

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into as of January 23, 2014 among the LBI Trustee, LBJ and the Japan Non-Liquidation Companies. Capitalized terms are used as defined in the Definitions in Section 1.01.

RECITALS

WHEREAS, on September 19, 2008, the Honorable Gerard E. Lynch, District Judge of the United States District Court for the Southern District of New York, entered the LBI Liquidation Order which, among other things, (i) appointed the LBI Trustee for the liquidation of the business of LBI pursuant to SIPA § 78eee(b)(3) and (ii) removed the case to the Bankruptcy Court pursuant to SIPA § 78eee(b)(1);

WHEREAS, on September 16, 2008, LBJ filed an application for commencement of civil rehabilitation proceedings under the Civil Rehabilitation Law of Japan with the Tokyo District Court (the "Japanese Court"). On September 19, 2008, the Japanese Court issued the commencement order for LBJ, whereby civil rehabilitation proceedings were commenced for LBJ (the "Japanese Proceedings"). On September 30, 2013, the Japanese Court issued an order to terminate the Japanese Proceedings;

WHEREAS, the LBI Trustee submitted claims against the Japanese Entities;

WHEREAS, the Japanese Entities filed claims against LBI;

WHEREAS, the Parties are desirous of resolving all disputes and issues between the LBI Trustee and the Japanese Entities so as to avoid extensive, uncertain and expensive litigation;

NOW, THEREFORE, in consideration of the recitals stated above, the agreements, promises and warranties set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I. DEFINITIONS, CONSTRUCTION & INTERPRETATION

Section 1.01 *Definitions*. Capitalized terms used herein shall have the following meanings:

Affiliate means each of LBHI and any entity of which LBHI was the direct or indirect ultimate parent company as of September 15, 2008.

Accepted Proprietary Claim means, collectively, the Exchange Traded Derivative Assets and the LBI Returning Assets.

Asset means, as the context requires, property, rights, Claims, including securities, financial instruments, and money.

Asset Return Agreement means the agreement in substantially the same form and substance as attached hereto as Schedule 6.

Bankruptcy Code means title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Bankruptcy Court Approval means the entry of a Final Order by the Bankruptcy Court approving this settlement and authorizing the LBI Trustee to execute and deliver this Settlement Agreement, perform all obligations hereunder and comply with the terms of this Settlement Agreement.

Barclays means Barclays Capital Inc. and Barclays Bank PLC.

Barclays Release Letter means a letter in substantially the same form and substance as Schedule 7 that is to be executed by Barclays and LBJ.

Business Day means any day that is not a Saturday, Sunday, United States federal holiday, a New York state holiday or a Japanese holiday.

Claim means: (i) right to payment of money or return of assets, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy (or right to payment to which it gives rise) is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

Conditions to Effectiveness means the occurrence of each of the following events: (i) Bankruptcy Court Approval; (ii) receipt by LBJ of the Barclays Release Letter; (iii) receipt by the LBI Trustee from each Japanese Exchange identified on Schedule 5 of the Exchange Traded Derivative Collateral specified on Schedule 5; and (iv) the LBI Trustee provides LBJ Notice of the receipt of the Exchange Traded Derivative Collateral.

Corporate Action means, in relation to any LBI Returning Asset, the receipt of a cash, stock or scrip dividend (and/or any election in relation to a dividend); a share/stock subdivision or split; a share consolidation or reverse share/stock split; a subscription rights issue; an open offer to existing ordinary shareholders in an issuer to subscribe for more shares on the terms and conditions of that offer; other offers to subscribe for shares (whether by way of tenders, privatization proposals, mandatory general offers or otherwise); a bonus issue or a bonus rights issue; the exercise of voting rights with respect to securities; an exercise of conversion rights in relation to convertible bonds and/or warrants; a capital reorganization; a merger; and any other analogous or similar action.

Corporate Event means, in relation to any LBI Returning Asset, payment of a dividend, payment of a coupon, payment of a redemption amount, an exchange of a security for a security or for cash or for any other Assets or for any combination of the same, and any other analogous or similar event (in each case where such event would not otherwise qualify as a Corporate Action).

Effective Date means the first Business Day after the Conditions to Effectiveness have occurred.

Encumbrance means any interest or equity of any Person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other right that encumbers or restricts the entitlement of the owner or holder of an Asset until one or more obligations owed to another Person are discharged in full, other encumbrance or security interest or arrangement of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid.

Exchange Traded Derivative Assets means the cash that LBJ received from each of the Japanese Exchanges in connection with the close-out of LBI's futures or options trading activities in the amount specified on Schedule 3.

Exchange Traded Derivative Collateral means the proceeds of the United States Treasury bills and cash collateral that were held at the Japanese Exchanges in connection with LBI's trading activities in the amounts specified in Schedule 5.

Execution Date means the date this Settlement Agreement is executed by all Parties.

Extended Lien Provision means (1) with respect to LBI, a term in any agreement between LBI and an Affiliate which purports to confer an Encumbrance in favor of any other Affiliate in respect of Assets to secure debts owed by LBI to such other Affiliate; and (2) with respect to each Japanese Entity, a term in any agreement between that Japanese Entity and an Affiliate which purports to confer an Encumbrance in favor of any other Affiliate in respect of Assets to secure debts owed by such Japanese Entity to such other Affiliate.

Final Order means an order of the Bankruptcy Court, the Japanese Court or any other court of competent jurisdiction that:

- i. is in full force and effect;
- ii. is not reversed or vacated; and
- iii. as to which the time to appeal, petition for certiorari, and move for reargument or rehearing has expired and (A) as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or (B) in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been timely sought, such appeal, writ of certiorari, or reargument or rehearing shall have been withdrawn, denied or resolved by the highest court to which such order was appealed or from which certiorari, rehearing or reargument was sought; provided that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure or applicable law, may be filed with respect to such order shall not prevent such order from being a Final Order.

Japanese Asset means, wherever located and by whomever held, any Asset owned or held directly or indirectly by any Japanese Entity or to which any Japanese Entity is directly or indirectly entitled.

Japanese Avoidance Actions means all avoidance actions and causes of action which may be brought by a Japanese Entity against any Japanese Released Party pursuant to applicable Japanese Law, including but not limited to Articles 127 through 130 of the Civil Rehabilitation Law of Japan.

Japanese Claims means the Japanese Customer Claims and the Japanese General Creditor Claims.

Japanese Court means the Tokyo District Court.

Japanese Customer Claims means the claims of the Japanese Entities listed in Schedule 2 that are allowed as a customer claim pursuant to this Settlement Agreement.

Japanese Entity means each of LBJ, LBFJ, LBRE, Hercules K.K., LBC Y.K. and Libertus, either jointly or severally.

Japanese Exchanges means the Japan Securities Clearing Corporation, the Osaka Securities Exchange Co., Ltd. and the Tokyo Financial Exchange Inc.

Japanese General Creditor Claims means the claims of the Japanese Entities listed in Schedule 1 that are allowed as non-priority general unsecured claims against LBI pursuant to this Settlement Agreement.

Japanese Law means the law of Japan.

Japanese Liquidators means the representative liquidators of LBJ, LBRE, Hercules K.K., the representative director of Libertus, the representative in Japan of LBFJ and the liquidator of LBC Y.K.

Japanese Non-Liquidation Companies means LBFJ, LBRE, Hercules K.K., LBC Y.K. and Libertus.

Japanese Non-Party Claim means any Claim of a Japanese Entity against any Person other than a Japanese Released Party.

Japanese Proceedings has the meaning ascribed to it in the Recitals.

Japanese Released Claim means all claims, demands, rights, duties, remedies, judgments, executions, debts, damages, liabilities, causes of action, costs, expenses, and Claims, of every kind, nature, character and description whatsoever, whether accrued or unaccrued, known or unknown, suspected or unsuspected, matured or unmatured, liquidated or unliquidated, certain or contingent, whether based on contract, federal, state, local, statutory or common law (including Japanese Law) or any other law, rule or regulation of any jurisdiction, or otherwise, that have been, could have been or might hereafter be asserted in any action, suit or proceeding,

whether directly, indirectly, representatively or in any other capacity, in law or in equity, against any of the Japan Released Parties arising out of or in any way related to any members of the former Lehman Brothers group (including, without limitation, the business activities, assets or liabilities thereof). The release of the Japanese Released Claims by the Japanese Releasing Parties shall be a waiver and relinquishment, to the fullest extent permitted by law, of all provisions, laws and rules limiting relinquishment of unknown or unsuspected claims, including the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR”

and any and all provisions, rights and benefits of any similar statute or common law rule of any other jurisdiction. The term Japanese Released Claim shall specifically include, without limitation: (i) any administrative expense claim arising under applicable Japanese Law or US Bankruptcy Law, (ii) any US Avoidance Action or Japanese Avoidance Action, (iii) any right of subrogation; and (iv) any Claim based upon any Extended Lien Provision.

Japanese Released Party means each of the following persons: (i) LBI, (ii) the LBI Trustee, (iii) SIPC, (iv) all past and present employees, professionals and advisors of SIPC, LBI and the LBI Trustee, respectively (each, in their capacities as such and solely with respect to services rendered on or after September 19, 2008), and (v) all successors, assigns, heirs, and personal representatives, and all past and present officers, directors, employees, agents, representatives, consultants, financial advisors, accountants and attorneys, of each Person referred to in this definition (each, in their capacities as such and solely with respect to services rendered on or after September 19, 2008).

Japanese Releasing Party means each Japanese Entity, on behalf of itself, its estate, its successors and assigns, and any Person claiming through or on behalf of such Japanese Entity (including the Japanese Liquidators, in their capacities as liquidators of the Japanese Entities).

LBFJ means Lehman Brothers Finance (Japan) Inc.

LBHI means Lehman Brothers Holdings Inc.

LBI means Lehman Brothers Inc.

LBI Claims means the Claims of the LBI Trustee for the LBI Returning Assets and Exchange Traded Derivative Assets which are treated as accepted and agreed proprietary claims pursuant to this Settlement Agreement.

LBI Asset means, wherever located and by whomever held, any Asset held by the LBI Trustee or to which the LBI Trustee is entitled.

LBI Fund of Customer Property means the fund of LBI property available for the payment of customer claims against LBI.

LBI Liquidation Order means the Order Commencing Liquidation, entered September 19, 2008, by the Honorable Gerard E. Lynch, District Judge of the United States District Court for the Southern District of New York, pursuant to the provisions of SIPA in the case captioned SIPC vs. LBI, Case No. 08-CIV-8119 (GEL).

LBI Non-Party Claim means any Claim of LBI or the LBI Trustee against any Person other than an LBI Released Party.

LBI Released Claim means all claims, demands, rights, duties, remedies, judgments, executions, debts, damages, liabilities, causes of action, costs, expenses, and Claims, of every kind, nature, character and description whatsoever, whether accrued or unaccrued, known or unknown, suspected or unsuspected, matured or unmatured, liquidated or unliquidated, certain or contingent, whether based on contract, federal, state, local, statutory or common law (including Japanese Law) or any other law, rule or regulation of any jurisdiction, or otherwise, that have been, could have been or might hereafter be asserted in any action, suit or proceeding, whether directly, indirectly, representatively or in any other capacity, in law or in equity, against the any of the LBI Released Parties arising out of or in any way related to any members of the former Lehman Brothers group (including, without limitation, the business activities, assets or liabilities thereof). The release of the LBI Released Claims by the LBI Releasing Parties shall be a waiver and relinquishment, to the fullest extent permitted by law, of all provisions, laws and rules limiting relinquishment of unknown or unsuspected claims, including the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR”

and any and all provisions, rights and benefits of any similar statute or common law rule of any other jurisdiction. The term LBI Released Claim shall specifically include, without limitation: (i) any administrative expense claim arising under Applicable Japanese Law or US Bankruptcy Law, (ii) any US Avoidance Action or Japanese Avoidance Action, (iii) any right of subrogation; and (iv) any Claim based upon any Extended Lien Provision.

LBI Released Parties means: (i) the Japanese Entities, (ii) the Japanese Liquidators, (iii) all past and present employees, professionals and advisors of the Japanese Entities and the Japanese Liquidators, respectively (each, in their capacities as such and solely with respect to services rendered on or after September 19, 2008), and (iv) all successors, assigns, heirs, and personal representatives, and all past and present officers, directors, employees, agents, representatives, consultants, financial advisors, accountants and attorneys, of each Person referred to in this definition (each, in their capacities as such and solely with respect to services rendered on or after September 19, 2008).

LBI Releasing Parties means the LBI Trustee, on behalf of himself, the LBI estate, his successors and assigns, and any entity claiming through or on behalf of the LBI Trustee or LBI.

LBI Returning Assets means the securities identified on Schedule 4, as of September 16, 2008, as such securities have been modified as a result of any and all Corporate Actions or Corporate Events and the income actually or beneficially received by or on behalf of LBJ in connection with the securities identified on Schedule 4.

LBI SIPA Proceeding means the SIPA liquidation of LBI pending in the Bankruptcy Court and captioned In re Lehman Brothers Inc., 08-01420 (JMP) SIPA.

LBI Trustee means James W. Giddens, as trustee in the Securities Investor Protection Act liquidation of LBI, without personal liability and solely in his capacity as trustee and on behalf of LBI.

LBJ means Lehman Brothers Japan Inc.

LBRE means Lehman Brothers Real Estate Limited.

Libertus means Libertus Jutaku Loan K.K.

Party means the LBI Trustee and each Japanese Entity.

Parties means collectively the LBI Trustee and the Japanese Entities.

Person means an individual, partnership, government entity, corporation, limited liability company, limited liability partnership or any other entity.

Security Interest Claim means a Claim by a Person to the benefit of an Encumbrance. A Security Interest Claim shall include any Claim asserted by a person pursuant to an Extended Lien Provision.

Settlement Agreement means this Agreement.

SIPA means the Securities Investor Protection Act.

SIPC means the Securities Investor Protection Corporation.

Special Settlement Account means the separate, segregated sub-account for LBI named "LEHMAN BROS JPN LBI – SEG" [Account No. 00400512005] that LBJ established on August 19, 2009, in which LBJ deposited the securities and cash specified on Schedule 4, as such securities are affected by Corporate Actions or Corporate Events after September 16, 2008.

US Avoidance Action means (i) any and all actions under US Bankruptcy Law seeking the avoidance of a transfer or obligation, including Sections 542-553 of the Bankruptcy Code; and (ii) similar actions under other applicable law.

US Bankruptcy Law means the US Bankruptcy Code, SIPA and any other law applicable in the LBI SIPA Proceeding.

Section 1.02 *Construction*. This Settlement Agreement shall be interpreted according to the following rules of construction:

- (a) This Settlement Agreement constitutes a fully negotiated agreement among commercially sophisticated parties and therefore shall not be construed or interpreted for or against any Party, and any rule or maxim of construction to such effect shall not apply to this Settlement Agreement.
- (b) Words or terms expressed in the plural include the singular and vice versa.
- (c) Words importing a gender include every gender.
- (d) The word “including” does not limit the generality of any preceding words.
- (e) The word “or” shall not be exclusive.

Section 1.03 *Severability*. If any term or other provision of this Settlement Agreement is invalid, illegal or incapable of being enforced, all other terms and provisions of this Settlement Agreement shall nevertheless remain in full force and effect.

Section 1.04 *Headings*. The headings utilized in this Settlement Agreement are for convenience only and shall in no way affect the construction, meaning or interpretation hereof. All Schedules attached to this Settlement Agreement are hereby made a part hereof and incorporated herein by reference for all purposes.

Section 1.05 *Binding Effect; Successor and Assigns*.

- (a) Any declaration or statement of the LBI Trustee shall only be made in his capacity and function as the LBI Trustee and shall in no circumstance be construed as being a declaration or statement of the LBI Trustee on his own and personal behalf.
- (b) This Settlement Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

Section 1.06 *Entire Agreement*. This Settlement Agreement constitutes the entire and only agreement of the Parties concerning the subject matter hereof. This Settlement Agreement supersedes and replaces any and all prior or contemporaneous verbal or written agreements between the Parties concerning the subject matter hereof.

Section 1.07 *No Oral Modifications*. This Settlement Agreement may not be modified or amended except by written agreement of the Parties. No waiver of any provision of this agreement shall be valid unless in writing signed by the waiving Party. No waiver of any breach of any term or provision of this Settlement Agreement shall be construed as a waiver of any subsequent breach.

Section 1.08 *No Admission of Liability*. Each Party acknowledges that this Settlement Agreement effects a settlement of potential Claims and counterclaims some or all of which are denied and contested, and that nothing contained herein shall be construed as an admission of liability or wrongdoing.

ARTICLE II. EFFECTIVENESS

Section 2.01 *Effectiveness*. This Settlement Agreement shall become effective on and from the Effective Date.

Section 2.02 *Counterparts*. This Settlement Agreement may be executed in counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The signatures of all of the Parties need not appear on the same counterpart. A copy or a facsimile of a signature shall be binding upon the signatory as if it were an original signature.

ARTICLE III. SETTLEMENT OF CLAIMS

Section 3.01 *LBI Claims*. The LBI Claims shall be accepted and agreed as proprietary claims against LBJ as specified on Schedule 3 and Schedule 4, as the securities identified on Schedule 4 have been modified as a result of any and all Corporate Actions or Corporate Events occurring on or after September 16, 2008.

Section 3.02 *Japanese Claims*. The Japanese Claims shall be allowed against LBI as unsecured non-priority general creditor claims in the amounts stated on Schedule 1 and as customer claims in the amounts stated on Schedule 2.

Section 3.03 *Expungement and Disallowance of Claims*. Other than as provided for in Sections 3.01 and 3.02, any and all Claims asserted by the Japanese Entities or the LBI Trustee against the other shall be expunged, disallowed and released in accordance with Article X. Within 30 days of the Effective Date, the Trustee shall file with the Japanese Court a letter, substantially in the same form as Schedule 8, withdrawing all general claims against LBJ.

ARTICLE IV. DISTRIBUTIONS

Section 4.01 *Customer Distribution by LBI*. LBI shall make the distributions required on account of the allowed Japanese Customer Claims within five (5) Business Days of the Effective Date of this Settlement Agreement. Such distributions shall be made in cash in the amount specified on Schedule 2 that was the value of such securities on September 19, 2008.

Section 4.02 *Distribution of Proprietary Assets by LBJ*. LBJ shall make the distributions to the LBI Trustee on account of the accepted proprietary LBI Claims, as follows:

- (a) *Accepted Exchange Traded Derivative Assets*. LBJ shall pay to the LBI Trustee the amount stated on Schedule 3 within five (5) Business Days of the Effective Date. Upon the LBI Trustee's receipt of the amount stated on Schedule 3, LBJ is released from further obligation with respect to the Exchange Traded Derivative Assets.
- (b) *LBI Returning Assets*. LBJ shall cause its custodian to deliver to the LBI Trustee within ten (10) Business Days of the Effective Date the LBI Returning Assets held in the Special Settlement Accounts and identified on Schedule 4, as such securities have been modified as a result of any and all Corporate Actions or Corporate Events, including all Corporate Action or Corporate Event proceeds

received by LBJ on or before the Effective Date. To the extent that LBJ receives Corporate Action proceeds or Corporate Event proceeds after the Effective Date, LBJ shall cause its custodian to make supplemental distributions of such assets to the LBI Trustee within 120 days of the Effective Date and further transfers in accordance with the Asset Return Agreement.

Section 4.03 *Distribution of LBI Returning Assets.* Distribution of the LBI Returning Assets by LBJ shall be in accordance with the Asset Return Agreement. LBI and LBJ will execute the Asset Return Agreement on or immediately after the Effective Date. To the extent that any provision of the Asset Return Agreement is inconsistent with this Settlement Agreement, this Settlement Agreement shall prevail and the relevant provision of the Asset Return Agreement shall be deemed void and without effect.

Section 4.04 *Delivery Instructions.* The LBI Trustee shall provide instructions with respect to the delivery of the distributions contemplated herein to LBJ, in a form suitable to LBJ, prior to the Effective Date. LBJ shall provide instructions with respect to the delivery of the distributions contemplated here to the LBI Trustee in a form suitable to the LBI Trustee prior to the Effective Date. The Japanese Entities shall provide the LBI Trustee with properly completed IRS Forms W-8BEN prior to the Effective Date. The failure of any party to provide such instructions (or in the case of the Japanese Entities to provide IRS Form W-8BEN) prior to the Effective Date shall not constitute a breach of this Settlement Agreement, however, it shall extend the time that the distributing Party has to make the contemplated distributions by the number of Business Days after the Effective Date that such instructions are received.

ARTICLE V. EXTENDED LIENS

Section 5.01 *LBI Trustee's Release of Extended Liens.* The LBI Trustee:

- (a) Waives and releases any Claim, right and entitlement that LBI or the LBI Trustee may have to the exercise of any Extended Lien Provision or enforcement of any Encumbrance over any Japanese Asset.
- (b) Covenants and agrees that he shall not, on behalf of himself, LBI or for the benefit of another Person, apply or exercise, or seek the application or exercise of any Extended Lien Provision or enforcement of any Encumbrance or right of set-off or counterclaim or any similar or analogous procedure or right in respect of any Japanese Asset.

Section 5.02 *Japan Entities' Release of Extended Liens.* Each of the Japanese Entities:

- (a) Waives and releases any Claim, right and entitlement that any of the Japanese Entities or Japanese Liquidators may have to the exercise of any Extended Lien Provision or enforcement of any Encumbrance over any LBI Asset.
- (b) Covenants and agrees that it shall not, on behalf of itself or for the benefit of another Person apply or exercise, or seek the application or exercise of any Extended Lien Provision or enforcement of any Encumbrance or right of set-off

or counterclaim or any similar or analogous procedure or right in respect of any LBI Asset.

ARTICLE VI. COVENANTS, REPRESENTATIONS & WARRANTIES

Section 6.01 *Covenants, Representations & Warranties by the LBI Trustee.* In order to induce the Japanese Entities to enter into and perform their obligations under this Settlement Agreement, the LBI Trustee hereby covenants, represents, warrants and acknowledges as follows:

- (a) *Bankruptcy Court Approval.* As soon as practicable after execution of this Settlement Agreement, the LBI Trustee shall seek Bankruptcy Court Approval.
- (b) *Authority.* Subject to Bankruptcy Court Approval, (i) the LBI Trustee has the power and authority to execute, deliver and perform his obligations under this Settlement Agreement, and to consummate the transactions contemplated herein; and (ii) the execution, delivery and performance of this Settlement Agreement by the LBI Trustee and the consummation of the transactions contemplated herein have been duly authorized by all necessary action on the part of the LBI Trustee and no other proceedings on the part of the LBI Trustee are necessary to authorize and approve this Settlement Agreement or any of the transactions contemplated herein.
- (c) *Validity.* Subject to Bankruptcy Court Approval, this Settlement Agreement has been duly executed and delivered by the LBI Trustee and constitutes the legal, valid and binding agreement of the LBI Trustee, enforceable against the LBI Trustee in accordance with its terms.
- (d) *Authorization of Governmental Authorities and Creditors.* Subject to Bankruptcy Court Approval, no action by (including any authorization, consent or approval), in respect of, or filing with, any governmental authority is required for, or in connection with, the valid and lawful authorization, execution, delivery and performance by the LBI Trustee pursuant to this Settlement Agreement, other than as provided herein.
- (e) *No Reliance Other Than Representations, Warranties & Covenants.* The LBI Trustee: (i) is a sophisticated party with respect to the subject matter of this Settlement Agreement, (ii) has been represented and advised by legal counsel in connection with this Settlement Agreement, (iii) has adequate information concerning the matters that are the subject of this Settlement Agreement, (iv) acknowledges that he has entered into this Settlement Agreement voluntarily and of his own choice and not under coercion or duress, and (v) has independently and without reliance upon any Japanese Entity, Japanese Liquidator or any of their respective affiliates or any officer, employee, agent, counsel or other representative thereof, and based on such information as the LBI Trustee has deemed appropriate, made his own analysis and decision to enter into this Settlement Agreement, provided, that the LBI Trustee has relied upon the express

representations, warranties and covenants of the Japanese Entities in this Settlement Agreement.

- (f) *Title; No Prior Transfer of Claims.*
 - (i) Except to the extent that a Final Order is entered finding that the LBI Trustee earlier transferred LBI's interest in the Exchange Traded Derivative Assets to Barclays, as of the Execution Date, the LBI Trustee owns and has good title to the LBI Claims, free and clear of any and all participations or Encumbrances created or incurred by or against the LBI Trustee and has not transferred or assigned to any other person any of the Claims that are the subject of this Settlement Agreement, in whole or in part.
 - (ii) After the Effective Date, the LBI Trustee may transfer the LBI Claims, or any rights or interests arising thereunder, in whole or in part; provided, that any transferee of such LBI Claims agrees in writing that the terms of this Settlement Agreement and the Asset Return Agreement shall be binding in all respects upon, and shall govern its acts and those of any successor transferees.

Section 6.02 *Covenants, Representations & Warranties by the Japanese Entities.* In order to induce the LBI Trustee to enter into and perform his obligations under this Settlement Agreement, each Japanese Entity hereby covenants, represents, warrants and acknowledges as follows:

- (a) *Japanese Court Supervisor Approval.* LBI represents that it is not required to obtain approval of the Japanese Court Supervisor in respect of this Settlement Agreement.
- (b) *Authority.*
 - (i) Each Japanese Entity has the power and authority to execute, deliver and perform its obligations under this Settlement Agreement, and to consummate the transactions contemplated herein.
 - (ii) The execution, delivery and performance of this Settlement Agreement by each Japanese Entity and the consummation of the transactions contemplated herein have been duly authorized by all necessary action on the part of such Japanese Entity and no other proceedings on the part of each such Japanese Entity are necessary to authorize and approve this Settlement Agreement or any of the transactions contemplated herein.
- (c) *Validity.* This Settlement Agreement has been duly executed and delivered by each Japanese Entity and constitutes the legal, valid and binding agreement of each Japanese Entity, enforceable against each Japanese Entity in accordance with its terms.

- (d) *Authorization of Governmental Authorities and Creditors.* No action by (including any authorization, consent or approval), in respect of, or filing with, any governmental authority is required for, or in connection with, the valid and lawful authorization, execution, delivery and performance by any Japanese Entity pursuant to this Settlement Agreement, other than as provided herein.
- (e) *No Reliance Other Than Representations, Warranties & Covenants.* Each Japanese Entity (i) is a sophisticated party with respect to the subject matter of this Settlement Agreement, (ii) has been represented and advised by legal counsel in connection with this Settlement Agreement, (iii) has adequate information concerning the matters that are the subject of this Settlement Agreement, (iv) acknowledges that it has entered into this Settlement Agreement voluntarily and of its own choice and not under coercion or duress; and (v) has independently and without reliance upon the LBI Trustee or any of the LBI Trustee's or LBI's respective affiliates or any officer, employee, agent, counsel or other representative thereof, and based on such information as each Japanese Entity has deemed appropriate, made its own analysis and decision to enter into this Settlement Agreement, provided, that each Japanese Entity has relied upon the express representations, warranties and covenants of the LBI Trustee in this Settlement Agreement.
- (f) *Title; No Prior Transfer of Claims.*
 - (i) As of the Execution Date each Japanese Entity owns and has good title to its respective Japanese Claims, free and clear of any and all liens, security interests, participations or encumbrances created or incurred by or against any Japanese Entity and has not transferred or assigned to any other person any of the Claims that are the subject of this Settlement Agreement, in whole or in part.
 - (ii) After the Effective Date, each Japanese Entity may transfer any Japanese Claim, or any rights or interests arising thereunder, in whole or in part; provided, that any transferee of such Japanese Claims agrees in writing that the terms of this Settlement Agreement shall be binding in all respects upon, and shall govern its acts and those of any successor transferees.

ARTICLE VII. CONTRACTS

Section 7.01 *Contracts.* Any contract or agreement not identified in this Settlement Agreement that is between (i) LBI or the LBI Trustee, and (ii) any Japanese Entity, shall be rejected pursuant to section 365 of the Bankruptcy Code or otherwise terminated. Any Claim that arises from the rejection or termination of such contract or agreement is deemed to be satisfied in full by the claims allowed pursuant to this Settlement Agreement. For the avoidance of doubt, the Asset Return Agreement shall not be affected by this Article VII.

ARTICLE VIII. CONTINUING COOPERATION

Section 8.01 The Parties will continue to exchange data relating to the respective bankruptcy cases and insolvency proceedings in order to assist each other in resolving Claims of Affiliates and other creditors, provided that (i) the providing party shall only be required to respond to reasonable requests and (ii) all related expenses shall be borne by the requesting party.

ARTICLE IX. CONFIDENTIALITY

Section 9.01 *Confidential Information.* The Parties agree that information and data exchanged by the Parties between September 19, 2008 and the Execution Date and any data or information exchanged pursuant to Section 8.01 of this Agreement shall be kept confidential ("Confidential Information"), provided that the provisions of this Section 9.01 shall not apply to information which:

- (i) at the time of disclosure was in the public domain other than by breach of this Section 9.01;
- (ii) already was held or obtained by the Party without being subject to confidentiality obligation; or
- (iii) is disclosed in the exercise of the statutory duties of the LBI Trustee or the statutory duties of LBJ in connection with the Japanese Proceedings.

Section 9.02 *Disclosure of Confidential Information.* Nothing contained herein shall prevent disclosure of Confidential Information if the Japanese Entities, LBI or the LBI Trustee hereafter become obligated to disclose the information in response to a lawful subpoena or other legal process, provided that the disclosing party gives prompt written notice pursuant to Article XIII at least fourteen (14) calendar days prior to disclosure and the other Party has the opportunity to intervene and seek judicial protection from the enforcement of the subpoena and/or entry of an appropriate protective order in the action in which the subpoena was issued.

Section 9.03 *Party's Own Information.* Nothing in this Settlement Agreement shall limit a Party's use of its own documents or shall prevent a Party from disclosing its Confidential Information to any person. Such disclosures shall not affect any other Party's confidentiality obligation so long as the disclosure is made in a manner which is reasonably calculated to maintain the confidentiality of the information.

ARTICLE X. RELEASES

Section 10.01 *LBI Release.*

- (a) In consideration for the Japanese Entities' execution of this Settlement Agreement and in exchange for the obligations of the Japanese Entities under this Settlement Agreement, including the mutual release provisions of this Article X, effective upon the occurrence of the Effective Date each LBI Releasing Party hereby irrevocably releases, discharges and acquits, fully and forever, each LBI Released Party from any and all LBI Released Claims.

- (b) Except upon the LBI Trustee's receipt of the Exchange Traded Derivative Assets as contemplated in Section 4.02(a) hereof, nothing in this Settlement Agreement shall operate as a release or waiver of (i) any LBI Non-Party Claim or (ii) the LBI Claims.

Section 10.02 *Japanese Release.*

- (a) In consideration for the LBI Trustee's execution of this Settlement Agreement and in exchange for the obligations of the LBI Trustee under this Settlement Agreement, including the mutual release provisions of this Article X, effective upon the occurrence of the Effective Date each Japanese Releasing Party hereby irrevocably releases, discharges and acquits, fully and forever, each Japanese Released Party from any and all Japanese Released Claims.
- (b) Nothing in this Settlement Agreement shall operate as a release or waiver of (i) any Japanese Non-Party Claim or (ii) the Japanese Claims.

Section 10.03 *Interpretation of Releases.* For the avoidance of any doubt, nothing in this Settlement Agreement shall be interpreted or construed as a release or waiver of any claim for breach of any provision of this Settlement Agreement or the Asset Return Agreement.

ARTICLE XI. TERMINATION

Section 11.01 *Automatic Termination.* This Settlement Agreement shall automatically terminate three (3) Business Days after the entry of a Final Order denying approval of this Settlement Agreement.

Section 11.02 *The LBI Trustee's Right to Terminate.* The LBI Trustee shall have the right to terminate this Settlement Agreement before the Effective Date by notice to the Japanese Entities consistent with Article XIII hereof if there is a material breach of the representations, warranties or covenants of the Japanese Entities hereunder, and the Japanese Entities shall fail to cure such breach within ten (10) Business Days following written notice of such breach from the LBI Trustee.

Section 11.03 *The Japanese Entities' Right to Terminate.* The Japanese Entities shall collectively have the right to terminate this Settlement Agreement before the Effective Date by notice to the LBI Trustee consistent with Article XIII if there is a material breach of the representations, warranties or covenants of the LBI Trustee hereunder, and the LBI Trustee shall fail to cure such breach within ten (10) Business Days following written notice of such breach from any Japanese Entity.

Section 11.04 *Mutual Agreement to Terminate.* Prior to the Effective Date, the Parties may mutually agree in writing to terminate this Settlement Agreement.

Section 11.05 *Effect of Termination.* In the event that this Settlement Agreement is terminated in accordance with its terms, then neither this Settlement Agreement, nor any motion or other pleading filed in the Bankruptcy Court or Japanese Court with respect to the approval of this Settlement Agreement, shall have any *res judicata* or collateral estoppel effect or be of any force

or effect. Each of the Parties' respective interests, rights, remedies and defenses shall be restored without prejudice as if this Settlement Agreement had never been executed (except as to this Section) to the extent permitted under the applicable laws and the Parties hereto shall be automatically relieved of any further obligations hereunder. Except as expressly provided herein, this Settlement Agreement and all communications and negotiations among the Parties with respect hereto or any of the transactions contemplated hereunder are without waiver of or prejudice to the Parties' rights and remedies and the Parties hereby reserve all claims, defenses and positions that they may have with respect to each other.

ARTICLE XII. VENUE AND CHOICE OF LAW

Section 12.01 *Venue.*

- (a) To the maximum extent permissible by law, the Parties expressly consent and submit to the exclusive jurisdiction of the Bankruptcy Court over any actions or proceedings relating to the enforcement or interpretation of this Settlement Agreement and any Party bringing such action or proceeding shall bring such action or proceeding in the Bankruptcy Court; provided that, any actions or proceedings arising out of disputes in respect of the LBI Claims or the provision of the second sentence of Section 3.03, including in respect of any competing claim to any LBI Returning Asset, shall be the exclusive jurisdiction of the Japanese Court.
- (b) Each of the Parties agrees that a final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law.
- (c) If the Bankruptcy Court refuses or abstains from exercising jurisdiction over the enforcement of this Settlement Agreement and/or any actions or proceedings arising hereunder or thereunder, then the Parties agree that venue shall be in any court in the State of New York having proper jurisdiction.
- (d) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (i) any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Settlement Agreement with the Bankruptcy Court or with any other state or federal court located within the County of New York in the State of New York, or with the Japanese Court, solely relating to any actions or proceedings arising out of disputes in the amount or validity of the LBI Claims or in connection with the provision of the second sentence of Section 3.03; and (ii) the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- (e) Each Party irrevocably consents to service of process in the manner provided for notices in Article XIII hereof. Nothing in this Settlement Agreement will affect

the right, or requirement, of any Party to this Settlement Agreement to serve process in any other manner permitted or required by applicable law.

Section 12.02 *Choice of Law*. This Settlement Agreement and all claims and disputes arising out of or in connection with this Settlement Agreement, shall be governed by and construed in accordance with the laws of the State of New York and US Bankruptcy Law, without regard to choice of law principles to the extent such principles would apply a law other than that of the State of New York or US Bankruptcy Law; provided, that any claims and disputes arising out of the LBI Claims shall be governed by and construed in accordance with applicable Japanese Law.

ARTICLE XIII. NOTICES

All notices and other communications given or made pursuant to this Settlement Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next Business Day, (c) three days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one Business Day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

To the LBI Trustee at:

Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York, New York 10004
Attn: James B. Kobak, Jr. & Jeffrey M. Greilsheimer
Email: kobak@hugheshubbard.com
greilshe@hugheshubbard.com

To the Japanese Entities at:

Kishimoto Bldg., 2nd Floor
2-2-1 Marunouchi, Chiyoda-ku
Tokyo 100-0005
Japan
Attn: Hiroyasu Ueda & Hisayo Tomikawa
Facsimile: (+81) 3 6365 8877

With a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104-0050
Attn: Lorenzo Marinuzzi
E-mail: lmarinuzzi@mfo.com

And with a copy (which shall not constitute notice) to:

Oh-Ebashi LPC & Partners
Kishimoto-Building, 9th Floor
2-1, Marunouchi 2-Chome,
Chiyoda-ku, Tokyo 100-0005
Japan
Fax: +81 (0) 3 5224-5565
Attn: Nobutaka Tanaka
E-mail: n-tanaka@ohebash.com

or to such other address as may have been furnished by a Party to each of the other Parties by notice given in accordance with the requirements set forth above.

ARTICLE XIV. EXPENSES

The fees and expenses incurred by each Party (including the fees of any attorneys, accountants, investment bankers, financial advisors or any other professionals engaged by such Party) in connection with this Settlement Agreement and the transactions contemplated hereby, whether or not the transactions contemplated hereby are consummated, shall be paid by such Party.

ARTICLE XV. NO PERSONAL LIABILITY

Section 15.01 *LBI Trustee*. The Parties accept and agree that this Settlement Agreement and all actions and measures contained herein do not give rise to any personal liability on the part of the LBI Trustee, his firm and its partners and employees, and their representatives or other professional advisors, and to the extent any such personal liability existed, the Parties explicitly waive any and all potential rights and claims against them, their firm and its partners and employees, and their representatives and other professional advisors. Any claim by a Party against the LBI Trustee or LBI arising under or relating to this Settlement Agreement shall, except with respect to the Japanese Customer Claim, only be satisfied out of the assets of the LBI that are allocated to the LBI general estate. Any claim by a Party against the LBI Trustee or LBI arising under or relating to this Settlement Agreement with respect to the Japanese Customer Claim shall only be satisfied out of the assets of the LBI general estate and the LBI Fund of Customer Property in accordance with SIPA.

Section 15.02 *Japanese Liquidators*. The Parties accept and agree that this Settlement Agreement and all actions and measures contained herein do not give rise to any personal liability on the part of the Japanese Liquidators, their firm and its partners and employees, and their representatives or other professional advisors, and to the extent any such personal liability existed, the Parties explicitly waive any and all potential rights and claims against them, their firm and its partners and employees, and their representatives and other professional advisors. Any claim by a Party against the Japanese Liquidators or any Japanese Entity arising under or relating to this Settlement Agreement shall only be satisfied out of the assets of the insolvency estate of the relevant Japanese Entity.

ARTICLE XVI. THIRD-PARTY BENEFICIARIES

The Japan Released Parties and the LBI Released Parties are intended third-party beneficiaries of the releases contained herein.

ARTICLE XVII. WAIVER OF JURY TRIAL

EACH OF THE PARTIES HERETO HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS SETTLEMENT AGREEMENT OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH OR IN RESPECT OF ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF ANY PARTY OR ARISING OUT OF ANY EXERCISE BY ANY PARTY OF ITS RESPECTIVE RIGHTS UNDER THIS SETTLEMENT AGREEMENT OR IN ANY WAY RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ANY ACTION TO RESCIND OR CANCEL THIS SETTLEMENT AGREEMENT AND WITH RESPECT TO ANY CLAIM OR DEFENSE ASSERTING THAT THIS SETTLEMENT AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER OF RIGHT TO TRIAL BY JURY IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF THE PARTIES HERETO IS HEREBY AUTHORIZED TO FILE A COPY OF THIS ARTICLE XVII IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER. THIS WAIVER OF JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS SETTLEMENT AGREEMENT.

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

Lehman Brothers Japan Inc.,


By: Jeffrey M. Greilsheimer

Title: Counsel

By: Hiroyasu Ueda

Title: Representative Liquidator

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

Lehman Brothers Japan Inc.,

By: Jeffrey M. Greilsheimer

Title: Counsel



By: Hiroyasu Ueda

Title: Representative Liquidator

Lehman Brothers Real Estate Limited,



By: Hiroyasu Ueda

Title: Representative Liquidator

Lehman Brothers Finance (Japan) Inc.



By: Akio Katsuragi

Title: Representative in Japan

Hercules K.K.



By: Masatoshi Goto

Title: Representative Liquidator

Libertus Jutaku Loan K.K.



By: Masatoshi Goto

Title: Representative Director

LBC Y.K.

A handwritten signature in blue ink, appearing to read "Masatoshi Goto", is written over a horizontal line. To the right of the signature is a large, stylized circular flourish.

By: Masatoshi Goto

Title: Liquidator

Schedule 1

Allowed Unsecured Non-Priority Claims Against LBI

Entity Name	Amount (US\$)
Lehman Brothers Japan Inc.	442,806,414.33
Lehman Brothers Finance (Japan) Inc.	10,658,537.69
Lehman Brothers Real Estate Limited	1,913,763.34
Hercules K. K.	36,700.17
LBC Y.K.	1,249,993.31
Libertus Jutaku Loan K.K.	2,247.00
Total	456,667,655.84

Schedule 2

Allowed Japanese Customer Claims Against LBI

Entity Name	Securities	CUSIP	Units	Amount (US\$)
Lehman Brothers Japan Inc.	FREDDIE MAC 4.5% 07/15/2013	3134A4TZ78	50,000,000	51,921,000.00
Lehman Brothers Japan Inc.	FED HOME LN BANK 3.875% 06/14/2013	31339X2M5	7,000,000	7,078,649.86

Schedule 3

Accepted Exchange Traded Derivative Asset Against LBJ

Entity Name	Amount (JPY)
Lehman Brothers Inc.	4,928,747,164

Schedule 4

Securities (as of September 16, 2008) To Be Returned To LBI By LBJ

Security Description	ISIN	Quantity
Daito Trust Construction Co., Ltd.	JP3486800000	19,765
Sekisui House, Ltd.	JP3420600003	95,176
Takasago Thermal Engineering Co., Ltd.	JP3455200000	30,000
Meiji Dairies Corporation	JP3917800009	55,000
Sapporo Holdings Limited	JP3320800000	16,000
The Nisshin Oillio Group, Ltd.	JP3677200002	1,000
Sekisui Chemical Co., Ltd.	JP3419400001	21,068
Round One Corporation	JP3966800009	151
Oracle Corporation Japan	JP3689500001	20,000
Digital Garage, Inc.	JP3549070005	100
Fujifilm Corporation	JP3814000000	26,335
Konica Minolta Holdings, Inc.	JP3300600008	85,500
Toyo Seikan Kaisha, Ltd.	JP3613400005	18,524
Sankyo Co., Ltd.	JP3326410002	17,232
Mabuchi Motor Co., Ltd.	JP3870000001	2,295
Sony Corporation	JP3435000009	200
Furuno Electric Co., Ltd.	JP3828400006	50
Fanuc Corporation	JP3802400006	11,411
Tokai Rika Co., Ltd.	JP3566600007	8,439
Uny Group Holdings Co., Ltd.	JP3949600005	33,837
The Chiba Bank, Ltd.	JP3511800009	56,854

The Bank Of Yokohama, Ltd.	JP3955400001	115,892
Orix Corporation	JP3200450009	100
Jafco Co., Ltd.	JP3389900006	100,000
Tokio Marine Holdings, Inc.	JP3910660004	15
Sumitomo Realty & Development Co., Ltd.	JP3409000001	291,646
Nisshin Fudosan Company, Limited	JP3677900007	238
Japan Retail Fund Investment Corporation	JP3039710003	7
New City Residence Investment Corporation	JP3046210005	10
Xinhua Holdings Limited	KYG9827X1025	13,500
Kyushu Electric Power Company, Incorporated	JP3246400000	28,856

Schedule 5

Exchange Traded Derivative Collateral

Entity Name	Amount (US\$)
Osaka Securities Exchange Co., Ltd.	45,000,000 ¹
Japan Securities Clearing Corporation	20,000,000
Total	65,000,000

Entity Name	Amount (JPY)
Japan Securities Clearing Corporation	2,445,599,075
Tokyo Financial Exchange, Inc.	566,738,751
Total	3,012,337,826

¹ Such amount to be reduced by the number of United States dollars that are equivalent to the sum of JPY2,066,191.

Schedule 6

Form of Asset Return Agreement

ASSET RETURN AGREEMENT

This Agreement is made on _____, 2014 between the LBI Trustee and LBJ²:

IT IS AGREED as follows:

1 Definitions

“Delayed First Assets” has the meaning given in Clause 2.2.

“Delayed Second Assets” has the meaning given in Clause 3.5.

“First Assets” mean the assets listed on the First Reference List.

“First Reference List” means the list attached hereto as Schedule 1. *[comprises securities identified on Schedule 4 to the Settlement Agreement, as such securities have been modified as a result of any and all Corporate Events and Corporate Actions received on or prior to Reconciliation Date]*

“First Transfer” means the transfer of the assets pursuant to Clause 2.

“First Transfer Date” means [____]. *[4 Business Days after the execution of this Asset Return Agreement]*

“Further Transfer” means the transfer of the assets pursuant to Clause 4.

“Further Transfer Assets” means the assets set forth in Clause 4.1.

“LBI Account” means the following account:

Name of bank : *[LBI to provide bank details]*
Address : *[TO BE INSERTED]*
Name of account : *[TO BE INSERTED]*
Cash Account No. : *[TO BE INSERTED]*
Swift Code : *[TO BE INSERTED]*

Securities Account No: *[TO BE INSERTED]*
Securities Account Name: *[TO BE INSERTED]*

“Notice” has the meaning given in Clause 7.1.

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Settlement Agreement.

“Redemption Proceeds” means, with respect to a Security, the proceeds of redemption and/or partial redemption or sale and/or partial sale of such Security and Income with respect to such redemption or sale proceeds.

“Reconciliation Date” means [TBD]

“Relevant Claims” mean, with respect to any asset:

- (a) an ownership claim for or in respect of such asset, to the extent such asset is not in the form of money;
- (b) a claim for or in respect of such asset to the extent such asset is in the form of money;
- (c) a claim for or in respect of any payment for or on account of such asset (if such asset is or was the subject of an ownership claim); and
- (d) a claim for consequential or economic loss in respect of such asset (if such asset is or was the subject of an ownership claim).

“LBI Custodian” means [LBI CUSTODIAN BANK NAME] as LBI’s custodian.

“Securities” means bonds, notes, stocks, shares or any other securities.

“Second Assets” means the assets set forth in Clause 3.1.

“Second Reference List” has the meaning given in Clause 3.2.

“Second Transfer” means the transfer of the assets pursuant to Clause 3.

“Second Transfer Date” has the meaning given in Clause 3.4.

“Settlement Agreement” means that certain agreement among the LBI Trustee, LBJ and the Japan Non-Liquidation Companies dated [], 2014.

2 First Transfer

- 2.1 For settlement on the First Transfer Date, (i) LBJ shall instruct its custodian to transfer and deliver the First Assets other than New City Residence Investment Corporation [ISIN JP3046210005] to the LBI Account for settlement, and (ii) LBI shall instruct the LBI Custodian to receive the First Assets. LBJ shall procure the physical delivery of the certificates representing ten (10) shares in the capital of New City Residence Investment Corporation [ISIN JP3046210005] on or promptly following the First Transfer Date in accordance with the LBI Trustee’s instructions.

2.2 Not more than five (5) Business Days following the First Transfer Date, LBI shall confirm to LBJ whether all of the First Assets were received. To the extent that LBI received less than all of the First Assets, LBI shall issue Notice to LBJ identifying the First Assets that were not received (the "Delayed First Assets").

2.3 If there are Delayed First Assets, the Parties shall work with their custodians to effectuate the transfer of the Delayed First Assets as soon as practicable after the First Transfer Date.

3 Second Transfer

3.1 For the purpose of this Agreement, the "Second Assets" consist of any Corporate Action and Corporate Event proceeds that LBJ received but were not included in the First Assets or the Delayed First Assets.

3.2 Following the First Transfer Date, the Parties shall use their reasonable endeavours to prepare and agree to the list of the Second Assets (the "Second Reference List"). Not more than ninety (90) days after the First Transfer Date, LBJ shall deliver to LBI the list of the Corporate Action and Corporate Event proceeds that it has received in respect of the First Assets after the Reconciliation Date. Each Party shall provide the other such information as may be necessary for such agreement, but shall not be required to provide publicly available market information.

3.3 If LBI and LBJ are unable to reach full agreement on the Second Reference List within three (3) Business Days after LBJ's delivery of the Second Reference List, LBJ shall transfer the agreed "Second Assets" pursuant to Clause 3.4. To the extent there is not agreement as to any assets that were included or excluded from the Second Reference List, such assets shall be treated as the Further Transfer Assets pursuant to Clause 4.

3.4 For settlement on the date falling four (4) Business Days after the date of the agreement referred to in Clause 3.2 or 3.3 (the "Second Transfer Date"), (i) LBJ shall instruct its custodian to transfer and deliver the Second Assets to the LBI Account for settlement, and (ii) LBI shall instruct the LBI Custodian to receive the Second Assets.

3.5 Not more than five (5) Business Days following the Second Transfer Date, LBI shall confirm to LBJ whether all of the Second Assets were received. To the extent that LBI received less than all of the Second Assets, LBI shall issue Notice to LBJ identifying the Second Assets that were not received (the "Delayed Second Assets").

4 Further Transfer

4.1 All Corporate Action and Corporate Event proceeds, including but not limited to Delayed Second Assets, not previously delivered to LBI as First Assets, Delayed First Assets or Second Assets shall be delivered to LBI as Further Transfer Assets pursuant to Section 4.2.

- 4.2 As soon as practicable after the agreement between the Parties on any Further Transfer Assets, (i) LBJ shall instruct its custodian to transfer and deliver the Further Transfer Asset to the LBI Account for settlement, and (ii) LBI shall instruct the LBI Custodian to receive the Further Transfer Assets.

5 Representations and Covenants

- 5.1 LBI agrees to return immediately to LBJ any Securities and/or Corporate Action and Corporate Event proceeds returned to LBI pursuant to the provisions of this Agreement that are later found to be Securities and/or Corporate Action and Corporate Event proceeds which LBI is not entitled to receive from LBJ.
- 5.2 LBI agrees that, if any asset that is transferred to LBI pursuant to this Agreement is beneficially owned by its customer, LBI shall distribute such assets consistent with SIPA.

6 Release

Upon receipt of any Asset pursuant to this Agreement, the LBI Trustee permanently waives and releases the Japanese Released Parties from all Relevant Claims related to such Asset.

7 Notices

Any notice or other communication in connection with this Agreement shall be given or made pursuant to Article XIII of the Settlement Agreement.

8 General

8.1 Payments

- (a) All payments to be made by any Party pursuant to this Agreement shall be calculated and made without (and free and clear of any deduction for) any set-off, netting, combination of accounts, withholding or retention in respect of any liabilities owed to either Party or any of its affiliates.
- (b) LBJ shall make all payments to be made by it under this Agreement without any deduction or withholding for or on account of tax, unless such a tax deduction is required by law.

8.2 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if all of the signatures were on a single copy.

8.3 Costs

Except as otherwise expressly provided for in this Agreement, each Party shall pay the costs and expenses incurred by it in connection with the negotiation, preparation, execution and completion of this Agreement.

8.4 Third parties

Any person who is not a party to this Agreement shall have no right to enforce or enjoy the benefit of any term of this Agreement.

8.5 Amendments and waivers

An amendment or waiver in respect of this Agreement shall only be effective if in writing and executed by each of the Parties and any such amendment or waiver will be binding on all Parties.

8.6 Assignment

Neither this Agreement nor any rights or benefits under this Agreement may at any time be assigned or transferred without the prior written consent of all the Parties.

8.7 Governing Agreement

To the extent that any provision of this Agreement is inconsistent with the Settlement Agreement, the Settlement Agreement shall prevail and the relevant provision of this Agreement shall be deemed void and without effect.

9 **Governing Law; Jurisdiction**

This Agreement is governed by and shall be construed in accordance with Japanese law. The Parties irrevocably submit to the exclusive jurisdiction of the courts of Japan to settle any dispute howsoever arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement).

IN WITNESS WHEREOF, this Agreement has been entered into on the date written at the beginning of this Agreement.

**LEHMAN BROTHERS JAPAN
INC.**

**James W. Giddens, as Trustee for the
SIPA Liquidation of LEHMAN
BROTHERS INC.**

By: _____
Name: Hiroyasu Ueda
Title: Representative Liquidator

By: _____
Name: Jeffrey M. Greilsheimer
Title: Counsel

Schedule 7

Form of Barclays Release Letter

Lehman Brothers Japan Inc.
Kishimoto Building, 9th Floor
2-1 Marunouchi 2-Chome
Chiyoda-ku
Tokyo 100-0005
Japan

_____, 2014

Release Letter

Dear Sirs

Prior to the liquidation of Lehman Brothers Inc. (“LBI”) on September 19, 2008, LBI had conducted futures trading and options trading in the market established by Tokyo Stock Exchange Inc., Osaka Securities Exchange Co., Ltd. and Tokyo Financial Exchange Inc. (collectively, the “Japanese Exchanges”), and held positions in relation to futures trading and options trading conducted in the market established by the Japanese Exchanges, through Lehman Brothers Japan Inc. (“LBJ”) and on behalf of itself and its customers (collectively “LBI Futures and Options”).

On September 16, 2008, LBJ filed an application for commencement of civil rehabilitation proceedings under the Civil Rehabilitation Law of Japan with the Tokyo District Court (the “Japanese Court”). On September 19, 2008, the Japanese Court issued the commencement order for LBJ, whereby civil rehabilitation proceedings were commenced for LBJ [(the “Japanese Proceedings”). On September 30, 2013, the Japanese Court issued an order to terminate the Japanese proceedings].

On September 22, 2008, Barclays Capital Inc. (together with Barclays Bank plc., “Barclays”) purchased, among other things, LBI’s business as a futures commission merchant, as documented by an Asset Purchase Agreement dated 16 September 2008, as amended by a First Amendment to the APA dated 19 September 2008, and as further clarified and supplemented by a letter agreement dated 20 September 2008. The sale was approved by order of the United States Bankruptcy Court for the Southern District of New York dated 20 September 2008 .On

September 15, 2009, LBI filed a motion seeking an order from the US Bankruptcy Court Southern District of New York that the aforementioned sale did not transfer certain assets to Barclays. As at the date hereof, the legal proceedings relating to such filing continue before the Court of Appeals for the Second Circuit.

We refer to:

(a) the settlement money received by LBJ as a result of the LBI Futures and Options being liquidated after LBJ filed an application for commencement of civil rehabilitation proceedings in Japan, the amount of which is JPY 4,935,900,656 (the "Settlement Money"); and

(b) the scheduled transfer by LBJ to the [LBI Trustee]*[not defined]*. of the Settlement Money less reasonable wiring fees (the "Transferred Assets").

1. Release. Upon LBI's receipt of the transfer of the Transferred Assets referenced above, LBJ shall be deemed to have released, waived and discharged all of their right, title and interest in and to the Transferred Assets and Barclays shall be deemed to have accepted the transfer of the Transferred Assets to the [LBI Trustee] in full release, waiver and discharge of any right, title and interest it may have in relation to the LBI Futures and Options.

2. Representations and Warranty. Barclays represents and warrants to LBJ that, as of the date of this Release Letter, there is no affiliate of Barclays that has asserted or may assert against LBJ any claim for the Settlement Money and/or and claim in relation to the LBI Futures and Options.

3. Entire Agreement. This Release Letter constitutes the entire contract between Barclays and LBJ relative to the subject matter hereof. This Release Letter supersedes any previous agreements or understandings between Barclays and LBJ, express or implied, with respect to the subject matter hereof. No supplement, modification, or amendment of this Release Letter or waiver of rights hereunder, shall be binding unless executed in writing by Barclays and LBJ. Nothing in this Release Letter, expressed or implied, is intended to confer upon any person or entity other than Barclays and LBJ hereto any rights, remedies, obligations or liabilities under or by reason of this Release Letter.

4. No Admissions. Nothing in this Release Letter or any negotiations or proceedings in connection herewith shall be claimed to be evidence of an admission by any party of any liability, violation of law or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any party. Neither this Release Letter, nor any negotiations or proceedings in connection herewith, may be used in any proceeding against any party for any purpose except with respect to the validity, effectuation and enforcement of this Release Letter.

5. Counterparts; Signatures. This Release Letter may be executed in one or more counterparts, all of which taken together shall constitute one instrument. This Release Letter may be executed and delivered manually, by facsimile transmission or by email transmission.

6. Effective Time. (a) This Release Letter shall become effective immediately upon the completion of the transfer of the Transferred Assets to the LBI Trustee.

(b) In the event the transfer of the Transferred Assets to the LBI Trustee does not take place, this Release Letter shall terminate and be of no further force or effect.

(c) In the event this Release Letter terminates pursuant to Section 6(b) above, each provision contained in this Release Letter shall be of no further force and effect from and after such date of termination and the release granted by Barclays in Section 1 above shall be void ab initio.

7. Governing Law; Jurisdiction. THIS RELEASE LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF JAPAN. Each of LBJ and Barclays hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Tokyo District Court of Japan to settle any dispute howsoever arising out of or in connection with this Release Letter (including a dispute relating to the existence, validity or termination of this Release Letter).

8. Binding Effect. This Release Letter shall bind, and be for the benefit of, the parties hereto and their respective successors and assigns.

9. Non-Severability. Each of the provisions of this Release Letter has been agreed upon in consideration of each other provision of this Release Letter. No party would have entered into this Release Letter unless each of the provisions hereof was valid, binding and enforceable against each other party. If any provision of this Release Letter is determined not to be valid, binding and enforceable against each party, this Release Letter shall be terminated and the parties restored to their respective positions existing immediately before entry of this Release Letter.

Your faithfully

Authorized signatory

For and on behalf of
BARCLAYS CAPITAL INC.

Authorized signatory

For and on behalf of
BARCLAYS BANK PLC.

We acknowledge and agree the terms of the foregoing letter.

Authorized signatory

For and on behalf of
LEHMAN BROTHERS JAPAN INC.

By_____

Schedule 8

Form of Claim Withdrawal Letter

再生債権査定申立事件（基本事件 平成20年（再）第205号）

申立人（再生債権者）

相手方（再生債務者） リーマン・ブラザーズ証券株式会社

再生債権査定申立取下書

平成 年 月 日

東京地方裁判所民事第20部合議係 御中

申立人（再生債権者）

住所（本店）

名称（商号）

代表者名



頭書事件について、申立人は、平成 年 月 日付債権査定申立書による査定
申立ての全部を取り下げます。

EXHIBIT B