

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (SCC) SIPA

**STIPULATION REGARDING PROOFS OF CLAIMS OF
PUBLIC SCHOOL TEACHERS' PENSION, ET AL. (NOS. 5626, 5627, 5628 AND 5629)**

This Stipulation (the "Stipulation") is entered into on the date hereof by and between James W. Giddens (the "SIPA Trustee"), as trustee for the liquidation of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended ("SIPA"), and Public School Teachers' Pension and Retirement Fund of Chicago, Arkansas Teachers Retirement System, Painting Industry Insurance and Annuity Fund, and the Public Employees' Retirement System of Mississippi (the "Claimants"), on behalf of themselves and as the lead plaintiffs in the putative class action entitled *In Re Ambac Financial Group, Inc. Securities Litigation*, Case No. 08-00411-NRB (S.D.N.Y.) (the "Class Action") pending before the United States District Court for the Southern District of New York (the "District Court").

RECITALS

A. WHEREAS, on September 19, 2008 (the "Filing Date"), a proceeding was commenced under SIPA with respect to LBI, and the SIPA Trustee was appointed (Case No. 08-01420, such proceeding, the "SIPA Proceeding");

B. WHEREAS, on November 7, 2008, the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") entered the Order Approving Form and

Manner of Publication and Mailing of Notice of Commencement; Specifying Procedures and Forms for Filing, Determination, and Adjudication of Claims; Fixing a Meeting of Customers and Other Creditors; and Fixing Interim Reporting Pursuant to SIPA (the “Claims Process Order,” ECF No. 241);

C. WHEREAS, pursuant to SIPA section 78fff-2(a)(3) and the Claims Process Order, all general creditor claims must have been received by the Trustee by June 1, 2009;

D. WHEREAS, in accordance with the Claims Process Order, on or about May 29, 2009, Claimants timely filed four general creditor claims: (1) claim no. 5626 on behalf of themselves, and as lead plaintiffs on behalf of the class in the Class Action (“Claim”); and (2) the individual claims on behalf (a) Arkansas Teachers Retirement System (Claim No. 5627), (b) Painting Industry Insurance and Annuity Fund (Claim No. 5628), and (c) Public Employees’ Retirement System of Mississippi (Claim No. 5629) (collectively the “Individual Claims”, and together with the Claim, the “Claims”).

E. WHEREAS, on March 11, 2013, the Bankruptcy Court entered the Order Pursuant to Section 105(a) of the Bankruptcy Code & Bankruptcy Rules 3007 and 9019(b) for Approval of General Creditor Claim Settlement Procedures (the “General Creditor Settlement Procedures Order,” ECF No. 5847);

F. WHEREAS, after good faith, arm’s-length negotiations, the SIPA Trustee and Claimants (each a “Party” and together, “the Parties”), have agreed to resolve all issues regarding the Claims pursuant to the terms and conditions set forth in this Stipulation.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, IT IS HEREBY STIPULATED AND AGREED BY THE PARTIES HERETO THAT:

STIPULATION

1. The Recitals set forth above form an integral part of this Stipulation and are incorporated fully herein.
2. Upon the Effective Date (defined below) of this Stipulation, Claimants authorize the SIPA Trustee's claims agent EPIQ Bankruptcy Solutions LLC to reflect the withdrawal of the Individual Claims on the official claims register in the SIPA Proceeding.
3. The Stipulation shall have no force and effect unless and until the Parties execute the Stipulation and the District Court enters an order approving the settlement of the Claim on the terms and conditions set forth herein (the "District Court Approval") and the order of the District Court has become Final¹ (the "Effective Date"). However, in the event that the Effective Date does not occur, the Stipulation will be deemed null and void and the Parties will be placed in the same position they were in immediately prior to the execution of this Stipulation with all Parties reserving their rights to object to, defend and prosecute the Claims as the case may be.
4. Pending the occurrence of the Effective Date, the Trustee's Two Hundred Sixty-Fifth Omnibus Claims Objection (the "Claims Objection") as it relates to the Individual Claims shall be adjourned without date. Upon the occurrence of the Effective Date, the Claims Objection shall be deemed withdrawn with prejudice. If the Effective Date does not occur (i.e., the District Court has disapproved the Stipulation and the appeals period has run, or if an appeal was taken, the appeals process has been completed and the order(s) disapproving the Stipulation and the Settlement contemplated thereby have become Final), the Claims Objection shall be

¹ "Final" means with respect to the order of the District Court: (i) if no appeal is filed, the expiration date of the time provided for filing or noticing of any appeal under the Federal Rules of Civil Procedure, i.e., thirty (30) days after entry of the order; or (ii) if there is an appeal from the order, the date of (a) final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise to review the order, or (b) the date the order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or other form of review of the order, and, if certiorari or other form of review is granted, the date of final affirmance of the order following review pursuant to that grant.

scheduled for hearing no sooner than thirty days thereafter and the response deadline shall be set for one week prior to the rescheduled hearing date.

5. The Claimants shall have forty-five (45) days from the execution of this Stipulation to file the appropriate motion or application seeking District Court Approval. In the event Claimants fail to file such motion or application within that time, unless the Parties otherwise agree, this Stipulation shall be deemed null and void and the Claims Objection shall be scheduled for hearing as set forth in paragraph 4 above.

6. As of the Effective Date, Claimants represent and warrant that they are the legal holders of the Claims and have not transferred, assigned, pledged or otherwise encumbered their interest in the Claims.

7. On the Effective Date, the Claimants, on behalf of themselves and as lead plaintiffs on behalf of the Class in the Class Action, will have an allowed, general unsecured creditor claim against the LBI general estate in the amount of \$550,000.00 (the "Allowed Claim") in respect of Claim No. 5626 and the Allowed Claim shall fully and finally resolve any and all Claims the Claimants have asserted against the LBI estate under or in connection with the matters, transactions, and accounts that are the subject of the Claim. The Claimants, on behalf of themselves and as lead plaintiffs on behalf of the Class in the Class Action, will receive proportionately the same in payments or distributions (including with respect to the timing and type of payments or distributions) in respect of the Allowed Claim as is generally received by holders of allowed, general unsecured claims against the LBI estate. Promptly after receiving notice of the District Court Approval, the SIPA Trustee shall cause the LBI general creditor claims register to be updated to reflect the Allowed Claim.

8. Except for the obligations under this Stipulation, on the Effective Date, Claimants, on behalf of themselves, their successors and assigns, and on behalf of any other

party, person, or entity claiming by, through, or under them (the "Claimants Releasing Parties"), forever waive and release (i) the Claims, and (ii) any and all claims, liabilities, causes of action, demands, and damages (of whatever kind or nature and whether known or unknown or asserted or unasserted) that the Claimants Releasing Parties may prior to the Effective Date have ever had, may at the Effective Date have, or at any time after the Effective Date can, could, shall, or may have, against LBI, its estate, the SIPA Trustee, and the SIPA Trustee's agents or attorneys, related to or arising out of any of the matters, transactions, and accounts that are the subject of the Claims ((i) and (ii), collectively, the "Released Claims").

9. This Stipulation shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and assigns.

10. No amendment, waiver or modification of any provision of this Stipulation shall be effective unless the same shall be in writing and signed by the Parties.

11. Neither this Stipulation, nor any negotiations or proceedings in connection herewith, may be used and shall not be admissible in any proceeding against any Party to this Stipulation for any purpose, except to enforce the terms of this Stipulation.

12. This Stipulation may be signed in counterparts which, when taken as a whole, shall constitute one and the same document; and faxed or electronic signatures shall be deemed originals.

13. Each individual signing this Stipulation on behalf of any party hereto acknowledges and, with respect to his or her own signature below, warrants and represents that he or she is authorized to execute this Stipulation in his or her representative capacity with binding effect, as reflected below and on behalf of the Party indicated.

14. The SIPA Trustee shall reasonably cooperate with Claimants in their efforts to seek District Court Approval.

15. This Stipulation shall be governed by and shall be interpreted in accordance with the laws of the State of New York, except to the extent that the Bankruptcy Code or SIPA applies, without regard to New York's rules governing conflicts of laws.

16. The Bankruptcy Court shall have jurisdiction to interpret and enforce this Stipulation and the Parties consent to the jurisdiction of the Bankruptcy Court with respect to the interpretation and enforcement of this Stipulation.


Dated: New York, New York

November 11, 2014

*Signature Page To Stipulation Regarding Proof of Claim of
Public School Teachers' Pension, et al. (Claim Nos. 5626, 5627, 5628 and 5629)*

HUGHES HUBBARD & REED LLP

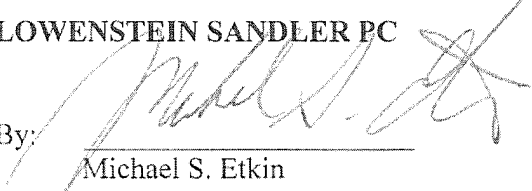
By:


James B. Kobak, Jr.
Christopher K. Kiplok
Robert B. Funkhouser
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of
Lehman Brothers Inc.

LOWENSTEIN SANDLER PC

By:


Michael S. Etkin
Ira M. Levee
65 Livingston Avenue
Roseland, New Jersey 07068
Telephone: (973) 597-2500
Facsimile: (973) 597-2400

Attorneys for Public School Teachers'
Pension and Retirement Fund of
Chicago, Arkansas Teachers Retirement
System, Painting Industry Insurance
and Annuity Fund, and the Public
Employees' Retirement System of
Mississippi, on behalf of themselves
and as Lead Plaintiffs in the Class
Action