

**Hearing Date: August 17, 2011 at 10:00 a.m. (prevailing Eastern Time)**  
**Response Deadline: August 10, 2011 at 4:00 p.m. (prevailing Eastern Time)**

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

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

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (JMP) SIPA

**NOTICE OF MOTION FOR AN ORDER PURSUANT TO RULE 9019 OF THE  
FEDERAL RULES OF BANKRUPTCY PROCEDURE APPROVING  
COMPLIMENTARY SETTLEMENT AGREEMENTS BETWEEN THE TRUSTEE AND  
(I) BANK LEUMI LE-ISRAEL B.M. AND (II) ISRAEL DISCOUNT BANK LTD.**

**PLEASE TAKE NOTICE** that on July 27, 2011, James W. Giddens (the “Trustee”), as trustee for the liquidation of the business of Lehman Brothers Inc. (“Debtor” or “LBI”) under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. § 78aaa *et seq.*, by and through his undersigned counsel, filed a Motion for an Order Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure Approving Complimentary Settlement Agreements Between the Trustee and (i) Bank Leumi le-Israel B.M. and (ii) Israel Discount Bank Ltd. (the “Motion”), and that a hearing to consider the Motion, if necessary, will be held before the Honorable James M. Peck, United States Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Customs House, Courtroom 601, One Bowling Green, New York,

New York 10004 (the “Bankruptcy Court”) on **August 17, 2011 at 10:00 a.m.** (prevailing Eastern time) or as soon thereafter as counsel may be heard (the “Hearing”).

**PLEASE TAKE FURTHER NOTICE** that responses, if any, to entry of the order must (i) be in writing; (ii) state the name and address of the objecting party and nature of the claim or interest of such party; (iii) state with particularity the legal and factual bases of such objection; (iv) conform to the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules; (v) be filed with the Bankruptcy Court, together with proof of service, electronically, in accordance with General Order M-399, by registered users of the Court’s Electronic Case Files system, and by all other parties in interest, on a 3.5 inch disk or CD-ROM, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format no later than **August 10, 2011 at 4:00 p.m.** (prevailing Eastern Time) (the “Response Deadline”); and (vi) be served on (a) Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York, 10004, Attn: Christopher K. Kiplok, Esq., and Jeffrey S. Margolin, Esq.; (b) Securities Investor Protection Corporation, 805 Fifteenth Street, N.W., Suite 800, Washington, DC 20005, Attn: Kenneth J. Caputo, Esq.; (c) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Richard P. Krasnow, Esq., Lori R. Fife, Esq., Robert J. Lemons, Esq., and Jacqueline Marcus, Esq.; (d) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Dennis F. Dunne, Esq., Dennis O’Donnell, Esq., and Evan Fleck, Esq.; (e) Seward & Kissel LLP, One Battery Park Plaza, New York, New York, 10004, Attn: Jack Yoskowitz, Esq.; and (f) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Benjamin S. Kaminetzky, Esq., with a courtesy copy to the chambers of the Honorable James M. Peck, One Bowling Green, New York, New York 10004, Courtroom 601.

**PLEASE TAKE FURTHER NOTICE** that if no objections are timely filed and served with respect to the Motion, the Trustee may, on or after the Response Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which may be entered with no further notice or opportunity to be heard offered to any party.

Dated: New York, New York  
July 27, 2011

HUGHES HUBBARD & REED LLP

By: /s/ Robert W. Brundige, Jr.  
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Trustee for the SIPA Liquidation of  
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Hearing Date: August 17, 2011 at 10:00 a.m. (prevailing Eastern Time)  
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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (JMP) SIPA

**MOTION FOR AN ORDER PURSUANT TO RULE 9019 OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE APPROVING COMPLIMENTARY  
SETTLEMENT AGREEMENTS BETWEEN THE TRUSTEE AND  
(I) BANK LEUMI LE-ISRAEL B.M. AND (II) ISRAEL DISCOUNT BANK LTD.**

James W. Giddens (the “Trustee”), as trustee for the liquidation of the business of Lehman Brothers Inc. (the “Debtor” or “LBI”) under the Securities Investor Protection Act of 1970, as amended (“SIPA”),<sup>1</sup> respectfully submits this motion (the “Motion”) for entry of an order pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for approval of separate and complimentary settlement agreements between the Trustee and Bank Leumi le-Israel B.M. (“Bank Leumi”) and between the Trustee and Israel Discount Bank Ltd. (“IDB,” and together with Bank Leumi, the “Banks”), resulting in the recovery by the Trustee of approximately \$80 million in estate property.

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1. SIPA appears at 15 U.S.C. § 78aaa et. seq. For convenience, subsequent references to SIPA will replace “15 U.S.C.” with “SIPA.”

### **PRELIMINARY STATEMENT**

1. After nearly twenty months of extensive negotiation and reconciliation with IDB and Bank Leumi, the Trustee has achieved a settlement that obtains for the estate and its customers and creditors nearly all the relief sought in the Trustee's Contempt Motion filed in December 2009 (as defined in paragraph 15 below). The parties, through cooperation and reconciliation, have avoided the need for formal discovery and motion practice on the Contempt Motion, which would have expended further estate resources and burdened the Court's calendar.

2. The "Leumi Settlement Agreement" between the Trustee and Bank Leumi provides for Bank Leumi's release of any and all attachments by Bank Leumi on LBI's accounts, securities, and other property held at IDB. The "IDB Settlement Agreement" between the Trustee and IDB provides for the transfer by IDB to the Trustee of all LBI's securities, cash, and other property held at IDB following the release of that attachment. Upon performance of the each Bank's respective obligations under the Leumi Settlement Agreement and the IDB Settlement Agreement (collectively, the "Settlement Agreements," each of which is attached as Exhibits A and B, respectively), the Trustee will withdraw his Contempt Motion as to each Bank.

3. Accordingly, the Trustee respectfully requests that the Court approve the Settlement Agreements pursuant to Bankruptcy Rule 9019 and states as follows:

### **JURISDICTION**

4. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to SIPA § 78eee(b)(4) and venue being proper before this Court pursuant to SIPA §§ 78eee(a)(3) and 78aa.

## **BACKGROUND**

### **The SIPA Proceeding**

5. On September 19, 2008 (the “Filing Date”), the Honorable Gerard E. Lynch, Judge of the United States District Court for the Southern District of New York, entered an order commencing liquidation (the “LBI Liquidation Order,” ECF No. 1) with respect to LBI pursuant to the provisions of SIPA in the case captioned Securities Investor Protection Corporation v. Lehman Brothers Inc., Case No. 08-CIV-8119 (GEL).

6. The LBI Liquidation Order, among other things, (i) appointed the Trustee for the SIPA liquidation of the business of LBI pursuant to section 78eee(b)(3) of SIPA; (ii) removed LBI’s case to this Court (“Bankruptcy Court”) pursuant to section 78eee(b)(4) of SIPA; and (iii) stayed, pursuant to 11 U.S.C. § 362(a), *inter alia*, (a) “any act to obtain property of the estate or property from the estate” and (b) “any act to collect, assess or recover a claim against LBI that arose before the commencement of [the LBI SIPA Proceeding]” (the “Stay Provision”).

### **The LBI Property Dispute**

7. On or about September 9, 2001, IDB entered into a Multicurrency-Cross Border ISDA Master Agreement, dated as of September 3, 2001, with LBI, which governed foreign exchange transactions between LBI and IDB (the “Foreign Exchange Agreement”).

8. LBI and IDB entered into certain foreign exchange transactions governed by the Foreign Exchange Agreement, as set forth on Schedule A to the IDB Settlement Agreement (the “FX Transactions”).

9. On September 18, 2008, in response to an application brought by Bank Leumi, to which IDB was not a party, the Tel-Aviv District Court (the “Israeli Court”) issued an *ex parte* temporary attachment (the “Israeli Temporary Attachment”) of all the assets or monies

of the so-called “Lehman Brothers Group” held by IDB, forbidding the delivery of such property until further order from the Israeli Court.

10. By letter dated September 23, 2008 (the “Termination Notice”), IDB informed the Trustee that an “Additional Termination Event” had occurred under the Foreign Exchange Agreement and that IDB was thereby terminating the Foreign Exchange Agreement and liquidating all open foreign exchange transactions.

11. IDB was identified as the “Holder” on Bank Leumi’s *ex parte* attachment application and on November 27, 2008 filed a Statement of Defense objecting to the attachment in Israeli Court.

12. On December 10, 2008, Bank Leumi made an *ex parte* application to have the Israeli Court specify that Bank Leumi intended the Israeli Temporary Attachment to apply to LBI as within the “Lehman Brothers Group,” as that term was used by Bank Leumi in its attachment application.

13. By order dated December 14, 2008 (the “December 14, 2008 Order”), the Israeli Court granted Bank Leumi’s application and confirmed that the Israeli Temporary Attachment applied to LBI.

14. By order dated March 12, 2009, the Israeli Court gave the force and validity of a judgment to a stipulation between Bank Leumi and IDB in which, *inter alia*, (1) IDB agreed not to challenge the Temporary Israeli Attachment, (2) Bank Leumi agreed not to assert any claim with respect to IDB’s setoff rights as stated in IDB’s statement to the Israeli Court, and (3) the Israeli Court approved the Israeli Temporary Attachment over the assets (the “March 12, 2009 Order” and together with the Temporary Israeli Attachment and the December 14, 2008 Order, the “Israeli Attachment”).

15. On December 8, 2009, the Trustee filed in the Bankruptcy Court the Motion of James W. Giddens, as Trustee for Lehman Brothers Inc., pursuant to Sections 105(a) and 362 of the Bankruptcy Code and Section 78eee(b)(2)(B) of SIPA, for an Order Enforcing the Automatic Stay and the Stays in the LBI Liquidation Order and Holding Israel Discount Bank Limited and Bank Leumi Le-Israel B.M. in Contempt for Violating the Automatic Stay, Interfering with the Trustee's Administration and Property of the Debtors Estate, and Commencing Foreign Legal Proceedings against the Debtor (the "Contempt Motion," ECF No. 2288).

16. Between January 2010 and May 2011, Bank Leumi requested information supporting the Trustee's position that certain property held by or for LBI by IDB is property of and subject to the Trustee's administration of the LBI estate, and the Trustee extended Bank Leumi's and IDB's time to respond to the Trustee's Motion while the Trustee sought such information.

17. Between January 2010 and ending on May 10, 2011, the Trustee provided certain information to Bank Leumi regarding the property held at IDB.

18. The Trustee, through his professionals, and the Banks have evaluated and discussed: (i) the ownership of the property held by or for LBI at IDB and (ii) the proper calculation and trade details related to the FX Transactions. After lengthy negotiations between the Trustee's professionals and each of the Banks, the Trustee and the Banks have entered into the Settlement Agreements to resolve disputes relating to the LBI Property and the Trustee's Contempt Motion. The Trustee has determined, in consultation with his professionals, that the terms of the Settlement Agreements, which provide for the return of all of LBI's property at IDB with no concessions, are fair and reasonable and in the best interest of the estate.



**The Settlement Agreements**

19. The Settlement Agreements, which were negotiated at arm's-length between the Trustee and the Banks, include the following material terms:<sup>2</sup>

**Representations and Warranties**

20. IDB represents and warrants that: (i) LBI is the holder of seven accounts at IDB, which the Trustee confirms; (ii) Schedule B to the IDB Settlement Agreement lists all the securities, cash, and other property of the LBI estate held at IDB, and there are no other accounts or property at IDB for LBI; (iii) IDB has no other indebtedness to LBI; (iv) IDB holds and controls the FX Proceeds Amount; (v) there are no other financial transactions (including, without limitation, foreign exchange transactions) open, or creating liability, between IDB and LBI except for the FX Transactions and, potentially, a bond transaction between IDB and a nondetermined party (the "Bond Trade");<sup>3</sup> and (vi) based upon reasonable investigation of its practices, for the period September 23, 2008 through June 30, 2011, IDB paid its largest corporate deposit holders interest at the average rate of 0.46% per annum.

**Covenants**

21. IDB and Bank Leumi both covenant to take any and all actions within their power and available to them to obtain a judgment from the Israeli Court to release the "LBI Property" from the Israeli Attachment or any other term of attachment otherwise impeding

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2. The terms used herein are provided as a summary of certain terms of the Settlement Agreements. In the case of an inconsistency between the terms set forth in this summary and the terms of the Settlement Agreements, the terms of the Settlement Agreements shall control.
  3. IDB and the Trustee take no current position as to whether the Bond Trade creates liability between IDB and LBI and have agreed, pursuant to the IDB Settlement Agreement, to use their best efforts to determine whether such liability exists.

transfer of the LBI Property.<sup>4</sup> Specifically, Bank Leumi will file an action with the Israeli Court to release the LBI Property. IDB will cooperate and assist Bank Leumi in its efforts to release LBI Property from the Israeli Attachment. The date that the Israeli Court enters a judgment lifting any and all transfer restrictions on the LBI Property shall be the “Attachment Lift Date”.

22. Following the Attachment Lift Date, IDB covenants to deliver and transfer the LBI Property, valued at approximately \$80 million, including interest on the FX Proceeds Amount at the rate of 0.46% per annum from the Filing Date through the Attachment Lift Date, to the Trustee, with the exception of \$2,922,000 related to the Bond Trade (the “Bond Trade Holdback”). In the case of securities held by IDB for LBI, at the Trustee’s request, IDB agrees to liquidate them and transfer the cash proceeds to the Trustee along with all dividends and interest paid thereto up to the date of the securities’ liquidation.

23. The Trustee’s Contempt Motion as to Bank Leumi shall be deemed withdrawn upon the later of the Effective Date or the Attachment Lift Date. The Trustee’s Contempt Motion as to IDB shall be deemed withdrawn following the Israeli Court’s entry of a judgment lifting transfer restrictions on the LBI Property and IDB’s delivery and transfer of the LBI Property to the Trustee.

24. The Trustee and each of the Banks will exchange mutual releases regarding all claims with respect to the LBI Property (including the LBI Accounts, the FX

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4. LBI Property shall have the definition of it in the Settlement Agreements and includes: (i) seven accounts held by LBI at IDB identified in the IDB Settlement Agreement (the “LBI Accounts”); (ii) any and all cash and securities, or other property recorded in the LBI Accounts; (iii) the cash proceeds and unpaid amounts relating to the termination of the FX Transactions (the “FX Proceeds Amount”); and (iv) any other property agreed by the Trustee and IDB to be property of the LBI estate held at or by IDB. A complete list of the LBI Property appears on Schedule B to IDB Settlement Agreement.

Transactions, and the FX Proceeds Amount), the Contempt Motion, and the Israeli Attachment. Forms of such releases appear as Exhibit 1 to each of the Settlement Agreements.

### **RELIEF REQUESTED**

25. The Trustee's decision to enter into the Settlement Agreements is in the best interest of the LBI estate and represents sound business judgment. By this Motion, the Trustee requests approval of the Settlement Agreements pursuant to Bankruptcy Rule 9019(a).

#### **I. The Settlement Agreements Should Be Approved.**

26. Bankruptcy Rule 9019(a) provides that, “[o]n motion by the trustee [or debtor-in-possession] and after notice and a hearing, the court may approve a compromise or settlement.” Fed R. Bankr. P. 9019(a). This rule empowers bankruptcy courts to approve compromises “if they are in the best interest of the estate.” Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.), 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991); see also Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968); Fisher v. Pereira (In re 47-49 Charles St., Inc.), 209 B.R. 618, 620 (S.D.N.Y. 1997); In re Ionosphere Clubs, Inc., 156 B.R. 414, 426 (S.D.N.Y. 1993), aff’d, 17 F.3d 600 (2d Cir. 1994). Indeed, courts have long considered compromises to be “a normal part of the process of reorganization.” TMT Trailer Ferry, 390 U.S. at 424 (quoting Case v. Los Angeles Lumber Prods. Co., 308 U.S. 106, 130 (1939)).

27. The decision to approve a particular compromise lies within the sound discretion of the bankruptcy court. Nellis v. Shugrue, 165 B.R. 115, 123 (S.D.N.Y. 1994). “The settlement need not result in the best possible outcome for the debtor, but must not fall beneath the lowest point in the range of reasonableness.” Drexel Burnham Lambert Group, 134 B.R. at 505; see also Cosoff v. Rodman (In re W.T. Grant Co.), 699 F.2d 599, 608 (2d Cir. 1983); In re

Spielfogel, 211 B.R. 133, 144 (Bankr. E.D.N.Y. 1997). Additionally, a court may exercise its discretion “in light of the general public policy favoring settlements.” In re Hibbard Brown & Co., Inc., 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998). However, the analysis must focus on the question of whether a particular compromise is “fair and equitable, and in the best interest of the estate.” In re Best Products, 165 B.R. 35, 50 (Bankr. S.D.N.Y. 1994) (internal citations omitted).

28. While a court must “evaluate . . . all . . . factors relevant to a fair and full assessment of the wisdom of the proposed compromise,” Anderson, 390 U.S. at 424-25, a court need not conduct a “mini-trial” of the merits of the claims being settled, W.T. Grant Co., 699 F.2d at 608, or conduct a full independent investigation. Drexel Burnham Lambert Group, 134 B.R. at 496. “[T]he bankruptcy judge does not have to decide the numerous questions of law and fact . . . . The court need only canvass the settlement to determine whether it is within the accepted range of reasonableness.” Nellis, 165 B.R. at 123 (internal citations omitted).

29. The court may give weight to the “informed judgments of the . . . debtor-in-possession and their counsel that a compromise is fair and equitable, and consider the competency and experience of counsel who support the compromise.” Drexel Burnham Lambert Group, 134 B.R. at 505 (internal citations omitted); see also In re Purofied Down Prods. Corp., 150 B.R. 519, 522 (S.D.N.Y. 1993); accord In re Ashford Hotels Ltd., 226 B.R. 797, 802 (Bankr. S.D.N.Y. 1998) (“Significantly, that test does not contemplate that I substitute my judgment for the Trustee’s, but only that I test his choice for reasonableness . . . . If the Trustee chooses one of two reasonable choices, I must approve that choice, even if, all things being equal, I would have selected the other.”).

## **II. The Settlement Agreements Exceed the Range of Reasonableness.**

30. Here, the Settlement Agreements, consistent with Bankruptcy Rule 9019, serve the interests of LBI's customers and creditors, are fair and equitable, and exceed the range of reasonableness.

31. If approved, the Settlement Agreements will allow the Trustee to realize, without the additional risks, costs, and further delays of litigation, the release of any and all attachments by Bank Leumi on the LBI Property and the Property's return to the estate. IDB and Bank Leumi have agreed to nearly all the relief sought in the Trustee's Contempt Motion. Resolution by means other than consensual agreement would require the Trustee to expend considerable estate resources to pursue the Contempt Motion and engage in complex litigation in the United States and possibly abroad without likely obtaining a better outcome than achieved through the Settlement Agreements.

32. Instead, in exchange for the withdrawal of the Trustee's Contempt Motion, IDB and Bank Leumi will cooperate and coordinate to release the LBI Property from the Israeli Attachment, and IDB will return approximately \$80 million in cash to the estate. Accordingly, the Trustee requests that the Settlement Agreements, which provide for the return of estate property with no concessions by the Trustee, be approved pursuant to Bankruptcy Rule 9019.

### **NOTICE**

33. Notice of this Motion has been provided to (i) the Banks; and (ii) the list of parties requesting notice of pleadings 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," Docket No. 3466), and

will be immediately available for inspection upon filing with the Court at the Trustee's website, [www.lehmantrustee.com](http://www.lehmantrustee.com).

### **NO PRIOR REQUEST**

34. No previous request for relief sought herein has been made to this Court of any other court.

### **CONCLUSION**

WHEREFORE, the Trustee respectfully requests entry of an Order, substantially in the form annexed hereto as Exhibit C, approving the Settlement Agreements and granting such additional and further relief as the Court deems just and appropriate.

Dated: New York, New York  
July 27, 2011

HUGHES HUBBARD & REED LLP

By: /s/ Robert W. Brundige, Jr.

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

**EXHIBIT A**  
**(Bank Leumi Settlement Agreement)**

**SETTLEMENT AGREEMENT BETWEEN JAMES W. GIDDENS  
AS TRUSTEE FOR THE LIQUIDATION OF LEHMAN BROTHERS INC.  
AND BANK LEUMI LE-ISRAEL B.M. REGARDING CERTAIN PROPERTY**

This Settlement Agreement (“Leumi Settlement Agreement”) is entered into as of July 1, 2011 by and between James W. Giddens (the “Trustee”), as trustee for the liquidation of Lehman Brothers Inc. (“LBI”), and Bank Leumi le-Israel B.M. (“Bank Leumi” and together with the Trustee, the “Parties” or separately each a “Party”) in connection with (a) the release of any and all attachments by Bank Leumi on the accounts, securities, and other property held by or for LBI at Israel Discount Bank Ltd (“IDB”); and (b) the withdrawal of the Trustee’s Motion (as defined herein) as to Bank Leumi.

**RECITALS**

WHEREAS, on or about September 9, 2001, IDB entered into a Multicurrency-Cross Border ISDA Master Agreement, dated as of September 3, 2001, with LBI, which governed the foreign exchange transactions between LBI and IDB (the “Foreign Exchange Agreement”);

WHEREAS, on the dates specified, LBI and IDB entered into certain foreign exchange transactions governed by the Foreign Exchange Agreement, the details of which are specified on Schedule A (the “FX Transactions”);

WHEREAS, on September 18, 2008, in response to an application brought by Bank Leumi, the Tel-Aviv District Court (the “Israeli Court”) issued an *ex parte* temporary attachment (the “Israeli Temporary Attachment”) of all the assets or monies of the so-called “Lehman Brothers Group” held by IDB, forbidding the delivery of such property until further order from the Israeli Court;



WHEREAS, on September 19, 2008 (the “Filing Date”), the Honorable Gerard E. Lynch, United States District Court, Southern District of New York, entered the Order Commencing Liquidation (the “LBI Liquidation Order”) pursuant to the provisions of Securities Investor Protection Act of 1970, as amended (“SIPA”), 15 U.S.C. Sections 78aaa *et seq.*, in the case captioned Securities Investor Protection Corporation v. Lehman Brothers Inc., Case No. 08-CIV-8119 (GEL);

WHEREAS, the LBI Liquidation Order: (i) appointed James W. Giddens as trustee for the liquidation of the business of LBI pursuant to section 78eee(b)(3) of SIPA; (ii) removed this case to the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) pursuant to section 78eee(b)(1) of SIPA (the “LBI SIPA Proceeding”); and (iii) stayed, pursuant to 11 U.S.C. § 362(a), *inter alia*, (a) “any act to obtain property of the estate or property from the estate” and (b) “any act to collect, assess or recover a claim against LBI that arose before the commencement of [the LBI SIPA Proceeding]” (the “Stay Provision”);

WHEREAS, by letter dated September 23, 2008 (the “Termination Notice”), IDB informed the Trustee that an “Additional Termination Event” had occurred under the Foreign Exchange Agreement and that IDB was thereby terminating the Foreign Exchange Agreement and liquidating all open foreign exchange transactions;

WHEREAS, on December 10, 2008, Bank Leumi made an *ex parte* application to have the Israeli Court specify that Bank Leumi intended the Israeli Temporary Attachment to apply to LBI as within the “Lehman Brothers Group,” as that term was used by Bank Leumi in its attachment application;

WHEREAS, by order dated December 14, 2008 (the “December 14, 2008 Order”), the Israeli Court granted Bank Leumi’s application and confirmed that the Israeli Temporary Attachment applied to LBI;

WHEREAS, by order dated March 12, 2009, the Israeli Court gave the force and validity of a judgment to a stipulation between Bank Leumi and IDB in which, *inter alia*, (1) IDB agreed not to challenge the Temporary Israeli Attachment, (2) Bank Leumi agreed not to assert any claim with respect to IDB’s setoff rights as stated in IDB’s statement to the Israeli Court, and (3) the Israeli Court approved the Israeli Temporary Attachment over the assets (the “March 12, 2009 Order” and together with the Temporary Israeli Attachment and the December 14, 2008 Order, the “Israeli Attachment”);

WHEREAS, on December 8, 2009, the Trustee filed in the Bankruptcy Court the Motion of James W. Giddens, as Trustee for Lehman Brothers Inc., Pursuant to Sections 105(a) and 362 of the Bankruptcy Code and Section 78eee(b)(2)(B) of SIPA, for an Order Enforcing the Automatic Stay and the Stays in the LBI Liquidation Order and Holding Israel Discount Bank Limited and Bank Leumi Le-Israel B.M. in Contempt for Violating the Automatic Stay, Interfering with the Trustees Administration and Property of the Debtor’s Estate, and Commencing Foreign Legal Proceedings against the Debtor (the “Trustee’s Motion,” Docket No. 2288);

WHEREAS, between January 2010 and May 2011, Bank Leumi requested information supporting the Trustee’s position that certain property held by or for LBI by IDB is property of and subject to the Trustee’s administration of the LBI estate, and the Trustee

extended Bank Leumi's and IDB's time to respond to the Trustee's Motion while the Trustee sought such information; and

WHEREAS, between January 2010 and ending on May 10, 2011, the Trustee provided certain information to Bank Leumi regarding the property held at IDB;

WHEREAS, the Parties, having contemplated and discussed the ownership of the property held by or for LBI at IDB, the Parties desire to resolve matters consensually and without further recourse to the Bankruptcy Court by entering into this Leumi Settlement Agreement.

### **SETTLEMENT TERMS**

NOW, THEREFORE, in consideration of the promises and mutual covenants, benefits, and detriments contained herein, intending to be legally bound, the Parties do hereby agree as follows:

**1. The LBI Property.**

As used herein, the term "LBI Property" shall mean (i) seven accounts held by LBI at IDB numbered: (A) 518-981125; (B) 518-981133; (C) 81301981125; (D) 6100981125; (E) 81301140554; (F) 061-980455; and (G) 518-06198112 (together, the "LBI Accounts"); (ii) any and all cash and securities, or other property recorded in the LBI Accounts; (iii) the cash proceeds and unpaid amounts relating to the termination of the FX Transactions (the "FX Proceeds Amount"); and (iv) any other property agreed by the Trustee and IDB to be LBI property held at or by IDB. Schedule A hereto lists the FX Transactions and the FX Proceeds Amount. Schedule B hereto lists the securities and cash currently known to the Trustee to be held in the LBI Accounts.

**2. Effective Date.**

This Leumi Settlement Agreement shall become effective and binding upon the Effective Date. The “Effective Date” as used in this Leumi Settlement Agreement shall mean the first day after which all of the following have occurred: (i) this Leumi Settlement Agreement shall have been executed by and on behalf of the Parties, each Party hereto having delivered to the other Party an executed counterpart of its signature page to this Leumi Settlement Agreement (the “Execution Date”); and (ii) an order shall have been entered by the Bankruptcy Court approving the Leumi Settlement Agreement, and related relief, the effectiveness of which shall not have been stayed.

**3. Covenants.**

(a) The Trustee shall use his reasonable efforts to seek entry by the Bankruptcy Court of an order approving the Leumi Settlement Agreement (and to defend against any action to appeal, repeal, vacate or modify such order as so entered) as promptly as possible after the Execution Date, except insofar as a reasonable delay is necessary to allow the Trustee to execute a settlement between IDB and the Trustee providing for the return of the LBI Property to the Trustee (the “IDB Settlement” and together with the Leumi Settlement, the “Bank Settlements”) so that the Trustee may proceed with a single motion seeking entry by the Bankruptcy Court of an order approving the Bank Settlements (the “Bank Order”). Notwithstanding the foregoing, the Trustee shall seek entry of an order approving the Leumi Settlement Agreement no later than at the Omnibus Hearing currently set for August 17, 2011, and Bank Leumi shall reasonably cooperate with the Trustee to obtain entry and finality of the Bank Order.

(b) No Party shall take any action inconsistent with this Leumi Settlement

Agreement (other than to enforce this Leumi Settlement Agreement) or causing the Bank Order to be appealed. If an order approving the Leumi Settlement Agreement shall not be entered, this Leumi Settlement Agreement shall be null and void *ab initio*.

(c) As promptly as practicable but no later than ten (10) days after the Effective Date, Bank Leumi covenants to take any and all actions within its power and available to it to obtain a judgment from the Israeli Court to release the LBI Property from the Israeli Attachment or any other term of attachment by Bank Leumi otherwise impeding transfer of the LBI Property including but not limited to filing an action to so move the Israeli Court, and providing such papers to all Parties (such date the Israeli Court enters such judgment lifting any and all transfer restrictions imposed on such property by the Israeli Attachment, the “Attachment Lift Date”), and which failure by Bank Leumi to effect such release within said time shall cause this Leumi Settlement Agreement to be null and void *ab initio*.

(d) Upon the occurrence of the Effective Date or the Attachment Lift Date, whichever is later, the Trustee’s Motion shall be deemed withdrawn as to Bank Leumi as directed in the Bank Order or any other order entered by the Bankruptcy Court approving the Leumi Settlement Agreement.

**4. Release of Claims.**

The Parties shall execute and deliver a release in the form annexed hereto as Exhibit 1 (the “Release”) after the Effective Date or within five (5) days after the Trustee determines that Bank Leumi has performed as covenanted in Section 3(c), whichever is later.

**5. Miscellaneous.**

(a) This Leumi Settlement Agreement is not an admission of any liability but is a compromise and settlement, and neither this Leumi Settlement Agreement, nor any of the communications or proceedings described in the following sentence, shall be treated as, or claimed to be, or be evidence of, an admission of any liability or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any Party. Without limitation of the preceding sentence, all communications (whether oral or in writing) between or among the Parties, their counsel or their respective representatives, and all proceedings, relating to, concerning or in connection with this Leumi Settlement Agreement, or the matters covered hereby and thereby (whether occurring prior to, on or after the date hereof), shall be governed and protected in accordance with the Federal Rule of Evidence 408 and New York Civil Practice Law and Rules Section 4547 to the fullest extent permitted by Law.

(b) Each Party hereby represents and warrants to the other Parties that the person signing this Leumi Settlement Agreement on its behalf is duly authorized to enter into this Leumi 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 Leumi Settlement Agreement.

(c) This Leumi Settlement Agreement, and its validity, interpretation and legal effect, shall be governed by, and construed in accordance with, SIPA, the United States Bankruptcy Code, and the laws of the State of New York without regard to its conflict of laws rules. Each of the Parties hereby submits to the jurisdiction of the Bankruptcy Court for the Southern District of New York over any disputes arising from, or relating to, this Leumi Settlement Agreement and the underlying disputes between the parties. 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 Leumi Settlement Agreement) are incorporated in this Leumi Settlement Agreement as if they appeared fully in 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.

(d) This Leumi 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 Leumi Settlement Agreement which together fully and completely express the Parties' agreement. The Parties agree and affirm that the only consideration for the execution of this Leumi 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.

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

(f) This Leumi 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.

(g) This Leumi 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 Leumi 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 proferentum* or any other doctrine of interpretation or construction that purports to attribute significance to the identity of the drafter.

(h) The provisions of this Leumi Settlement Agreement are severable. If any provision of this Leumi Settlement Agreement is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, then such invalidity, illegality or unenforceability shall not affect the validity or enforceability of any other provision hereof.

(i) 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 Leumi Settlement Agreement.

(j) When calculating the period of time before which, within which, or following which any act is to be done pursuant to this Leumi Settlement Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day, and if the period is for five (5) days or fewer, only business days shall be counted.

(k) Any notices, demands, requests and communications required to be made by or relating to this Leumi Settlement Agreement shall be made in writing and shall be deemed to have been duly given if sent by overnight courier, electronic mail, or by facsimile, addressed as follows:



(i) if to the Trustee for LBI:

James W. Giddens  
Trustee for the SIPA Liquidation of Lehman Brothers Inc.  
c/o Robert W. Brundige, Jr., Esq.  
HUGHES HUBBARD & REED LLP  
One Battery Park Plaza  
New York, New York 10004-1482  
Facsimile: 212-299-6001  
Email: Brundige@hugheshubbard.com

(ii) if to Bank Leumi:

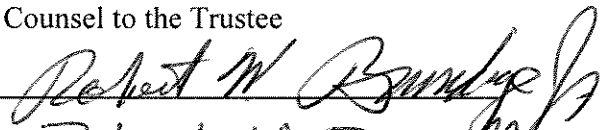
Benjamin S. Kaminetzky, Esq.  
Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017  
Counsel for Bank Leumi  
Facsimile: 212-701-5259  
Email: benjamin.kaminetzky@davispolk.com

*[ Remainder of this page left intentionally blank - signature page follows ]*

WITNESS the due execution hereof, intending to be legally bound hereby, this 1st  
day of July, 2011.

JAMES W. GIDDENS, AS TRUSTEE FOR  
THE LIQUIDATION OF LEHMAN  
BROTHERS INC. UNDER THE SECURITIES  
INVESTOR PROTECTION ACT

By: HUGHES HUBBARD & REED LLP,  
Counsel to the Trustee

By:   
Name: Robert W. Brundage, Jr.

Title: Authorized Signatory

BANK LEUMI LE-ISRAEL B.M.

By: \_\_\_\_\_

Name: Prof. Daniel Tsiddon

Title: Deputy CEO,

Head, Capital Markets Division

WITNESS the due execution hereof, intending to be legally bound hereby, this 1st  
day of July, 2011.

JAMES W. GIDDENS, AS TRUSTEE FOR  
THE LIQUIDATION OF LEHMAN  
BROTHERS INC. UNDER THE SECURITIES  
INVESTOR PROTECTION ACT

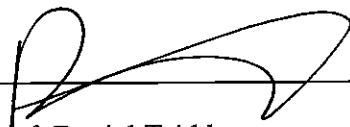
By: HUGHES HUBBARD & REED LLP,  
Counsel to the Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Signatory

BANK LEUMI LE-ISRAEL B.M.

By:  \_\_\_\_\_

Name: Prof. Daniel Tsiddon

Title: Deputy CEO,

Head, Capital Markets Division

**Schedule A**

FX Transactions						
Trade Date	Settlement Date	Currency Type - Pay	Currency Type - Rec	Expected Currency LBI Payable	Expected Currency LBI Receivable	Exposure - LBI Receivable (Payable)
4/9/08	1/12/09	ILS	USD	(17,632,500)	5,000,000	(102,418)
4/2/08	4/6/09	ILS	USD	(17,675,000)	5,000,000	(91,750)
6/10/08	6/12/09	ILS	USD	(17,710,000)	5,000,000	(86,771)
4/9/08	1/12/09	USD	EUR	(28,334,000)	20,000,000	1,016,000
6/16/08	6/18/09	USD	GBP	(17,721,500)	10,000,000	518,500
09/11/08	09/15/08	USD	ILS	(1,000,000)	3,638,000	1,000,000
09/11/08	09/15/08	USD	ILS	(2,000,000)	7,259,000	2,000,000
09/11/08	09/15/08	USD	ILS	(2,000,000)	7,260,000	2,000,000
09/11/08	09/15/08	USD	ILS	(3,000,000)	10,920,000	3,000,000
09/11/08	09/15/08	USD	ILS	(74,512,358)	270,000,000	74,512,358
<b>FX Proceeds Amount</b>						<b>83,765,919</b>

**Schedule B**

<b>Security Number</b>	<b>Security Name</b>	<b>Amount</b>
230011	Bezeq	35,000.00
260018	Ormat	8,200.00
281014	Chil (Israel Chemicals Ltd)	300.00
290023	Teuza	414,358.00
604611	Leumi	30,000.00
627034	Delta	159,019.00
649012	Koor	200.00
739037	Electra	18.00
1080670	Retalix	2,000.00
1080985	Isrotel	291,918.00
1081819	Makhteshim Agan	5,001.00
1082965	AudioCodes	11,795.00
1094044	Electra Nadlan (Real Estate)	77.00
1094119	Kamada	27,457.00
1094473	CanFite BioPharma	26,984.00
1098920	Reit1	30,000.00
1105055	Evogene	10,000.00
1095405	Hadassit Bio	5,000.00

**Exhibit 1****RELEASE BETWEEN JAMES W. GIDDENS  
AS TRUSTEE FOR THE LIQUIDATION OF LEHMAN BROTHERS INC.  
AND BANK LEUMI LE-ISRAEL B.M. REGARDING CERTAIN PROPERTY**

THIS RELEASE (the "Release") is executed and delivered by and among the Parties (as defined below) in connection with the Settlement Agreement Between James W. Giddens, as trustee (the "Trustee") for the Liquidation of Lehman Brothers Inc. ("LBI"), and Bank Leumi le-Israel B.M. ("Bank Leumi" and together with the Trustee, the "Parties") on July 1, 2011 (the "Leumi Settlement Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Leumi Settlement Agreement.

The Parties, each on its own behalf and on behalf of its affiliates (collectively, the "Releasors"), hereby irrevocably release, waive, acquit and forever discharge the Releasees (as defined below) from, in all cases, any and all Claims (as defined below) which the Releasors may have or may hereafter claim to have, or which might have been alleged, against the Releasees (or any of them) arising out of or relating in any way to the LBI Property.

For the purposes of the Leumi Settlement Agreement and this Release, the term "Releasees" shall mean, collectively (and each or any of them as appropriate), the Trustee Parties and the Bank Leumi Parties, as such parties are defined below:

- (i) The Trustee Parties shall include the Trustee, LBI, the Securities Investor Protection Corporation ("SIPC"), and each of their respective affiliates and each of the Trustee's, LBI's, SIPC's, and such affiliates' respective directors, officers, employees, agents, consultants, shareholders, members and partners, past and present, in their individual capacities as well as in their capacities as such, and with respect to each of the foregoing, their, its, or his successors and assigns, heirs, attorneys and representatives.
- (ii) The Bank Leumi Parties shall include Bank Leumi and its respective affiliates and each of Bank Leumi's, and such affiliates' respective directors, officers, employees, agents, consultants, shareholders, members and partners, past and present, in their individual capacities as well as in their capacities as such, and with respect to each of the foregoing, their, its or his successors and assigns, heirs, attorneys and representatives.

For purposes of the Leumi Settlement Agreement and this Release, the term "Claims" shall mean 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), contempt, 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 or common law or any

other law, statute, code, ordinance, 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 and the rules of any self-regulatory organization) (each of the forgoing "Law"), 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 aforesaid release specifically includes and applies to any and all Claims asserting an entitlement to any payment, delivery, compensation or other remuneration or remedy regarding the LBI Property, and the Bank Leumi Releasers expressly acknowledge and agree that, upon delivery of this Release by Bank Leumi, it and they shall have no further rights with respect to the LBI Property, including, but not limited to, the LBI Accounts, the FX Transactions, and the FX Proceeds Amount.

This Release shall apply only to Claims arising out of or relating to in any way the LBI Property (including, but not limited to the LBI Accounts, the FX Transactions, and the FX Proceeds Amount), the Trustee's Motion, and the Israeli Attachment and not any other claims or attachments against other Lehman entities (other than the Trustee or LBI) in the Israeli Attachment. Nothing in this Release shall be deemed to release, waive, acquit or discharge the Releasees from (a) the Leumi Settlement Agreement, (b) any Claims arising under the Leumi Settlement Agreement, or (c) the transfers contemplated under the Leumi Settlement Agreement.

Each of the individuals signing this Release on behalf of a Releaser shall be deemed, by executing this Release, to acknowledge and, with respect to his or her own signature hereto, to warrant and represent that he/she is authorized to execute this Release in his/her representative capacity, as reflected herein and on behalf of, respectively, the Releasers.

*[ Remainder of this page left intentionally blank - signature page follows ]*

WITNESS the due execution hereof, intending to be legally bound hereby, this  
\_\_\_ day of \_\_\_\_, 2011.

JAMES W. GIDDENS, AS TRUSTEE FOR  
THE LIQUIDATION OF LEHMAN  
BROTHERS INC. UNDER THE SECURITIES  
INVESTOR PROTECTION ACT

By: HUGHES HUBBARD & REED LLP,  
Counsel to the Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Signatory

BANK LEUMI LE-ISRAEL B.M.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



State of New York }

} ss.:

County of New York }

On \_\_\_\_\_, 2011 before me, the undersigned, [Bank Leumi Signatory] personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

---

[signature and office of individual  
taking acknowledgement]

**EXHIBIT B**  
**(IDB Settlement Agreement)**

**SETTLEMENT AGREEMENT BETWEEN JAMES W. GIDDENS  
AS TRUSTEE FOR THE LIQUIDATION OF LEHMAN BROTHERS INC. AND  
ISRAEL DISCOUNT BANK LTD REGARDING CERTAIN PROPERTY**

This Settlement Agreement (“IDB Settlement Agreement”) is entered into as of July 27, 2011 by and between James W. Giddens (the “Trustee”), as trustee for the liquidation of Lehman Brothers Inc. (“LBI”) and Israel Discount Bank Ltd. (“IDB” and together with the Trustee, the “Parties” or separately each a “Party”) in connection with (a) the transfer to the Trustee of all securities, cash, and other property held by or for LBI at IDB, or otherwise owed to LBI by IDB; (b) the termination of foreign exchange transactions between LBI and IDB; and (c) the withdrawal of the Trustee’s Motion (as defined herein) as to IDB.

**RECITALS**

WHEREAS, on or about September 9, 2001, IDB entered into a Multicurrency-Cross Border ISDA Master Agreement, dated as of September 3, 2001, with LBI, which governed the foreign exchange transactions between LBI and IDB (the “Foreign Exchange Agreement”);

WHEREAS, on the dates specified, LBI and IDB entered into certain foreign exchange transactions governed by the Foreign Exchange Agreement, the details of which are specified on Schedule A (the “FX Transactions”);

WHEREAS, on September 18, 2008, in response to an application brought by Bank Leumi le-Israel B.M. (“Bank Leumi”), to which IDB was not a party, the Tel-Aviv District Court (the “Israeli Court”) issued an *ex parte* temporary attachment (the “Israeli Temporary Attachment”) of all the assets or monies of the so-called “Lehman Brothers Group” held by IDB, forbidding the delivery of such property until further order from the Israeli Court;

WHEREAS, on September 19, 2008 (the “Filing Date”), the Honorable Gerard E. Lynch, United States District Court, Southern District of New York, entered the Order Commencing Liquidation (the “LBI Liquidation Order”) pursuant to the provisions of Securities Investor Protection Act of 1970, as amended (“SIPA”), 15 U.S.C. Sections 78aaa et seq., in the case captioned Securities Investor Protection Corporation v. Lehman Brothers Inc., Case No. 08-CIV-8119 (GEL);

WHEREAS, the LBI Liquidation Order: (i) appointed James W. Giddens as trustee for the liquidation of the business of LBI pursuant to section 78eee(b)(3) of SIPA; (ii) removed this case to the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) pursuant to section 78eee(b)(1) of SIPA (the “LBI SIPA Proceeding”) and (iii) stayed, pursuant to 11 U.S.C. § 362(a), *inter alia*, (a) “any act to obtain property of the estate or property from the estate” and (b) “any act to collect, assess or recover a claim against LBI that arose before the commencement of [the LBI SIPA Proceeding]” (the “Stay Provision”);

WHEREAS, by letter dated September 23, 2008 (the “Termination Notice”), IDB informed the Trustee that an “Additional Termination Event” had occurred under the Foreign Exchange Agreement and that IDB was thereby terminating the Foreign Exchange Agreement and liquidating all open foreign exchange transactions.

WHEREAS, IDB was identified as the “Holder” on Bank Leumi’s *ex parte* attachment application and on November 27, 2008 filed a Statement of Defense objecting to the attachment in the Israeli court;

WHEREAS, on December 10, 2008, Bank Leumi made an *ex parte* application to have the Israeli Court add LBI as an entity within the so-called “Lehman Brothers Group,” as

that term was used by Bank Leumi in its attachment application, and intending the Israeli Temporary Attachment to thereafter apply to LBI;

WHEREAS, by order dated December 14, 2008 (the "December 14, 2008 Order"), the Israeli Court granted Bank Leumi's application and confirmed that the Israeli Temporary Attachment applied to LBI;

WHEREAS, by order dated March 12, 2009, the Israeli Court approved the applicability of the Israeli Temporary Attachment on the monies and assets held by IDB and approved a stipulation between Bank Leumi and IDB in which IDB agreed not to challenge the applicability of the Temporary Israeli Attachment and Bank Leumi agreed not to assert any claim with respect to IDB's setoff rights (the "March 12, 2009 Order" and together with the Temporary Israeli Attachment and the December 14, 2008 Order, the "Israeli Attachment");

WHEREAS, on December 8, 2009, the Trustee filed in the Bankruptcy Court the Motion of James W. Giddens, as Trustee for Lehman Brothers Inc., Pursuant to Sections 105(a) and 362 of the Bankruptcy Code and Section 78eee(b)(2)(B) of SIPA, for an Order Enforcing the Automatic Stay and the Stays in the LBI Liquidation Order and Holding Israel Discount Bank Limited and Bank Leumi Le-Israel B.M. in Contempt for Violating the Automatic Stay, Interfering with the Trustee's Administration and Property of the Debtor's Estate, and Commencing Foreign Legal Proceedings against the Debtor (the "Trustee's Motion," Docket No. 2288);

WHEREAS, between January 2010 and May 2011, Bank Leumi requested information supporting the Trustee's position that certain property held by or for LBI by IDB is property of and subject to the Trustee's administration of the LBI estate, and the Trustee

extended Bank Leumi's and IDB's time to respond to the Trustee's Motion while the Trustee sought and provided such information; and

WHEREAS, the Parties, having contemplated and discussed (i) the ownership of the property held by or for LBI at IDB and (ii) the proper calculation and trade details related to the FX Transactions, the Parties' desire to resolve matters consensually and without further recourse to the Bankruptcy Court by entering into this IDB Settlement Agreement.

### **SETTLEMENT TERMS**

NOW, THEREFORE, in consideration of the promises and mutual covenants, benefits, and detriments contained herein, intending to be legally bound, the Parties do hereby agree as follows:

#### **1. Representations and Warranties.**

IDB makes the following representations and warranties:

- (i) LBI is, and confirms that it is, the holder of seven accounts at IDB, identified by the following account number and referred to together as the "LBI Accounts":

<b>Account Number</b>
061-981125 (a/k/a 6100981125)
061-980455
813-981125 (a/k/a 81301981125)
813-981133 (a/k/a 518-06198112)
813-140554 (a/k/a 81301140554)
518-981125 (a/k/a 389-981125)
518-981133 (a/k/a 389-981133)

- (ii) Schedule B hereto lists all the securities, cash, and other property recorded in the LBI Accounts, and there are no other accounts at IDB for LBI and no other cash, securities and/or other property is held by or for LBI by IDB, in the LBI Accounts or otherwise (except as provided in 1(iii)), and IDB has no other indebtedness to LBI;

- (iii) IDB holds and controls the cash proceeds and unpaid amounts related to the termination of the FX Transactions (the “FX Proceeds Amount”), and except for the FX Transactions listed on Schedule A hereto, a bond transaction between IDB and a nondetermined party relating to 5,000,000 shares of CUSIP 52517PE23 (the “Bond Trade”),<sup>1</sup> and the FX Proceeds Amount, there are no other financial transactions (including, without limitation, foreign exchange transactions) open, or creating liability, between IDB and LBI (except as provided in 1(ii));
- (iv) The property described in Sections 1(i) through 1(iii) shall constitute the “LBI Property”; and
- (v) Based upon reasonable investigation of its practices, for the period September 23, 2008 through June 30, 2011, IDB paid its largest corporate deposit holders the average rate of 0.46% per annum.

## 2. Effective Date.

This IDB Settlement Agreement shall become effective and binding upon the Effective Date. The “Effective Date” as used in this IDB Settlement Agreement shall mean the first day after which all of the following have occurred: (i) this IDB Settlement Agreement shall have been executed by and on behalf of the Parties, each Party hereto having delivered to the other Party an executed counterpart of its signature page to this IDB Settlement Agreement (the “Execution Date”); (ii) a settlement agreement between Bank Leumi and the Trustee providing for the release of the Israeli Attachment shall have been executed (the “Leumi Settlement Agreement” and together with the IDB Settlement Agreement the “Bank Settlement Agreements”); and (iii) an order shall have been entered by the Bankruptcy Court approving the Bank Settlement Agreements, and related relief, the effectiveness of which shall not have been stayed (the “Bank Order”).

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1. The Parties take no position as to whether the Bond Trade creates liability between the Parties but agree to use their best efforts to determine whether such liability exists.

### 3. Covenants.

(a) As promptly as possibly after the Execution Date, the Trustee shall use his reasonable efforts to seek entry by the Bankruptcy Court of the Bank Order (and to defend against any action to appeal, repeal, vacate or modify the Bank Order as so entered), (ii) IDB shall reasonably cooperate with the Trustee to obtain entry and finality of the Bank Order, and (iii) no Party shall take any action inconsistent with this IDB Settlement Agreement (other than to enforce this IDB Settlement Agreement), or causing the Bank Order to be appealed. If the Bank Order shall not be entered, this IDB Settlement Agreement shall be null and void *ab initio*.

(b) IDB covenants to cooperate and assist with any and all actions by Bank Leumi to obtain a judgment from the Israeli Court to release the LBI Property from the Israeli Attachment or any other term of attachment otherwise impeding transfer of the LBI Property (such date the Israeli Court enters such judgment lifting any and all transfer restrictions imposed on such property by the Israeli Attachment, the "Attachment Lift Date").

(c) As promptly as practicable but not later than five (5) days after the Attachment Lift Date, IDB covenants to deliver and transfer to the Trustee the LBI Property, including interest on the FX Proceeds Amount at the rate of 0.46% per annum from the Filing Date through the Attachment Lift Date (as specified and set forth in Schedules A and B), but not including \$2,922,000 related to the Bond Trade (the "Bond Trade Holdback"). In all cases, delivery and transfer to the Trustee shall be as and how specified in Schedule C, and the date all such deliveries and transfers are confirmed as received by the Trustee shall be the "Delivery Date." All LBI Property shall be transferred from IDB to the Trustee in U.S. Dollars and to the extent that any of the LBI Property is not in U.S. Dollars, IDB shall convert such currencies to U.S. Dollars, using the prevailing daily rate on the Delivery Date. To the extent Schedule B



directs that a certain security should be liquidated, the Trustee consents to the sale of such position by IDB within five (5) days of the Attachment Lift Date with confirmation of the sale price to be provided to the Trustee and the full proceeds of such sale to be transferred to the Trustee in lieu of the securities. As promptly as practicable, but not later than five (5) days after the Attachment Lift Date, IDB covenants to deliver and transfer the Bond Trade Holdback to Seward & Kissel LLP's interest bearing escrow account, to be held there pursuant to the terms of Section 5(l) hereto.

(d) Upon the occurrence of both the Attachment Lift Date and the Delivery Date, the Trustee's Motion shall be deemed withdrawn as to IDB, as directed in the Bank Order.

**4. Release of Claims.**

The Parties shall execute and deliver a release in the form annexed hereto as Exhibit 1 (the "Release") within five (5) days after the Trustee determines that IDB has performed as covenanted in Sections 3(b) and 3(c).

**5. Miscellaneous.**

(a) This IDB Settlement Agreement is not an admission of any liability but is a compromise and settlement, and neither this IDB Settlement Agreement, nor any of the communications or proceedings described in the following sentence, shall be treated as, or claimed to be, or to be evidence of, an admission of any liability or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any Party. Without limitation of the preceding sentence, all communications (whether oral or in writing) between or among the Parties, their counsel or their respective representatives, and all proceedings, relating to, concerning or in connection with this IDB Settlement Agreement, or the matters covered hereby and thereby (whether occurring prior to, on or after the date hereof), shall be governed

and protected in accordance with the Federal Rule of Evidence 408 and New York Civil Practice Law and Rules Section 4547 to the fullest extent permitted by Law.

(b) Each Party hereby represents and warrants to the other Parties that the person signing this IDB Settlement Agreement on its behalf is duly authorized to enter into this IDB 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 IDB Settlement Agreement.

(c) The IDB Settlement Agreement, and its validity, interpretation and legal effect, shall be governed by, and construed in accordance with SIPA, the United States Bankruptcy Code, and the laws of the State of New York without regard to its conflict of law rules. 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 IDB Settlement Agreement) are incorporated in this IDB Settlement Agreement as if they appeared fully in 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.

(d) This IDB 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 IDB Settlement Agreement which together fully and completely express the Parties' agreement. The Parties agree and affirm that the only consideration for the execution of this IDB

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.

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

(f) This IDB 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.

(g) This IDB 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 IDB 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 proferentum* or any other doctrine of interpretation or construction that purports to attribute significance to the identity of the drafter.

(h) The provisions of this IDB Settlement Agreement are severable. If any provision of this IDB Settlement Agreement is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, then such invalidity, illegality or unenforceability shall not affect the validity or enforceability of any other provision hereof.

(i) 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 IDB Settlement Agreement.

(j) When calculating the period of time before which, within which, or

following which any act is to be done pursuant to this IDB Settlement Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day, and if the period is for five (5) days or fewer, only business days shall be counted.

(k) Any notices, demands, requests and communications required to be made by or relating to this IDB Settlement Agreement shall be made in writing and shall be deemed to have been duly given if sent by overnight courier, electronic mail, or by facsimile, addressed as follows:

(i) if to the Trustee for LBI:

James W. Giddens  
Trustee for the SIPA Liquidation of Lehman Brothers Inc.  
c/o Robert W. Brundige, Jr., Esq.  
HUGHES HUBBARD & REED LLP  
One Battery Park Plaza  
New York, New York 10004-1482  
Facsimile: 212-299-6001  
Email: Brundige@hugheshubbard.com

(ii) if to IDB:

Jack Yoskowitz, Esq.  
Seward & Kissel LLP  
One Battery Park Plaza  
New York, New York 10004-1482  
Facsimile: (212) 480-8421  
Email: yoskowitz@sewkis.com

(l) The Bond Trade Holdback, or any agreed portion of it, plus any accrued interest, shall be delivered to the Trustee within five (5) days of agreement by the Trustee and IDB, including, but not limited to, agreement as to the sufficiency of proof that the Bond Trade does not create a liability as between LBI and IDB. The Bond Trade Holdback, or any agreed portion of it, plus any accrued interest, shall be delivered to IDB within five (5) days of

agreement by the Trustee and IDB, including, but not limited to, agreement as to the sufficiency of proof that the Bond Trade creates a liability due from LBI to IDB. If agreement has not been reached as between IDB and the Trustee as to the liability related to the Bond Trade by January 27, 2012, the Bond Trade Holdback shall be transferred to each of IDB and the Trustee in equal parts.

WITNESS the due execution hereof, intending to be legally bound hereby,  
this 27th day of July, 2011.

JAMES W. GIDDENS, AS TRUSTEE FOR  
THE LIQUIDATION OF LEHMAN  
BROTHERS INC. UNDER THE SECURITIES  
INVESTOR PROTECTION ACT

By: HUGHES HUBBARD & REED LLP,  
Counsel to the Trustee

By: /s/ Robert W. Brundige, Jr.

Name: Robert W. Brundige, Jr.

Title: Authorized Signatory

ISRAEL DISCOUNT BANK LIMITED

By: YIGAL ARNON & CO.,  
Counsel to Israel Discount Bank Ltd.

By: /s/ Yuval Shalheveth

Name: Yuval Shalheveth

Title: Authorized Signatory

**SCHEDULE A**  
**(FX Transactions)**

FX Transactions						
Trade Date	Settlement Date	Currency Type - Pay	Currency Type - Rec	Expected Currency LBI Payable	Expected Currency LBI Receivable	Exposure - LBI Receivable (Payable)
4/9/08	1/12/09	ILS	USD	(17,632,500)	5,000,000	(102,418)
4/2/08	4/6/09	ILS	USD	(17,675,000)	5,000,000	(91,750)
6/10/08	6/12/09	ILS	USD	(17,710,000)	5,000,000	(86,771)
4/9/08	1/12/09	USD	EUR	(28,334,000)	20,000,000	1,016,000
6/16/08	6/18/09	USD	GBP	(17,721,500)	10,000,000	518,500
09/11/08	09/15/08	USD	ILS	(1,000,000)	3,638,000	1,000,000
09/11/08	09/15/08	USD	ILS	(2,000,000)	7,259,000	2,000,000
09/11/08	09/15/08	USD	ILS	(2,000,000)	7,260,000	2,000,000
09/11/08	09/15/08	USD	ILS	(3,000,000)	10,920,000	3,000,000
09/11/08	09/15/08	USD	ILS	(74,512,358)	270,000,000	74,512,358
<b>FX Proceeds Amount</b>						<b>83,765,919</b>

## **SCHEDULE B**

### **CASH**

<b>DESCRIPTION</b>	<b>AMOUNT (AS OF JULY __, 2011)</b>
FX Proceeds Amount	\$83,765,919
Interest on FX Proceeds	\$ [TBD]
IDB Duplicate Payment	(\$1,410,000)
Account No. 061-980455	(\$1,159,073)
Account No. 061-981125	ILS 162,548
Account No. 813-981125	\$ 0
Account No. 813-981133	\$ 0
Account No. 813-140554	\$ 6,730
Account No. 389-981125	ILS 4,910
Account No. 389-981133	ILS 11,715,242
<b>TOTAL CASH PAYABLE TO LBI (USD)</b>	<b>\$ [TBD]<sup>2</sup></b>

### **SECURITIES**

<b>SECURITY NO.</b>	<b>SECURITY NAME</b>	<b>AMOUNT</b>	<b>TRUSTEE INSTRUCTION</b>
1095405	Hadassit Bio	5,000.00	Liquidate
230011	Bezeq	35,000.00	Liquidate
260018	Ormat	8,200.00	Liquidate
281014	Chil (Israel Chemicals Ltd)	300.00	Liquidate
290023	Teuza	414,358.00	Liquidate
604611	Leumi	30,000.00	Liquidate
627034	Delta	159,019.00	Liquidate
649012	Koor	200.00	Liquidate
739037	Electra	18.00	Liquidate
1080670	Retalix	2,000.00	Liquidate
1080985	Isrotel	291,918.00	Liquidate
1081819	Makhteshim Agan	5,001.00	Liquidate
1082965	AudioCodes	11,795.00	Liquidate
1094044	Electra Nadlan (Real Estate)	77.00	Liquidate
1094119	Kamada	27,457.00	Liquidate
1094473	CanFite BioPharma	26,984.00	Liquidate
1098920	Reit1	30,000.00	Liquidate
1105055	Evogene	10,000.00	Liquidate

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2. These values are subject to change upon further agreement among IDB and the Trustee.

**SCHEDULE C**  
**(Delivery Instructions)**

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



## Exhibit 1

### **RELEASE BETWEEN JAMES W. GIDDENS AS TRUSTEE FOR THE LIQUIDATION OF LEHMAN BROTHERS INC. AND ISRAEL DISCOUNT BANK LTD REGARDING CERTAIN PROPERTY**

THIS RELEASE (the "Release") is executed and delivered by and among the Parties (as defined below) in connection with the Settlement Agreement Between James W. Giddens, as trustee (the "Trustee") for the Liquidation of Lehman Brothers Inc. ("LBI") and Israel Discount Bank Ltd ("IDB" and together with the Trustee, the "Parties") on July 27, 2011 (the "IDB Settlement Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the IDB Settlement Agreement.

The Parties, each on its own behalf and on behalf of its affiliates (collectively, the "Releasors"), hereby irrevocably release, waive, acquit and forever discharge the Releasees (as defined below) from, in all cases, any and all Claims (as defined below) which the Releasors may have or may hereafter claim to have, or which might have been alleged, against the Releasees (or any of them) arising out of or relating in any way to the LBI Property.

For the purposes of the IDB Settlement Agreement and this Release, the term "Releasees" shall mean, collectively (and each or any of them as appropriate), the Trustee Parties and the IDB Parties, as such parties are defined below:

- (i) The Trustee Parties shall include the Trustee, LBI, the Securities Investor Protection Corporation ("SIPC"), and each of their respective affiliates and each of the Trustee's, LBI's, SIPC's, and such affiliates' respective directors, officers, employees, agents, consultants, shareholders, members and partners, past and present, in their individual capacities as well as in their capacities as such, and with respect to each of the foregoing, their, its, or his successors and assigns, heirs, attorneys and representatives.
- (ii) The IDB Parties shall include IDB and its respective affiliates and each of IDB's, and such affiliates' respective directors, officers, employees, agents, consultants, shareholders, members and partners, past and present, in their individual capacities as well as in their capacities as such, and with respect to each of the foregoing, their, its or his successors and assigns, heirs, attorneys and representatives.

For purposes of the IDB Settlement Agreement and this Release, the term "Claims" shall mean 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 or common law or any

other law, statute, code, ordinance, 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 and the rules of any self-regulatory organization) (each of the foregoing "Law"), 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 aforesaid release specifically includes and applies to any and all Claims asserting an entitlement to any payment, delivery, compensation or other remuneration or remedy regarding the LBI Accounts and the FX Proceeds Amount, and the IDB Releasors expressly acknowledge and agree that, upon delivery of this Release by IDB, it and they shall have no further rights with respect to the LBI Property, including but not limited to the LBI Accounts, the FX Transactions, and the FX Proceeds Amount.

This Release shall apply only to Claims arising out of or relating to in any way the LBI Property (including but not limited to the LBI Accounts, the FX Transactions, and the FX Proceeds Amount), the Trustee's Motion, and the Israeli Proceedings and not any other claims or attachments against other Lehman entities (other than the Trustee or LBI) in the Israeli Proceedings. Nothing in this Release shall be deemed to release, waive, acquit or discharge the Releasees from (x) the IDB Settlement Agreement, (y) any Claims arising under the IDB Settlement Agreement, or (z) the transfers contemplated under the IDB Settlement Agreement.

Each of the individuals signing this Release on behalf of a Releasor shall be deemed, by executing this Release, to acknowledge and, with respect to his or her own signature hereto, to warrant and represent that he/she is authorized to execute this Release in his/her representative capacity, as reflected herein and on behalf of, respectively, the Releasors.

[ Remainder of this page left intentionally blank - signature page follows ]

WITNESS the due execution hereof, intending to be legally bound hereby, this  
\_\_\_\_ day of \_\_\_\_\_, 2011.

JAMES W. GIDDENS, AS TRUSTEE FOR  
THE LIQUIDATION OF LEHMAN  
BROTHERS INC. UNDER THE SECURITIES  
INVESTOR PROTECTION ACT

By: HUGHES HUBBARD & REED LLP,  
Counsel to the Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Signatory

ISRAEL DISCOUNT BANK LIMITED

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of New York }

} ss.:

County of New York }

On \_\_\_\_\_, \_\_\_\_\_ before me, the undersigned, personally appeared [ ] personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
[signature and office of individual  
taking acknowledgement]

**EXHIBIT C**  
**(Proposed Order)**

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

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (JMP) SIPA

**[PROPOSED] ORDER PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF  
BANKRUPTCY PROCEDURE FOR AN ORDER APPROVING COMPLIMENTARY  
SETTLEMENT AGREEMENTS BETWEEN THE TRUSTEE AND  
(I) BANK LEUMI LE-ISRAEL B.M. AND (II) ISRAEL DISCOUNT BANK LTD.**

Upon the motion dated July 27, 2011 (the "Motion")<sup>1</sup> of James W. Giddens, as Trustee (the "Trustee") for the liquidation of the business of Lehman Brothers Inc. ("Debtor" or "LBI"), seeking entry of an order pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") approving complimentary settlement agreements between the Trustee and (i) Bank Leumi le-Israel B.M. ("Bank Leumi") and (ii) Israel Discount Bank Ltd. ("IDB"), as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested pursuant to SIPA § 78eee(b)(4); and venue being proper before this Court pursuant to SIPA §§ 78eee(a)(3) and 78aa; and due and proper notice of the Motion having been provided in accordance with the Amended Case Management Order; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion; and the Court having found and determined that the relief sought in the Motion is in the best interests of the LBI estate, its customers, and its creditors; and the Trustee

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

having established good, sufficient and sound business justifications for the relief requested in the Motion; and after due deliberation and sufficient cause appearing therefore, it is

ORDERED, that the Motion is granted in all respects; and it is further

ORDERED, that pursuant to Bankruptcy Rule 9019, the Settlement Agreements are approved and the Trustee, Bank Leumi, and IDB are duly authorized to implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary or appropriate to consummate the Settlement Agreements and perform any and all obligations contemplated therein; and it is further

ORDERED, that all objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits; and its is further

ORDERED, that the failure to specifically include any particular provision of the Settlement Agreements in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Trustee's implementation of the Settlement Agreements be approved in its entirety; and it is further

ORDERED, that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order, including, but not limited to, enforcement of the Settlement Agreements and return of the LBI Property to the Trustee; and it is further

ORDERED, that this Order shall be immediately effective and enforceable upon its entry.

Dated: \_\_\_\_\_, 2011  
New York, New York

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HONORABLE JAMES M. PECK,  
UNITED STATES BANKRUPTCY JUDGE