

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

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (JMP) SIPA

**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE
AND BANKRUPTCY RULES 3007 AND 9019(b) FOR APPROVAL
OF GENERAL CREDITOR CLAIM (I) OBJECTION PROCEDURES
AND (II) SETTLEMENT PROCEDURES**

Upon the motion dated October 22, 2012 (the “Motion”)¹ of James W. Giddens, as Trustee (the “Trustee”) for the liquidation of the business of Lehman Brothers Inc. (the “Debtor” or “LBI”) pursuant to the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. §§ 78aaa *et seq.* (“SIPA”), pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rules 3007 and 9019(b), for approval of General Creditor Claim (i) Objection Procedures and (ii) Settlement Procedures, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with section 78eee(b)(4) of SIPA; and venue being proper before this Court pursuant to sections 78eee(a)(3) and 78aa of SIPA; and due and proper notice of the Motion having been provided in accordance with the Court’s Amended Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 1015(c) and 9007 Implementing Certain Notice and Case Management Procedures and Related Relief entered by the Court on July 13, 2010 (the “Amended Case Management Order,” ECF No. 3466), and it appearing that no other or further notice need be

1. Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

provided; and the Court having found and determined that the relief sought in the Motion is in the best interests of the LBI estate and its customers and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, notwithstanding anything to the contrary in Bankruptcy Rule 3007, the Trustee is hereby authorized to file a single objection to no more than 200 General Creditor Claims at a time (“Omnibus Claims Objection”) seeking reduction, reclassification and/or disallowance of claims on one or more of the grounds set forth in Bankruptcy Rule 3007(d), and, in addition, on one or more of the following grounds (collectively, the “Additional Permitted Grounds”):

- (1) the amount claimed contradicts LBI’s books and records;
- (2) the General Creditor Claims were incorrectly classified;
- (3) the General Creditor Claims seek recovery of amounts for which LBI is not liable;
- (4) the General Creditor Claims do not include sufficient documentation to ascertain the validity of the Claim; and
- (5) the General Creditor Claims are objectionable under section 502(e)(1) of the Bankruptcy Code;

and it is further

ORDERED that no LBI affiliate General Creditor Claim will be subject to any Omnibus Claims Objection; and it is further

ORDERED that, except as expressly provided herein, the Trustee shall comply with the requirements for Omnibus Claims Objections set forth in Bankruptcy Rule 3007(e); and it is further

ORDERED that any order sustaining an Omnibus Claims Objection shall be a final order with respect to each General Creditor Claim referenced in such Omnibus Claims Objection as if an individual objection had been filed for each Claim; and it is further

ORDERED that all omnibus and individual objections the Trustee files with this Court shall be made publicly available on the docket through PACER and for free on the Trustee's website (www.lehmantrustee.com); and it is further

ORDERED that responses to the Trustee's individual and Omnibus Claims Objections shall be due twenty-one (21) calendar days after service of the objection, unless such date falls on a Saturday, Sunday or federal holiday, in which case responses will be due on the subsequent business day; *provided, however*, that the Trustee reserves the right to request that the Court impose an alternative response date or grant expedited consideration with respect to certain objections, if the circumstances so require, which may result in shortened notice of both the hearing date and the response deadline; and it is further

ORDERED that the Trustee, in using his reasonable business judgment, is authorized to settle General Creditor Claims in accordance with the following Settlement Procedures:

- (i) The Trustee will be authorized to settle any and all General Creditor Claims asserted against LBI without prior approval of the Court or any other party in interest whenever the aggregate amount to be allowed for an individual General Creditor Claim (the "Settlement Amount") is less than or equal to \$5 million (any such settlement amount being a "De Minimis Settlement Amount" and such settlement being a "De Minimis Settlement").
- (iii) If the Settlement Amount is not a *De Minimis Settlement Amount* and is greater than \$5 million, or if the aggregate of (x) the Settlement Amount with respect to a claimant underlying a proposed settlement and (y) all Settlement Amounts with respect to the same claimant in the 6-month period preceding the proposed

settlement exceeds \$5 million, the Trustee will prepare a stipulation and order and seek Court approval of a proposed settlement by a notice of presentment, in accordance with the Amended Case Management Order.

- (iv) The types of General Creditor Claims that may be settled pursuant to these Settlement Procedures include: (i) secured claims; (ii) administrative expense claims under section 503(b) of the Bankruptcy Code; (iii) other priority claims under section 507(a) of the Bankruptcy Code; and (iv) general unsecured claims.
- (v) The Trustee's Interim Reports, as required by section 78fff-1(c) of SIPA and the Customer Claims Process Order, will include a report of all settlements of General Creditor Claims which the Trustee has entered into pursuant to the Settlement Procedures during the period of such Interim Report, but will not report settlements if they are subject to Court approval pursuant to clause (ii) of these Settlement Procedures. Such reports will set forth the names of the parties with whom the Trustee has settled, the relevant Proofs of Claim numbers, the types of Claims asserted by each such party, and the amounts for which such Claims have been settled.
- (vi) Under the Settlement Procedures, the Trustee may settle claims where some or all of the consideration is being provided by a third party and/or where the Trustee is releasing claims against creditors or third parties;

and it is further

ORDERED that the Trustee is authorized to take any and all steps that are necessary or appropriate to settle the General Creditor Claims in accordance with the Settlement Procedures; and it is further

ORDERED that nothing in this Order shall compromise the Trustee's authority to satisfy, object to, reclassify, or otherwise settle Customer Claims pursuant to the Order Approving Form and Manner of Publication and Mailing of Notice of Commencement; Specifying Procedures and Forms for Filing, Determination, and Adjudication of Claims; Fixing a Meeting of Customers and Other Creditors; and Fixing Interim Reporting Pursuant to SIPA (ECF No. 241); and it is further

ORDERED that the Settlement Procedures shall not apply to LBI affiliate General Creditor Claims; and it is further

ORDERED that nothing in this Order shall obligate the Trustee to settle or pursue settlement of any particular General Creditor Claim and all settlement of General Creditor Claims may be negotiated and compromised by the Trustee within his sole discretion; and it is further

ORDERED that nothing in this Order shall constitute an admission of the validity, nature, amount or priority of any Claims asserted in this case; and it is further

ORDERED that entry of this Order is without prejudice to the Trustee's rights to seek authorization to modify or supplement the relief granted herein upon request to the Court; and it is further

ORDERED that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the interpretation and/or implementation of this Order.

Dated: New York, New York
November __, 2012

HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE