

USDC SDNY  
DOCUMENT  
ELECTRONICALLY FILED  
DOC #: \_\_\_\_\_  
DATE FILED: \_\_\_\_\_

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

IN RE AMBAC FINANCIAL GROUP, INC.  
SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

-----x

~~REVISED PROPOSED~~ ORDER PRELIMINARILY  
APPROVING PROPOSED SETTLEMENT OF CLAIM  
FILED IN THE SIPA LIQUIDATION OF LEHMAN BROTHERS INC.

WHEREAS, Lead Plaintiffs, the Public School Teachers’ Pension & Retirement Fund of Chicago, Arkansas Teacher Retirement System, and Public Employees’ Retirement System of Mississippi (“Lead Plaintiffs”) and Plaintiff Painting Industry Insurance and Annuity Funds (collectively, “Plaintiffs” or “Claimants”), on behalf of themselves and as lead plaintiffs in the above-captioned action (the “Action”), and James W. Giddens (the “SIPA Trustee”), as trustee for the liquidation of Lehman Brothers Inc. (“Lehman”) under the Securities Investor Protection Act of 1970, as amended (“SIPA”), have entered into a Stipulation Regarding Proofs of Claims of Public School Teachers’ Pension, et al. (Nos. 5626, 5627, 5628 and 5629) dated November 11, 2014 (the “Stipulation”), that provides for, among other things, the resolution of the Claim submitted by Lead Plaintiffs on behalf of themselves and the Class in Lehman’s SIPA liquidation proceeding, *In re Lehman Bros. Inc.*, Case No. 08-01420 (SCC) SIPA (Bankr. S.D.N.Y.) (the “SIPA Proceeding”) on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the “Settlement”);

WHEREAS, the United States Bankruptcy Court for the Southern District of New York has entered an Stipulation and Order dated January 30, 2015 providing that “the automatic stay pursuant to section 362(a) of the Bankruptcy Code and the LBI Liquidation Order shall be modified solely to the extent necessary to permit Claimants to seek and obtain District Court

Approval of the settlement of the Claim as set forth in the Settlement Stipulation, including, but not limited to, approval of distribution, notice and hearing procedures”;

WHEREAS, Lead Plaintiffs have made a motion, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement and providing for notice to the Class Members as more fully described herein; and

WHEREAS, the Court has read and considered the Stipulation, the Notice of Proposed Settlement of Claim Filed in the SIPA Liquidation of Lehman Brothers Inc. (the “Notice”) (Exhibit 1 hereto), the Summary Notice of Proposed Settlement of Claim Filed in the SIPA Liquidation of Lehman Brothers Inc. (the “Summary Notice”) (Exhibit 2 hereto), the proposed Judgment Approving Settlement of Claims Filed in the SIPA Liquidation of Lehman Brothers Inc. (“Judgment”) (Exhibit 3 hereto), Lead Plaintiffs’ memorandum of law in support of preliminary approval of the Settlement, and all other papers and arguments made in connection therewith.

NOW THEREFORE, IT IS HEREBY ORDERED:

1. For purposes of this Order, the Court adopts all defined terms as set forth in the Stipulation and, if not defined in the Stipulation or herein, in the Stipulation of Settlement with the Underwriter Defendants dated May 4, 2011 (ECF No. 123-6).

2. The Court preliminarily approves the Settlement, as reflected in the Stipulation, as fair, reasonable and adequate, subject to further consideration at the Settlement Hearing to be conducted as described below.

3. The Class previously certified for purposes of the settlement with the Underwriter Defendants is certified for purposes of this Settlement. The Class means all persons or entities who purchased or acquired Ambac securities in or traceable to the February 2007 Directly-Issued

Subordinated Capital Securities offering. Excluded from the Class are: Ambac; Defendants; members of the immediate families of any Defendant; and their legal representatives, heirs, successors or assigns. Also excluded from the Class are any persons or entities who or which were previously excluded by the Court in response to a request for exclusion

4. Solely for purposes of the proposed Settlement, the Court finds that each element required for certification of the Class pursuant to Rule 23 of the Federal Rules of Civil Procedure has been met: (a) the members of the Class are so numerous that their joinder in the Action would be impracticable; (b) there are questions of law and fact common to the Class which predominate over any individual questions; (c) the claims of Plaintiffs are typical of the claims of the Class; (d) Plaintiffs and Lead Counsel have and will fairly and adequately represent and protect the interests of the Class; and (e) a class action is superior to other available methods for the fair and efficient resolution of the Claim submitted in Lehman's SIPA Proceeding. The Court further finds that no further opportunity to request exclusion from the Class is necessary.

**NOTICE**

5. The Court approves the continued retention of Rust Consulting, Inc. ("Rust" or the "Administrator") to supervise and administer the provision of notice of the Settlement and the distribution of the net proceeds of the Settlement to Authorized Claimants as ordered by the Court.

6. Lead Plaintiffs, through the Administrator, shall disseminate notice of the Settlement, including notice of the Settlement Hearing, as follows:

a. not later than 14 days after entry of this order (the "Notice Date"), the Lead Counsel and the Administrator shall cause the Notice, substantially in the form attached hereto as Exhibit 1, to be published on [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com) and on Lead Counsel's websites, [www.blbgglaw.com](http://www.blbgglaw.com) and [www.kaplanfox.com](http://www.kaplanfox.com), and the Summary Notice,

substantially in the form attached hereto as Exhibit 2, to be published over the *PR Newswire* and mailed directly to all Class Members who or which previously received a distribution from the settlement with the Underwriter Defendants (the “Underwriter Settlement”) and cashed their distribution check;

b. as provided in the Summary Notice, the Administrator shall mail or email a printed copy of the Notice to any Class Member who or which requests a copy prior to the Settlement Hearing; and

c. not later than 7 days prior to the Settlement Hearing, Lead Counsel shall serve on counsel for the SIPA Trustee and file with the Court proof, by affidavit or declaration, of such publication and dissemination of the Notice and the Summary Notice.

7. The Court approves, as to form and content, the Notice and the Summary Notice and finds that the procedures established for the publication and dissemination of the Notice and the Summary Notice substantially in the manner and form set forth in paragraph 6 of this Order meet the requirements of Rules 23(e)(1) and 23(h)(1) of the Federal Rules of Civil Procedure, and due process, and constitute notice that is reasonable, under the circumstances, to apprise Class Members of the effect of the proposed Settlement and of their right to appear at the Settlement Hearing and object to the proposed Settlement.

8. The costs of providing notice and other related claims administration expenses shall be paid without further order of the Court from the portion of the funds obtained in this Action which are allocated to purchasers or acquirors of Ambac DISCS (*i.e.*, either the net settlement fund resulting from the earlier Underwriter Settlement and/or, if the proposed Settlement receives final Court approval, the funds received as a result of the Allowed Claim in the SIPA Proceeding).

**HEARING, RIGHT TO BE HEARD**

9. The Court will hold a hearing (the “Settlement Hearing”) on June 9, <sup>MEB</sup> 2015 at 10:30 a.m. in Courtroom 21A of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, for the following purposes: (a) to determine whether the proposed Settlement of the Claim filed in Lehman’s SIPA Proceeding on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate and should be approved; (b) to determine whether Lead Plaintiffs’ motion for approval of the Settlement, allocation of funds to be received as a result of the Settlement, and reimbursement of expenses incurred in connection with achieving the Settlement (the “Final Approval Motion”) should be granted; (c) to determine whether a Judgment substantially in the form attached hereto as Exhibit 3 should be entered; and (d) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

10. The Court may reschedule the Settlement Hearing or modify the proposed Settlement on such terms as the parties may agree without further notice to the Class.

11. Lead Plaintiffs shall file papers in support of the Settlement and the Final Approval Motion no later than 35 days prior to the Settlement Hearing; reply papers may be filed no later than 7 days prior to the Settlement Hearing.

12. Any Class Member 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, by filing with the Clerk of Court and delivering a notice of appearance to both Lead Counsel and counsel for the SIPA Trustee, at the addresses set forth in paragraph 13 below, such that it is received no later than 21 days prior to the Settlement Hearing, or as the Court may otherwise direct. Any Class Member who does not enter an appearance will be represented by Lead Counsel.

13. Any Class Member may file a written objection to any aspect of the proposed Settlement and/or the Final Approval Motion and appear and show cause why the proposed Settlement should not be approved and/or Final Approval Motion should not be granted; provided, however, that no Class Member shall be heard or entitled to contest the approval of the proposed Settlement and/or the granting of the Final Approval Motion unless that person or entity has filed a written objection with the Court and served copies of such objection on Lead Counsel and counsel for the SIPA Trustee at the addresses set forth below such that it is received no later than 21 days prior to the Settlement Hearing:

BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP  
Lauren A. Ormsbee, Esq.  
1285 Avenue of the Americas, 38th Floor  
New York, NY 10019

KAPLAN FOX & KILSHEIMER LLP  
Frederic S. Fox, Esq.  
850 Third Avenue, 14th Floor  
New York, NY 10022

*Lead Counsel*

HUGHES HUBBARD & REED LLP  
Robert B. Funkhouser, Esq.  
One Battery Park Plaza  
New York, NY 10004

*Counsel for the SIPA Trustee*

14. Any objections, filings and other submissions by an objecting Class Member must (a) state the name, address and telephone number of the person or entity objecting and must be signed by the objector and (b) contain a statement of his, her or its objection, as well as the specific reasons for each objection, including the legal and evidentiary support the Class Member wishes to bring to the Court's attention. In addition, if a person or entity who has not received a distribution payment in the Action submits an objection, he, she or it must include documents sufficient to show membership in the Class.

15. Any Class Member who or which does not make his, her or its objection in the manner provided herein shall be deemed to have waived his, her or its right to object to the Settlement and the Final Approval Motion and shall forever be barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement or the requested expenses, or from otherwise being heard concerning the Settlement.

**OTHER PROVISIONS**

16. Any funds received as a result of the Allowed Claim in the SIPA Proceeding shall be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as the funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

17. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

18. If the Stipulation is terminated, the Settlement is not approved or the Effective Date does not occur, this Order shall become null and void and be without prejudice to the rights of Plaintiffs, the Class Members, and the SIPA Trustee, all of whom shall be restored to their respective positions in the Action and the SIPA Proceeding as set forth in the Stipulation.

SO ORDERED:

Dated: New York, New York  
March 11, 2015

  
NAOMI REICE BUCHWALD  
United States District Judge

#852467

# **Exhibit 1**



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

**Exhibit 1**

-----X

IN RE AMBAC FINANCIAL GROUP,  
INC. SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

-----X

**NOTICE OF PROPOSED SETTLEMENT OF CLAIM FILED  
IN THE SIPA LIQUIDATION OF LEHMAN BROTHERS INC.**

**TO: All persons or entities who purchased or acquired securities of Ambac Financial Group, Inc. (“Ambac”) in or traceable to the February 2007 Directly-Issued Subordinated Capital Securities offering (the “Class”).**

PLEASE READ THIS NOTICE CAREFULLY; YOUR RIGHTS WILL BE AFFECTED BY THE PROPOSED SETTLEMENT.

**INTRODUCTION AND SUMMARY**

1. Lead Plaintiffs, the Public School Teachers’ Pension & Retirement Fund of Chicago, Arkansas Teacher Retirement System, and Public Employees’ Retirement System of Mississippi, previously achieved two settlements with defendants in this securities class action litigation (the “Action”) totaling \$33 million: (i) a \$27.1 million settlement with Ambac and certain of its former officers and directors, on behalf of purchasers of all Ambac securities during the period from October 19, 2005 through July 18, 2009, and (ii) a \$5.9 million settlement with certain underwriters of Ambac’s February 2007 offering of Directly-Issued Subordinated Capital Securities (“DISCS”), on behalf of the Class (the “Underwriter Settlement”).<sup>1</sup>

2. This Notice is to apprise Class Members of an additional proposed settlement reached with James W. Giddens (the “SIPA Trustee”), as trustee for the liquidation of Lehman Brothers Inc. (“Lehman”) under the Securities Investors Protection Act of 1970 (“SIPA”) that provides for the resolution of the Claim filed by Lead Plaintiffs on behalf of themselves and the Class in Lehman’s SIPA liquidation proceeding in the United States Bankruptcy Court (the “Settlement”). Lehman had served as an underwriter of Ambac’s February 2007 DISCS offering and Lead Plaintiffs asserted claims against Lehman for violations of federal securities laws in the Action, but those claims were stayed pursuant to the Bankruptcy Code as a result of the filing of Lehman’s liquidation proceeding pursuant to SIPA.

3. **The Proposed Settlement:** The proposed Settlement, if approved by the Court, will result in the allowance of a general, unsecured creditor claim against Lehman’s estate in its SIPA liquidation proceeding in United States Bankruptcy Court in the amount of \$550,000 for

---

<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein have the meanings provided in the Stipulation Regarding Proofs of Claims of Public School Teachers’ Pension, et al. (Nos. 5626, 5627, 5628 and 5629) (the “Stipulation”) or in the Stipulation of Settlement with the Underwriter Defendants dated May 4, 2011, both of which are available at [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com).

the benefit of the Class (the “Allowed Claim”). The amount that will ultimately be recovered from Lehman’s estate with respect to the Allowed Claim is currently unknown but is estimated to be approximately 50% of the value of the Allowed Claim, or approximately \$275,000. This estimate is based on receipt of all future distributions in the SIPA Proceeding and the estimated amount of such distributions, which will depend on several factors, including how other disputed unliquidated contingent claims are resolved as well as litigation in which the SIPA Trustee is currently involved.

4. The amount recovered with respect to the Allowed Claim, less expenses related to the Settlement,<sup>2</sup> will be allocated among eligible Authorized Claimants based on their purchases of Ambac DISCS from February 12, 2007 to July 18, 2009. Only Class Members who previously submitted valid claim forms and who are eligible for future distributions from the settlement funds obtained in the Action will be eligible to share in the funds obtained through the Settlement.

5. **You do not need to submit a claim form or take any other action to be eligible to participate in the proposed Settlement.** If the Settlement is approved, the funds obtained as a result of the Allowed Claim will be distributed to eligible Authorized Claimants together with future distributions of the net settlement funds from the previous achieved settlements. Class Members who (1) previously submitted valid Claim Forms; (2) received a distribution from the Underwriter Settlement; (3) cashed their distribution check(s); and (4) would be entitled to a minimum payment of \$20 in the next distribution will be eligible to participate in the distribution of funds resulting from the proposed Settlement, if it is approved.

6. **Litigation Expenses Sought:** Lead Counsel Bernstein Litowitz Berger & Grossmann LLP and Kaplan Fox & Kilsheimer LLP are not seeking any attorneys’ fees in connection with the Settlement.<sup>3</sup> As part of their motion for final approval of the Settlement, the only litigation expenses incurred in connection with achieving the Settlement that will be applied for are the fees and expenses of bankruptcy counsel retained by Lead Plaintiffs, Lowenstein Sandler LLP (“Bankruptcy Counsel”), in an amount not to exceed \$85,000. Any expenses awarded by the Court will be paid from the funds received as a result of the Allowed Claim in the SIPA Proceeding pursuant to the Settlement. Class Members are not personally liable for any such expenses.

7. **Settlement Hearing:** The Court has scheduled a Settlement Hearing to consider the fairness of the proposed Settlement and Lead Plaintiffs’ motion for final approval of the Settlement, allocation of funds received as a result of the Settlement, and reimbursement of expenses incurred in connection with achieving the Settlement (the “Final Approval Motion”). The Settlement Hearing will be held on \_\_\_\_\_, 2015 at \_\_: \_\_.m. at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 21A, New York, NY.

---

<sup>2</sup> Such expenses include any Court-approved fees and expenses of Lead Plaintiffs’ Bankruptcy Counsel, Lowenstein Sandler LLP, any taxes which may be due on the recovered amounts, and the reasonable expenses of the Claims Administrator in providing notice of the Settlement and disseminating the Settlement funds.

<sup>3</sup> Lead Counsel may be contacted by mail at the addresses set forth in paragraph 27. In addition, Bernstein Litowitz Berger & Grossmann LLP may be contacted by telephone at (800) 380-8496 and by email at blbg@blbglaw.com. Kaplan Fox & Kilsheimer LLP may be contacted by telephone at (212) 687-1980.

8. As discussed below in paragraphs 27-30, if you wish to object to the Settlement and/or the Final Approval Motion, you must submit an objection in accordance with the instructions set forth below, so that it is *received* no later than \_\_\_\_\_, 2015.

## **BACKGROUND**

9. In the Consolidated Amended Class Action Complaint filed in the Action on August 25, 2008, Lead Plaintiffs asserted claims against Lehman for violations of Sections 11 and 12(a)(2) of the Securities Act of 1933 in connection with the February 2007 DISCS offering.

10. All claims asserted against Lehman in the Action were stayed pursuant to Section 362(a) of the Bankruptcy Code as a result of the filing of Lehman's liquidation proceeding, which commenced in September 2008.

11. On May 29, 2009, Lead Plaintiffs and Plaintiff Painting Industry Insurance and Annuity Funds (collectively, "Plaintiffs") timely filed four general creditor claims in Lehman's SIPA Proceeding based on Lehman's alleged violations of federal securities laws as asserted in this Action. One claim (Claim No. 5626) was filed on behalf of Lead Plaintiffs and other purchasers of Ambac securities, including the Class (the "Claim"), and three other claims (Claim Nos. 5627, 5628, and 5629) were filed individually on behalf of Plaintiffs Arkansas Teacher Retirement System, Painting Industry Insurance and Annuity Funds, and Public Employees' Retirement System of Mississippi, respectively (the "Individual Claims" and, together with the Claim, the "Claims").

12. In 2011, Lead Plaintiffs reached settlements with all defendants remaining in the Action other than Lehman: (i) a \$27.1 million settlement with Ambac and certain of its former officers and directors, and (ii) a \$5.9 million settlement with the underwriters of the February 2007 DISCS offering other than Lehman. Lehman was not included as a settling defendant or released party in either of the 2011 settlements. An initial distribution of the net settlement funds obtained in these settlements occurred in February 2014.

13. Following arm's-length negotiations, Plaintiffs and the SIPA Trustee have agreed to a proposed Settlement that provides for the resolution of the claims that Plaintiffs filed in the SIPA Proceeding on the terms and conditions set forth in the Stipulation Regarding Proofs of Claims of Public School Teachers' Pension, et al. (Nos. 5626, 5627, 5628 and 5629) dated November 11, 2014 (the "Stipulation"), subject to the approval of the Court.<sup>4</sup> On January 30, 2015, the United States Bankruptcy Court modified the automatic stay pertaining to Lehman to the extent necessary to permit review and approval of the Settlement by the District Court.

---

<sup>4</sup> As noted above, the Claims filed in the SIPA Proceeding included both the Claim filed on behalf of Lead Plaintiffs and the Class and three Individual Claims filed individually on behalf of three Plaintiffs. The Stipulation provides for the resolution of all of these Claims. The Individual Claims will be deemed withdrawn. Under the proposed Settlement, Plaintiffs will receive payment under the Allowed Claim on the same basis as all Class Members.

## WHAT DOES THE PROPOSED SETTLEMENT PROVIDE?

14. If the Settlement is approved, on the Effective Date,<sup>5</sup> Plaintiffs, on behalf of themselves and as lead plaintiffs on behalf of the Class in the Action, will have an allowed, general unsecured creditor claim against the Lehman general estate in the SIPA Proceeding in the amount of \$550,000 (the “Allowed Claim”) in respect of Claim No. 5626 and the Allowed Claim shall fully and finally resolve any and all Claims Plaintiffs have asserted against the Lehman estate under or in connection with the matters, transactions, and accounts that are the subject of the Claim. Plaintiffs, on behalf of themselves and as lead plaintiffs on behalf of the Class, 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 Lehman estate. Promptly after receiving notice of the District Court’s approval of the Settlement, the SIPA Trustee shall cause the Lehman general creditor claims register to be updated to reflect the Allowed Claim.

15. The amount that will ultimately be recovered from Lehman’s estate with respect to the Allowed Claim is currently unknown but is estimated to be approximately 50% of the value of the Allowed Claim, or approximately \$275,000. This estimate is based on receipt of all future distributions in the SIPA Proceeding and the estimated amount of such distributions, which will depend on several factors, including how other disputed unliquidated contingent claims are resolved as well as litigation in which the SIPA Trustee is currently involved.

16. The amount recovered with respect to the Allowed Claim, less expenses related to the Settlement, will be allocated to compensate Authorized Claimants in this Action with respect to their purchases of Ambac DISCS from February 12, 2007 to July 18, 2009 based on their Recognized Loss Amounts as previously calculated under the Court-approved Plan of Allocation. Only Class Members who previously submitted valid Claim Forms in the Action, received a distribution from the Underwriter Settlement, and who are eligible for future distributions from the settlement funds obtained in the Action will be eligible to share in the funds obtained through the Settlement.

17. Except for the obligations under the Stipulation, on the Effective Date, Plaintiffs, 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) Claim Nos. 5626, 5627, 5628 and 5629 filed in the SIPA Proceeding (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 Lehman, its estate, the SIPA Trustee, and the SIPA Trustee’s agents or attorneys, related to or arising out of the matters, transactions, and accounts that are the subject of the Claims.

18. If any Class Members have timely filed their own proofs of claim in Lehman’s SIPA Proceeding, the proposed Settlement will not bar, release or otherwise affect such claims.

---

<sup>5</sup> “Effective Date” means the date on which the District Court enters an order approving the Settlement on the terms and conditions set forth in the Stipulation and that order has become Final (as that term is defined in the Stipulation).

## **WHAT ARE THE REASONS FOR THE SETTLEMENT?**

19. Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate and in the best interests of the Class in light of the substantial costs of litigating a disputed claim in the SIPA Proceeding and the uncertainty as to the amount, if any, that could be recovered pursuant to the Claim. In the absence of the Settlement, Lead Plaintiffs would be required to seek certification of the Class in the Bankruptcy Court, engage in extensive discovery concerning the Claim, and prove the merits and damages of the Claim in order to obtain any recovery. The costs of pursuing the Claim through continued litigation could equal or exceed the amount that could be recovered from Lehman's estate, in light of the fact that Lehman only underwrote 5% of the February 2007 DISCS offering.

20. Based on their consideration of these factors, Lead Plaintiffs and Lead Counsel, along with Bankruptcy Counsel, have concluded that the Settlement, providing for an Allowed Claim in the amount of \$550,000, is fair, reasonable and adequate to Lead Plaintiffs and the Class, and in their best interests.

## **WHO IS A MEMBER OF THE CLASS?**

21. The Class, which was previously certified for the Underwriter Settlement, consists of all persons or entities who purchased or acquired Ambac securities in or traceable to the February 2007 Directly-Issued Subordinated Capital Securities offering. Excluded from the Class are Ambac; Defendants; members of the immediate families of any Defendant; and their legal representatives, heirs, successors or assigns. Also excluded from the Class are any persons or entities who or which were previously excluded by the Court in response to a request for exclusion.

## **WHAT PAYMENT ARE ATTORNEYS FOR THE CLASS SEEKING?**

22. Lead Counsel will not seek any attorneys' fees in connection with this Settlement. As part of their Final Approval Motion, Lead Plaintiffs will apply to the Court for reimbursement of litigation expenses consisting only of fees and expenses of Bankruptcy Counsel incurred in connection with achieving the Settlement in an amount not to exceed \$85,000. The Court will determine the amount to be awarded, which will be paid from the funds obtained as a result of the Allowed Claim in the SIPA Proceeding pursuant to the Settlement. Class Members are not individually responsible for any of these expenses.

## **WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?**

23. A hearing will be held on \_\_\_\_\_, 2015, at \_\_:\_\_\_ \_\_.m., before the Honorable Naomi Reice Buchwald in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 21A, New York, New York (the "Settlement Hearing"). At the Settlement Hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate and should be approved, and whether the Final Approval Motion should be approved.

24. Class Members may appear at the Settlement Hearing and be heard on any of the foregoing matters, if they have satisfied the procedures identified in paragraphs 27-33, below. Class Members do not need to attend the Settlement Hearing. The Court will consider any

submission made in accordance with the provisions below even if a Class Member does not attend the hearing.

**WHAT DO I NEED TO DO?**

25. Nothing. Unless you wish to object to the Settlement and/or the Final Approval Motion or be heard at the Settlement Hearing (discussed below), you do not need to take any action.

**HOW WILL THE FUNDS RECEIVED AS A RESULT OF THE SETTLEMENT BE DISTRIBUTED?**

26. **You do not need to submit a claim form or take any other action.** If the Settlement is approved, the funds received as a result of the Allowed Claim in the SIPA Proceeding will be added to the balance remaining for distribution to previously approved Authorized Claimants who received a distribution from the Underwriter Settlement, and who, pursuant to the Order Approving Distribution Plan dated November 15, 2013 (the “Distribution Order”), are eligible to participate in subsequent distributions.<sup>6</sup>

**WHAT ARE THE PROCEDURES FOR OBJECTING TO THE PROPOSED SETTLEMENT?**

27. Any Class Member may object to the proposed Settlement and/or the Final Approval Motion. Objections must be in writing. Any objection, together with copies of all other papers and briefs supporting the objection, must be filed with the Clerk’s Office at the United States District Court for the Southern District of New York on or before \_\_\_\_\_, 2015. The papers must also be served on Lead Counsel and counsel for the SIPA Trustee at the addresses set forth below so that the papers are *received* on or before \_\_\_\_\_, 2015.

**Clerk’s Office**

Clerk of the Court  
 United States District Court for the  
 Southern District of New York  
 500 Pearl Street  
 New York, NY 1007

**Lead Counsel**

Lauren A. Ormsbee, Esq.  
 BERNSTEIN LITOWITZ  
 BERGER & GROSSMANN LLP  
 1285 Avenue of the Americas,  
 38th Floor  
 New York, NY 10019

Frederic S. Fox, Esq.  
 KAPLAN FOX &  
 KILSHEIMER LLP  
 850 Third Avenue, 14th Floor  
 New York, NY 10022

**Counsel for the SIPA Trustee**

Robert B. Funkhouser, Esq.  
 HUGHES HUBBARD & REED  
 LLP  
 One Battery Park Plaza  
 New York, NY 10004

28. Any objection (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; and (b) must contain a statement

---

<sup>6</sup> Pursuant to the terms of the Distribution Order, only those Authorized Claimants who cashed their previous distribution check(s) and whose *pro rata* share of the next distribution would be at least \$20.00 are eligible to receive checks in subsequent distributions. See Distribution Order ¶¶ 3(f), 3(g)(i).

of the Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention. If you wish to object but you have not received a distribution payment in this Action, you must also include documents sufficient to show your membership in the Class with your objection.

29. You may not object to the Settlement or the Final Approval Motion if you are not a member of the Class.

30. Unless otherwise ordered by the Court, any Class Member who does not make and serve his, her or its objection or opposition in the manner provided shall be deemed to have waived his, her or its right to object to the Settlement and the Final Approval Motion and shall forever be barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement or the requested expenses, or from otherwise being heard concerning the Settlement.

### **HOW CAN I SPEAK AT THE SETTLEMENT HEARING?**

31. If you wish to be heard at the hearing in opposition to approval of the Settlement and/or the Final Approval Motion, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and counsel for the SIPA Trustee at the addresses set forth above so that it is *received* on or before \_\_\_\_\_, 2015.

32. You may file an objection without having to appear at the Settlement Hearing. You may not, however, present your objection at the Settlement Hearing unless you first file and serve a written objection in accordance with the procedures described above.

33. You do not need to hire an attorney in order to make a written objection to the Settlement and/or the Final Approval Motion or to appear at the Settlement Hearing. If you do decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Lead Counsel and counsel for the SIPA Trustee at the addresses set forth above so that the notice is *received* on or before \_\_\_\_\_, 2015.

34. The Settlement Hearing may be adjourned by the Court without further notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

### **HOW CAN I GET MORE INFORMATION ABOUT THE SETTLEMENT?**

35. You may obtain a full copy of the Stipulation at [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com), or by writing to the Court-approved Administrator, as follows:

Ambac Financial Group, Inc. Securities Litigation  
c/o Rust Consulting, Inc.  
P.O. Box 2457  
Faribault, MN 55021-9157  
Telephone: (877) 497-5866  
Email: [info@ambacsecuritieslitigation.com](mailto:info@ambacsecuritieslitigation.com)

You may also obtain additional copies of this Notice by calling, writing or emailing the Administrator at the number or addresses above at any time prior to the Settlement Hearing. Additional information about the Action and the previous settlements is also available at [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com). Lead Plaintiffs' papers in support of the Final Approval Motion and any related Orders of the Court will also be posted on [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com)

36. For other inquiries, you may contact Lead Counsel at the addresses set out in paragraph 27 above. In addition, Bernstein Litowitz Berger & Grossmann LLP may be contacted by telephone at (800) 380-8496 and by email at [blbg@blbglaw.com](mailto:blbg@blbglaw.com), and Kaplan Fox & Kilsheimer LLP may be contacted by telephone at (212) 687-1980.

**PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT FOR INFORMATION OR ADVICE.**

Dated: \_\_\_\_\_, 2015

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

#852459



# **Exhibit 2**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

Exhibit 2

-----X

IN RE AMBAC FINANCIAL GROUP,  
INC. SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

-----X

**SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLAIM  
FILED IN THE SIPA LIQUIDATION OF LEHMAN BROTHERS INC.**

**TO: All persons or entities who purchased or acquired securities of Ambac Financial Group, Inc. (“Ambac”) in or traceable to the February 2007 Directly-Issued Subordinated Capital Securities offering (the “Class”).<sup>1</sup>**

**PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A PROPOSED SETTLEMENT.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, that Lead Plaintiffs in the above-captioned action (the “Action”) have reached a proposed settlement with the trustee for the liquidation of Lehman Brothers Inc. (“Lehman”) under the Securities Investors Protection Act of 1970 (“SIPA”) that provides for the resolution of the Claim filed by Lead Plaintiffs on behalf of themselves and the Class in Lehman’s SIPA liquidation proceeding in the United States Bankruptcy Court (the “Settlement”).

If the Settlement is approved by the Court, it will result in the allowance of a general, unsecured creditor claim against Lehman’s estate in the SIPA liquidation proceeding in the amount of \$550,000 for the benefit of the Class (the “Allowed Claim”). The amount that will ultimately be recovered from Lehman’s estate with respect to the Allowed Claim is currently unknown but is estimated to be approximately 50% of the value of the Allowed Claim, or approximately \$275,000. This estimate is based on receipt of all future distributions in the SIPA Proceeding and the estimated amount of such distributions, which will depend on several factors, including how other disputed unliquidated contingent claims are resolved as well as litigation in which the SIPA Trustee is currently involved.

The amount recovered with respect to the Allowed Claim, less expenses related to the Settlement, will be allocated among eligible Authorized Claimants based on their purchases or acquisitions of Ambac DISCS from February 12, 2007 to July 18, 2009. Only Class Members who previously submitted valid claim forms, and who are eligible for future distributions from the settlement funds obtained in the Action will be eligible to share in the funds obtained through the Settlement.

**You do not need to submit a claim form or take any other action to be eligible to receive funds obtained through the proposed Settlement.** If the Settlement is approved, funds

---

<sup>1</sup> Ambac Directly-Issued Subordinated Capital Securities (“DISCS”) (CUSIP No. 023139AF5) were the only securities issued in this offering.

received in connection with the Allowed Claim will be distributed to eligible Authorized Claimants together with future distributions of the net settlement funds from the previously achieved settlements.

Lead Plaintiffs previously achieved two settlements in this Action in 2011 for a total of \$33 million: (i) a \$27.1 million settlement with Ambac and certain of its former officers and directors, on behalf of purchasers of all Ambac securities during the period from October 19, 2005 through July 18, 2009, and (ii) a \$5.9 million settlement with certain underwriters of Ambac's February 2007 DISCS offering, on behalf of the Class (the "Underwriter Settlement"). An initial distribution of the net settlement funds obtained in these settlements occurred in February 2014.

Lehman served as an underwriter of Ambac's February 2007 DISCS offering. In the Complaint filed in this Action, Lead Plaintiffs asserted claims against Lehman for violations of Sections 11 and 12(a)(2) of the Securities Act of 1933 in connection with the February 2007 DISCS offering. However, all claims asserted against Lehman were stayed pursuant to the Bankruptcy Code as a result of the filing of Lehman's liquidation proceeding pursuant to SIPA. Lehman was not included as a settling defendant in the 2011 settlements. Lead Plaintiffs timely filed general creditor claims on behalf of themselves and the Class in Lehman's SIPA Proceeding based on Lehman's alleged violations of federal securities laws as asserted in this Action.

Following arm's-length negotiations, Lead Plaintiffs and the SIPA Trustee have agreed that the Claim that Lead Plaintiffs filed on behalf of themselves and the Class in the SIPA Proceeding shall have an allowed value of \$550,000. As part of the agreement, Lead Plaintiffs and Plaintiff Painting Industry Insurance and Annuity Funds (collectively, "Plaintiffs") have agreed to withdraw three individual claims filed by Plaintiffs in the SIPA Proceeding. The Allowed Claim will receive proportionally the same payments or distributions as are generally received by holders of other allowed general, unsecured claims against the Lehman estate in the SIPA Proceeding.

In exchange for the Allowed Claim, Plaintiffs, on behalf of themselves, their successors and assigns, and on behalf of any other party, person, or entity claiming by, through or under them, will forever waive and release (i) the claims filed by Plaintiffs in the SIPA Proceeding (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 they have, may have ever had, or can, could, shall, or may have against Lehman, its estate, the SIPA Trustee, and the SIPA Trustee's agents or attorneys, related to or arising out of the matters, transactions, and accounts that are the subject of the Claims. If any Class Members have timely filed their own individual proofs of claim in Lehman's SIPA Proceeding, the proposed Settlement will not bar, release or otherwise affect such claims.

Lead Plaintiffs believe, in light of the hurdles to recovering on a disputed claim in the SIPA Proceeding, the costs of achieving a recovery on such a claim through litigation and the uncertainty of the amount, if any, that could be recovered even if they prevailed, that the proposed Settlement is in the best interests of the Class.

A Settlement Hearing will be held on \_\_\_\_\_, 2015 at \_\_\_\_\_.m before the Honorable Naomi Reice Buchwald in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom

21A, New York, NY 10007. At the Settlement Hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate and should be approved, and whether Lead Plaintiffs' motion for approval of the Settlement, allocation of funds to be received as a result of the Settlement, and reimbursement of expenses incurred in connection with achieving the Settlement in an amount not to exceed \$85,000 (the "Final Approval Motion") should be approved.

**If you are a member of the Class, your rights will be affected by the Settlement. PLEASE NOTE, only Class Members who (1) previously submitted valid Claim Forms; (2) received a distribution from the Underwriter Settlement; (3) cashed their distribution check(s); and (4) would be entitled to a minimum payment of \$20 in the next distribution, will be eligible to participate in the distribution of funds resulting from the proposed Settlement.**

Please review the full Notice of Proposed Settlement of Claim Filed in the SIPA Liquidation of Lehman Brothers Inc. (the "Notice"), which provides more details about the proposed Settlement, the full definition of the Class, and the definitions of capitalized terms used in this Summary Notice. The Notice is available for downloading at [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com) and from Lead Counsel's websites, [www.blbglaw.com](http://www.blbglaw.com) and [www.kaplanfox.com](http://www.kaplanfox.com). Copies of the Notice can also be requested by writing to *In re Ambac Financial Group, Inc. Securities Litigation*, c/o Rust Consulting, Inc., P.O. Box 2457, Faribault, MN 55021, by toll-free telephone at (877) 497-5866, or by emailing a request to [info@ambacsecuritieslitigation.com](mailto:info@ambacsecuritieslitigation.com), at any time prior to the Settlement Hearing.

Any objections to the proposed Settlement or to the Final Approval Motion, must be filed with the Court and delivered to Lead Counsel and counsel for the SIPA Trustee such that they are *received* no later than \_\_\_\_\_, 2015, 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, may be made to Lead Counsel:

Lauren A. Ormsbee, Esq.  
BERNSTEIN LITOWITZ  
BERGER & GROSSMANN LLP  
1285 Avenue of the Americas,  
38th Floor  
New York, NY 10019  
(800) 380-8496  
[www.blbglaw.com](http://www.blbglaw.com)

Frederic S. Fox, Esq.  
KAPLAN FOX & KILSHEIMER LLP  
850 Third Avenue, 14th Floor  
New York, NY 10022  
(212) 687-1980  
[www.kaplanfox.com](http://www.kaplanfox.com)

By Order of the Court

# **Exhibit 3**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

**Exhibit 3**

-----x

IN RE AMBAC FINANCIAL GROUP, INC.  
SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

-----x

**JUDGMENT APPROVING SETTLEMENT OF CLAIM  
FILED IN THE SIPA LIQUIDATION OF LEHMAN BROTHERS INC.**

WHEREAS, Lead Plaintiffs, the Public School Teachers' Pension & Retirement Fund of Chicago, Arkansas Teacher Retirement System, and Public Employees' Retirement System of Mississippi ("Lead Plaintiffs") and Plaintiff Painting Industry Insurance and Annuity Funds (collectively, "Plaintiffs"), on behalf of themselves and as lead plaintiffs in the above-captioned action (the "Action"), and James W. Giddens (the "SIPA Trustee"), as trustee for the liquidation of Lehman Brothers Inc. ("Lehman") under the Securities Investor Protection Act of 1970, as amended ("SIPA"), have entered into a Stipulation Regarding Proofs of Claims of Public School Teachers' Pension, et al. (Nos. 5626, 5627, 5628 and 5629) dated November 11, 2014 (the "Stipulation"), that provides for, among other things, the resolution of the Claim submitted by Lead Plaintiffs on behalf of themselves and the Class in Lehman's SIPA liquidation proceeding, *In re Lehman Bros. Inc.*, Case No. 08-01420 (SCC) SIPA (Bankr. S.D.N.Y.) (the "SIPA Proceeding") on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the "Settlement");

WHEREAS, the United States Bankruptcy Court for the Southern District of New York has entered an Stipulation and Order dated January 30, 2015 providing that "the automatic stay pursuant to section 362(a) of the Bankruptcy Code and the LBI Liquidation Order shall be modified solely to the extent necessary to permit Claimants to seek and obtain District Court

Approval of the settlement of the Claim as set forth in the Settlement Stipulation, including, but not limited to, approval of distribution, notice and hearing procedures”;

WHEREAS, by Order dated \_\_\_\_\_, 2015 (the “Preliminary Approval Order”), this Court (i) preliminarily approved the Settlement; (ii) ordered that notice of the proposed Settlement be provided to the Class; and (iii) scheduled a hearing regarding final approval of the Settlement and related matters;

WHEREAS, notice of the hearing substantially in the form approved by the Court was published on the case website, [www.AmbacSecuritiesLitigation.com](http://www.AmbacSecuritiesLitigation.com), as well as on Lead Counsel’s firm websites and the Summary Notice was mailed in accordance with the Preliminary Approval Order and was published over the *PR Newswire*, pursuant to the specifications of the Court;

WHEREAS, the Court conducted a hearing on \_\_\_\_\_, 2015 to consider, among other things, (i) whether the terms and conditions of the Settlement are fair, reasonable and adequate and should be approved; and (ii) whether Lead Plaintiffs’ motion for approval of the Settlement, allocation of funds to be received as a result of the Settlement, and reimbursement of expenses incurred in connection with achieving the Settlement (the “Final Approval Motion”) should be granted; and

WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the proposed Settlement, and the record in the Action, and good cause appearing therefor;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. This Court has jurisdiction over the subject matter of the Action and personal jurisdiction over Plaintiffs and the SIPA Trustee (together, the “Settling Parties”) and each of the Class Members.

2. This Judgment incorporates by reference the definitions in the Stipulation and the Stipulation of Settlement with the Underwriter Defendants dated May 4, 2011 (the “Underwriter Stipulation”), and all capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation or the Underwriter Stipulation.

3. This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on March \_\_, 2015; and (b) the Notice of Proposed Settlement of Claim Filed in the SIPA Liquidation of Lehman Brothers Inc. (the “Notice”) and the Summary Notice of Proposed Settlement of Claim Filed in the SIPA Liquidation of Lehman Brothers Inc. (the “Summary Notice”), both of which were filed with the Court on \_\_\_\_\_, 2015.

4. The Class previously certified for purposes of the settlement with the Underwriter Defendants is certified for purposes of this Settlement. The Class consists of all persons or entities who purchased or acquired Ambac securities in or traceable to the February 2007 Directly-Issued Subordinated Capital Securities offering. Excluded from the Class are: Ambac; Defendants; members of the immediate families of any Defendant; and their legal representatives, heirs, successors or assigns. Also excluded from the Class are any persons or entities who or which were previously excluded by the Court in response to a request for exclusion.

5. Solely for purposes of the proposed Settlement, the Court finds that each element required for certification of the Class pursuant to Rule 23 of the Federal Rules of Civil Procedure has been met: (a) the members of the Class are so numerous that their joinder in the Action



would be impracticable; (b) there are questions of law and fact common to the Class which predominate over any individual questions; (c) the claims of Plaintiffs are typical of the claims of the Class; (d) Plaintiffs and Lead Counsel have and will fairly and adequately represent and protect the interests of the Class; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Claim submitted in Lehman's SIPA Proceeding. The Court further finds that no further opportunity to request exclusion from the Class is necessary.

6. The Court finds that the publication and dissemination of the Notice and the Summary Notice: (a) were implemented in accordance with the Preliminary Approval Order; (b) constituted notice that was reasonable, under the circumstances, to apprise Class Members of the effect of the proposed Settlement and of their right to appear at the Settlement Hearing and object to the proposed Settlement and/or the Final Approval Motion; (c) constituted due, adequate and sufficient notice to all persons or entities entitled to receive notice of the proposed Settlement; and (d) satisfied the requirements of Rules 23(e)(1) and 23(h)(1) of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), and all other applicable law and rules.

7. The Court finds that Lead Plaintiffs are legal holders of the Claim on behalf of the Class.

8. Pursuant to, and in accordance with, Rule 23(e) of the Federal Rules of Civil Procedure, this Court hereby fully and finally approves the Settlement as set forth in the Stipulation as fair, reasonable and adequate.

9. On the Effective Date, Plaintiffs, on behalf of themselves and as lead plaintiffs on behalf of the Class, will have an allowed, general unsecured creditor claim against the Lehman general estate in the SIPA Proceeding 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 Plaintiffs have asserted against the Lehman estate under or in connection with the matters, transactions, and accounts that are the subject of the Claim. Plaintiffs, on behalf of themselves and as lead plaintiffs on behalf of the Class, 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 Lehman estate. Promptly after receiving notice of this Court's approval of the Settlement, the SIPA Trustee shall cause the Lehman general creditor claims register to be updated to reflect the Allowed Claim.

10. Except for the obligations under the Stipulation, on the Effective Date, Plaintiffs, 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) Claim Nos. 5626, 5627, 5628 and 5629 filed in the SIPA Proceeding<sup>1</sup> (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 Lehman, its estate, the SIPA Trustee, and the SIPA Trustee's agents or attorneys, related to or arising out of the matters, transactions, and accounts that are the subject of the Claims.

11. If any Class Members have timely filed their own proofs of claim in Lehman's SIPA Proceeding, the Settlement does not bar, release or otherwise affect such claims.

---

<sup>1</sup> Claim Nos. 5627, 5628 and 5629 are individual claims filed on behalf Plaintiffs Arkansas Teacher Retirement System, Painting Industry Insurance and Annuity Funds, and Public Employees' Retirement System of Mississippi, respectively.

12. The Court finds that the Settling Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the Settlement.

13. The Court approves Lead Plaintiffs' proposal that the funds received as a result of the Allowed Claim in the SIPA Proceeding pursuant to the Settlement (less expenses related to the Settlement, including the fees and expenses of Lowenstein Sandler LLP approved herein, any taxes which may be due on the recovered amounts, and the reasonable expenses of the Claims Administrator in providing notice of the Settlement and disseminating the Settlement funds) be allocated to compensate Authorized Claimants with respect to their purchases or acquisitions of Ambac DISCS from February 12, 2007 to July 18, 2009 based on their Recognized Loss Amounts as calculated under the Plan of Allocation previously approved by the Court. Only Class Members who previously submitted valid claim forms in the Action, received a distribution from the Underwriter Settlement, and are eligible for future distributions from the settlement funds obtained in the Action will be eligible to share in the funds obtained through the Settlement.

14. In the Order Approving Distribution Plan dated November 15, 2013, this Court previously ordered that "if there is any recovery received in connection with the resolution of the Class's proof of claim filed in the Lehman Brothers, Inc. SIPC proceeding pending in the Bankruptcy Court in New York, the balance due to Lowenstein Sandler LLP of \$16,524.83 and any additional reasonable fees and expenses incurred by Lowenstein Sandler LLP and approved by Lead Counsel with respect to the prosecution and settlement of that claim in the Bankruptcy Court shall be paid out of that recovery." Lead Counsel have now moved for reimbursement of a total of \$\_\_\_\_\_, which includes the \$16,524.83 balance due to Lowenstein Sandler LLP as of

October 2013 as well as \$\_\_\_\_\_ in additional fees and expenses incurred by Lowenstein Sandler LLP since that date. The Court approves the reimbursement of the total of \$\_\_\_\_\_ for Lowenstein Sandler LLP's fees and expenses, which shall be paid from the funds received as a result of the Allowed Claim in the SIPA Proceeding pursuant to the Settlement.

15. Without affecting the finality of this Judgment in any way, this Court retains continuing jurisdiction over: (a) the Settling Parties for purposes of the administration, interpretation, implementation and enforcement of the Settlement; and (b) Class Members for all matters relating to the Action.

16. Without further approval from the Court, the Settling Parties are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation to effectuate the Settlement that are not materially inconsistent with this Judgment. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any provisions of the Settlement.

17. If the Effective Date does not occur, then this Judgment (and any orders of the Court relating to the Settlement) shall be vacated, rendered null and void and be of no further force or effect, except as otherwise provided by the Stipulation.

18. There is no just reason to delay entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED:

Dated: New York, New York  
\_\_\_\_\_, 2015

\_\_\_\_\_  
NAOMI REICE BUCHWALD  
United States District Judge

#852591