

**SETTLEMENT AND RELEASE AGREEMENT BETWEEN JAMES W. GIDDENS AS
TRUSTEE FOR LEHMAN BROTHERS INC. AND BARCLAYS CAPITAL, INC.**

This Settlement and Settlement Agreement ("Settlement Agreement") is executed and delivered by and between James W. Giddens, as Trustee (the "Trustee") for the Liquidation of the business of Lehman Brothers Inc. ("LBI"), and Barclays Capital, Inc. ("Barclays") (each individually a "Party" and, collectively, the "Parties") regarding certain To-Be-Announced ("TBA") transactions referenced in certain Trade Assignment Agreements (the "Assignment Agreements") dated on or around September 18, 2008, including the Annexes thereto and the trades and securities referenced therein (the "Transactions").

NOW, THEREFORE, in consideration of the mutual covenants and representations and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties hereto, the Parties agree as follows:

1. **Release.**

a. Subject to the performance by Barclays of its obligations under Section 3 below, each Party, on its own behalf and on behalf of its agents, advisers, employees, subsidiaries, assigns, heirs, attorneys, successors, and representatives (the "Releasors"), in consideration of the execution and delivery of this Settlement Agreement and other good and valuable consideration received from the other, the receipt and sufficiency of which is hereby acknowledged, hereby releases, waives, acquits and forever discharges (collectively, "Release") the other Party, its successors and assigns, heirs, attorneys, and representatives including, in the case of the Trustee, the Securities Investor Protection Corporation (the "Releasees"), and each of them, from any and all Claims which the Releasors may have or may hereafter claim to have, or which might have been alleged, against the Releasees arising out of or relating to or in connection with the Transactions, from the beginning of the world to the date hereof. As used in this paragraph and elsewhere in this Settlement Agreement, the term "Claims" means and refers to any and all accounts, actions, agreements, bonds, bills, causes of action, claims, contracts, controversies, costs, covenants, damages, disputes, proceedings, duties, penalties, debts, executions, judgments, lawsuits, liabilities, obligations, promises, reckonings, specialties, suits, sums of money, trespasses, variances, of whatever kind, nature, character or description,

including, without limitation, claims for monies, damages (whether direct, indirect, liquidated, consequential or incidental), equitable relief of any kind, costs, expenses, losses and attorneys', accountants' and experts' fees and expenses, and suits of every nature and description whatsoever, from the beginning of time to the end of time, whether known or unknown, anticipated or unanticipated, suspected or unsuspected, whether asserted or unasserted, accrued or unaccrued, whether based on federal, state, local, foreign, statutory, common law or any other law, rule or regulation (including, without limitation, the New York Uniform Commercial Code and the common law relating to the rights of pledgors and pledgees with respect to pledged collateral), whether based upon contract, warranty, tort, fraud, negligence, or otherwise, whether at law or in equity, and whether for sums of money, costs, interest, expenses, attorneys' fees, injunctive relief, declaratory relief or other equitable relief. For the avoidance of doubt, but without in any way limiting the generality of the foregoing, the Release specifically includes any and all Claims asserting an entitlement to any payment, delivery, compensation or other remuneration or remedy under the terms of the Transactions (including without limitation any and all Claims as to which the parties have previously agreed to toll the applicable statute of limitations, pursuant to the Tolling Agreement dated September 17, 2010 (attached as Exhibit A) and the various amendments thereto, including the amendment dated January 31, 2013 (attached as Exhibit B)), and each Party expressly acknowledges and agrees that, upon executing this Settlement Agreement and granting the Releases contained herein, it shall have no further rights or obligations in connection with the Transactions.

b. Except as expressly set forth herein, and notwithstanding anything else contained herein to the contrary, each of the Parties' rights, defenses, counterclaims, and cross-claims with respect to any litigation, contested matter, claims adjudication or other dispute each might have against the other (unrelated to the Transactions) are fully preserved, including without limitation, any such other rights, defenses, counterclaims, and cross-claims asserted in connection with or related to (i) the Trustee's Motion for Relief Pursuant to the Sale Order or, Alternatively, for Certain Limited Relief Under Rule 60(b), dated September 15, 2009 (LBI Docket No. 1682), (ii) the Trustee's adversary complaint and amended adversary complaint against Barclays (Adversary No. 09-01732 (JMP), Docket Nos. 1, 11), (iii) Barclays' Motion to Enforce the Sale Order and Secure Delivery of All Undelivered Assets (LBI Docket No. 2582, Case No. 08-13555 Docket No. 6814), (iv) any order or judgment (including the Court's bench

ruling of June 6, 2011 (LBI Docket No. 4482), or any appeal from any such order or judgment, concerning, the foregoing matters (i) through (iii).

2. **Representations and Warranties.**

a. Each Party hereby represents and warrants to the other Party that it has not assigned, transferred or conveyed, or purported to assign, transfer or convey, to any person or entity whomsoever, any right, title, interest or claim that it may have, or may at one time have had, in any matter covered by the Releases contained in Paragraph 1 of this Settlement Agreement, including (without limitation) any claim based upon, arising out of, or in any way relating to the Transactions.

b. Each Party hereby represents and warrants to the other Party that the person signing this Settlement Agreement on its behalf is duly authorized to enter into this Settlement Agreement on that Party's behalf and that no further consent or approval is required from or by any other person, party, or entity in order for such Party to enter into, or carry out, the provisions of this Settlement Agreement.

c. Each Party hereby represents and warrants to the other Party that: (i) it has the power and authority to execute this Settlement Agreement; (ii) neither the execution nor the performance of this Settlement Agreement by such Party violates any other contract by which such Party is bound; (iii) neither the execution nor the performance of this Settlement Agreement by such Party violates any charter, regulation, corporate resolution, by-law or other corporate restriction to which such Party is subject; and (iv) upon its execution and the occurrence of the Effective Date (as defined below), this Settlement Agreement constitutes valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

d. Barclays hereby represents and warrants to the Trustee that there are no other contracts, agreements, understandings or financial transactions between LBI and the Barclays relating to the Transactions.

3. **Covenant.**

a. As promptly as practicable after the execution of this Settlement Agreement, the Trustee shall file a motion with the Bankruptcy Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure substantially in the form attached as Schedule A (the "Rule 9019 Motion") for entry of an Order substantially in the form attached as Schedule B (the "Order") approving this Settlement Agreement.

b. Within five (5) business days after the date the Order becomes final and non-appealable, Barclays will cause \$2,125,000.00 to be paid by wire transfer to the Trustee's account with Union Bank N.A. with the following wiring instructions:

Union Bank, N.A.	
ABA Number:	122-000-496
Account Number	37130196431
Account Name:	TRUSDG
Beneficiary Name:	James W. Giddens, Trustee, LBI Funds Account
Beneficiary Account:	6711860101

4. **Drafting And Construction of Agreement.** This Settlement Agreement is the product of negotiations between the Parties and shall be deemed to have been drafted jointly by all of the Parties hereto, and any uncertainties or ambiguities inherent in this Settlement Agreement, or arising therefrom, shall not be interpreted, construed or resolved in favor of, or against, any party or parties hereto based upon the principle of *contra proferentem* or any other doctrine of interpretation or construction that purports to attribute significance to the identity of the drafter.

5. **Entire Agreement.** This Settlement Agreement constitutes the entire and only agreement between the Parties with respect to the subject matter hereof, and the Parties hereby expressly agree that any and all other understandings or agreements heretofore had by them with respect to the subject matters covered herein, whether oral or written, are superseded by, and merged into, this Settlement Agreement which fully and completely expresses the

Parties' agreement. The Parties agree and affirm that the only consideration for the execution of this Settlement Agreement are the terms stated herein and that there are no other promises or agreements of any kind which have caused them to execute this instrument.

6. **Amendment Or Modification.** This Settlement Agreement may not be amended or modified orally. Accordingly, no amendment to, or modification of, this Settlement Agreement shall be effective unless it is made in writing and signed by duly authorized representatives of each and every Party to this Settlement Agreement.

7. **Change of Law.** The Parties agree that subsequent changes in any law deemed applicable, through legislation or judicial decision, which create or find additional or different rights or obligations of the Parties, shall not affect this Settlement Agreement.

8. **Notices.** Any notices, demands, requests and communications required to be made by or relating to this Settlement Agreement shall be made in writing and shall be deemed to have been duly given if sent by overnight courier or by facsimile, addressed as follows:

(a) if to the Trustee for LBI:

James W. Giddens
Trustee for the SIPA Liquidation of Lehman Brothers Inc.
c/o Daniel S. Lubell
HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004-1482
Facsimile: (212) 422-4726

(b) if to Barclays:

Alan Kaplan, Esq.
Deputy General Counsel, Americas
745 Seventh Avenue
New York, New York 10019

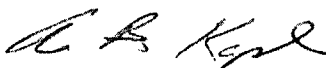
9. **Counterparts.** This Settlement Agreement may be executed in counterparts, and each of such counterparts shall for all purposes be deemed an original, but all

such counterparts shall together constitute but one and the same instrument. Facsimile or pdf signatures shall be deemed originals for purposes of executing this Agreement.

10. **Governing Law.** This Settlement Agreement, and its validity, interpretation and legal effect, shall be governed by, and construed in accordance with, the laws of the State of New York, without reference to conflicts of law (other than Section 5-1401 of the New York General Obligations Law) except to the extent that SIPA, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or local Bankruptcy Rules govern. Each of the Parties hereby submits to the jurisdiction of the Bankruptcy Court over any disputes arising from, or relating to, this Settlement Agreement. To the extent that any rule, regulation, or law purports to limit or condition a Party's right to release or waive claims, including future or unknown claims, the Parties agree that the words required to effectuate any of the releases and waivers contained herein (subject always to the other terms and conditions of this Settlement Agreement) are incorporated in this Settlement Agreement as if they appeared fully in the text, and each Party represents and warrants that it will not assert any such rule, regulation or law (or allow any rule, regulation or law to be asserted on its behalf) in any proceeding of any kind.

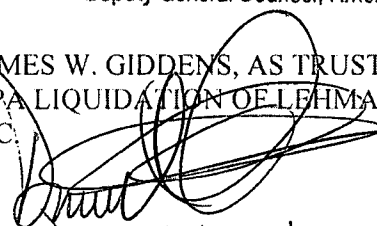
WITNESS the due execution hereof, intending to be legally bound hereby, this
2nd day of April 2013.

BARCLAYS CAPITAL, INC.



By: Alan M. Kaslan
Title: Deputy General Counsel, Americas

JAMES W. GIDDENS, AS TRUSTEE FOR THE
SIPA LIQUIDATION OF LEHMAN BROTHERS
INC.



By: Louise Lubell
Title: Authorized Signatory