion of James W. Giddens (the “**Trustee**”), as trustee for the liquidation of Lehman Brothers Inc. (“**LBI**” or “**Debtor**”) under the Securities Investor Protection Act of 1970, as amended (“**SIPA**”), pursuant to SIPA section 78fff-2(f), Bankruptcy Code sections 105(a) and 363(b) and Fed. R. Bankr. P. 9019(a), for Approval of the Trustee’s Implementation of the LBI Liquidation Order to Complete the Account Transfers for the Benefit of Customers, Including the Related Limited Settlement Agreement Completing the PIM Conversion for the Benefit of Private Investment Management Customers, and Terminating the Account Transfer Process (the “**Motion**”);¹ and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that due and proper notice of the Motion and the relief requested therein having been given in accordance with this Court’s Order Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rules 1015(c) and 9007 Implementing Certain Notice and Case Management

Procedures and Related Relief, dated November 7, 2008, and no other or further notice needing to be given; and the Trustee having effectuated the transfer of PAM accounts and prime brokerage accounts in accordance with SIPA (as further described in the Motion), rendering the PIM Conversion as the remaining outstanding account transfer (these transfers referred to collectively as the “**Account Transfers**”) and the Joinder of Barclays Capital Inc. (“BCI”) to the Motion; and the Court having reviewed the Motion and determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein, to wit, that the series of customer account transfers described in the Motion and set forth below have effectuated the terms and purpose of the Order of the District Court entered on September 19, 2008 commencing this liquidation (the “**LBI Liquidation Order**”) and, as to the PIM Conversion, effectuated the terms and one of the purposes of the LBI Sale Order, that the Limited Settlement Agreement Related to the Transfer of Private Investment Management Accounts from Lehman Brothers Inc. to Barclays Capital Inc. (the “**Settlement Agreement**”) is fair and reasonable and will result in the appropriate completion of the Account Transfers and terminate the Account Transfers process, that the use or transfer of cash by the Trustee to purchase missing securities or provide cash in their place, as provided in the Settlement Agreement, provides a reasonable and adequate resolution of issues relating to missing customer property, and that all the Account Transfers were appropriate exercises of the Trustee’s authority pursuant to the LBI Liquidation Order, SIPA section 78fff-2(f), and, with respect to the PIM Conversion, the LBI Sale Order (as defined below); and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Motion is granted in all respects; and it is further

1. Terms not otherwise defined herein shall have the meaning ascribed to them in the Motion and Settlement Agreement.

ORDERED that, subject to that certain letter agreement, dated as of January 7, 2009, among Neuberger Berman LLC, James W. Giddens as Trustee for Lehman Brothers Inc. and Ridge Clearing & Outsourcing Solutions Inc., as amended, the PAM Conversion (as described in the Motion), including the transfer of securities and cash to Ridge Clearing & Outsourcing Solutions, Inc. for the benefit of Neuberger Berman, LLC and the PAM Account Holders is hereby approved and deemed completed in accordance with and pursuant to SIPA section 78fff-2(f) and the LBI Liquidation Order; and it is further

ORDERED that the PBA transfers (as they are described in the Motion), including the transfer of securities or cash to brokers of the PBA's designation, or directly to them, are hereby approved and deemed completed in accordance with and pursuant to SIPA section 78fff-2(f) and the LBI Liquidation Order; and it is further

ORDERED that the completion of the PIM Conversion is approved as a necessary step to implement the LBI Liquidation Order and the purposes of this SIPA liquidation as described at the time of execution of the LBI Liquidation Order and this Court's approval and entry of the Order Approving, and Incorporating by Reference for the Purposes of this Proceeding, an Order Authorizing the Sale of Purchased Assets and other Relief in the Lehman Brothers Holdings Inc. Chapter 11 Proceedings (the "**LBI Sale Order**," Docket No. 3); and it is further

ORDERED that the Settlement Agreement attached hereto as Exhibit 1 is authorized and approved as a necessary and final step in the PIM Conversion and the other Account Transfers generally pursuant to SIPA section 78fff-2(f), the LBI Sale Order, Bankruptcy Code sections 105(a) and 363(b), and Fed. R. Bankr. P. 9019; and it is further

ORDERED that the Trustee's past deliveries of securities and cash to BCI for the benefit of PIM Account Holders, including the Schedule D-1 Securities, the ACATS Settlement Cash,

the Dropped RISC Cash, and the portion of the PIM Distributions indicated on Schedule G-2 of the Settlement Agreement were reasonable, taken in furtherance of the PIM Conversion, and are approved as steps taken to implement the LBI Liquidation Order, the LBI Sale Order and complete the Account Transfers; and it is further

ORDERED that the Trustee's purchase and delivery of the Schedule D-2 Securities to BCI for the benefit of PIM Account Holders as directed in the Settlement Agreement, and the Trustee's holding of the Schedule E Securities on behalf of BCI as described in the Settlement Agreement, are approved as proper exercises of the Trustee's authority under SIPA section 78fff-2 in furtherance of the LBI Liquidation Order, the LBI Sale Order, the PIM Conversion, and the completion of the Account Transfers ; and it is further

ORDERED that the Trustee is authorized to transfer the Schedule A Securities Reimbursement, the Schedule B Securities Reimbursement, the Estimated Schedule C Securities Reimbursement, the absolute value of the negative True-Up Amount(s) (if any), the Schedule C Late Distributions, the Schedule E Distributions (if any), the Schedule F Maximum Reimbursement, the Schedule F True-Up Payment (if any), the Opening Cash, the remaining PIM Distributions, the Late Accrued PIM Distributions, and the Carrying Costs as set forth in the Settlement Agreement and pursuant to SIPA section 78fff-2(f), the LBI Liquidation Order and the LBI Sale Order, in furtherance of the PIM Conversion, and to complete the Account Transfers; and it is further

ORDERED that (i) the pricing mechanism set forth in section 3(j) of the Settlement Agreement arrives at an appropriate and fair valuation method of current market value for PIM Securities and (ii) the pricing mechanism in section (6)(a) of the Settlement Agreement arrives at

an appropriate and fair valuation method of the Filing Date market value of the Schedule F Securities; and it is further

ORDERED that Lehman Brothers Holdings Inc. and its affiliated chapter 11 debtors (the “**Lehman Chapter 11 Debtors**”) and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al. (the “**Committee**”) shall have the right to (a) review the Schedule F Resolution Statement and the Schedule F Late Distribution Statement (and any supporting documentation for such statements provided to the Trustee) and (b) consult with the Trustee regarding the reasonableness of the costs and distributions set forth on the Schedule F Resolution Statement and Schedule F Late Distribution Statement, respectively, which right shall not (i) obligate the Trustee to obtain any consent from the Lehman Chapter 11 Debtors or the Committee with respect to his determination to dispute (or not dispute) any costs or distributions set forth on the Schedule F Resolution Statement and Schedule F Late Distribution Statement, (ii) make the Lehman Chapter 11 Debtors or the Committee parties or third party beneficiaries to the Settlement Agreement, or (iii) limit any rights that the Lehman Chapter 11 Debtors and the Committee would otherwise have with respect to the Settlement Agreement; and it is further

ORDERED that the Trustee is authorized to otherwise execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary to consummate the Settlement Agreement, and to complete the PIM Conversion and the Account Transfers; and it is further

ORDERED that the BCI Omnibus Claim (as defined in the Settlement Agreement) and the BCI Administrative PIM Claim (as defined in the Settlement Agreement), insofar as such claims relate to the PIM Conversion, shall be deemed satisfied in full when and as agreed by the Trustee and BCI as set forth in the Settlement Agreement; *provided, however*, that nothing in the

Motion or this Order shall in any way impair or modify the Trustee's or BCI's (or any successor Trustee or BCI affiliate) rights and remedies with respect to other claims that have been asserted, or may be asserted between them; and it is further

ORDERED that BCI shall deliver to the Trustee the Schedule D-3 Securities, the True-Up Amount (if any), in each case as provided in the Settlement Agreement, and the Category 2 Misdelivered Securities to the extent set forth in the Settlement Agreement; and it is further

ORDERED that nothing in the Motion, the Joinder by BCI, this Order, or the Settlement Agreement shall (a) bind, be collateral estoppel, res judicata or otherwise prejudice any other matter (other than approval of the matters and the Settlement Agreement herein, and the performance thereof) in this case or in the Chapter 11 Cases (collectively, the "**Cases**") with respect to the legal or factual assertions set forth in the Settlement Agreement, the Motion, and the Joinder by BCI in support thereof; (b) impair or modify the rights and remedies of the Trustee, LBI, the debtors in the Chapter 11 Cases or any other party in respect of any claims that have been asserted, or may be asserted against BCI (or any affiliates of BCI), and, for the avoidance of doubt, any claims that are the subject of or related to one or more of the Motions of the Trustee, LBHI, and the Official Committee of Unsecured Creditors of LBHI for relief pursuant to Fed. R. Civ. P. 60 or otherwise with respect to the LBI Sale Order or the sale order entered in the Chapter 11 Cases on or about September 20, 2008, including any claims under sections 549 and 550 of the Bankruptcy Code, (such orders, collectively, the "**Sale Orders**"² and such motions, collectively, the "**Rule 60 Motions**"³) or the related adversary proceedings

2. The Sale Orders are comprised of docket entry 258 in Case No. 08-13555 and docket entry 3 in Case No. 08-01420.

3. The Rule 60 Motions are comprised of docket entries 5148, 5149, 5150, 5151, 5154, 5156, 5169, 5170, 5171, 5172, and 5173 in Case No. 08-13555 and docket entries 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, and 1702 in Case No. 08-01420.

commenced against BCI by the Trustee, LBHI and the LBHI Creditors Committee on or about November 16, 2009 (such adversary proceedings, the “**Adversary Proceedings**”⁴) or (b) impair or modify the rights and remedies of BCI (or any affiliate of BCI), the Trustee, the debtors in the Chapter 11 Cases or any other party in respect of any other claims that have been asserted, or may be asserted, by BCI (or any affiliates of BCI) against LBI (or the Trustee as trustee for LBI), the debtors in any of the Chapter 11 Cases, their respective present or former affiliates, or any third parties, with respect to any other matter in the Cases, and, for the avoidance of doubt, all rights of BCI and its affiliates to: (i) seek the dismissal or the denial of the Rule 60 Motions and/or dismissal or other relief in connection with the Adversary Proceedings or (ii) seek enforcement of the Sale Orders and secure delivery of any allegedly undelivered assets thereunder, are hereby reserved; and it is further

ORDERED that the implementation of the Settlement Agreement shall complete and terminate the Account Transfer process; and it is further

ORDERED that the Court shall retain exclusive jurisdiction to (i) enforce and implement the terms and provisions of the Settlement Agreement and resolve disputes thereunder, and (ii) implement and enforce the provisions of this Order, including all disputes related to the Account Transfers; and it is further

ORDERED that all objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits; and it is further

ORDERED that the failure to specifically include any particular provision of the Settlement Agreement in this Order shall not diminish or impair the effectiveness of such

⁴ The Adversary Proceedings are: Adv. Pro. 09-01732 (JMP), Adv. Pro. 09-01731 (JMP) and Adv. Pro. 09 01733

provision, it being the intent of the Court that the Trustee's and BCI's implementation of the actions contemplated in the Settlement Agreement and the Account Transfers be approved in their entirety; and it is further

ORDERED that any stay of this Order provided by the Bankruptcy Rules (including Bankruptcy Rule 6004(h)), whether for ten (10) days or otherwise, shall not be applicable to this Order, and this Order shall be effective and enforceable immediately upon entry.

Dated: New York, New York
December 14, 2009

/s/ James M. Peck
Honorable James M. Peck
United States Bankruptcy Judge