

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

<p>In re:</p> <p>BERNARD L. MADOFF INVESTMENT SECURITIES LLC,</p> <p style="text-align: center;">Debtor.</p> <hr/> <p>IRVING H. PICARD, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>SAUL B. KATZ, et al.,</p> <p style="text-align: center;">Defendants.</p>

Adv. Pro. No. 08-01789 (BRL)

SIPA LIQUIDATION

(Substantively Consolidated)

Adv. Pro. No. 10-05287 (BRL)

11-Civ.-03605 (JSR)(HBP)

**ORDER PURSUANT TO 11 U.S.C. § 105(a) AND FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019(a) APPROVING THE SETTLEMENT AGREEMENT**

Upon the motion and memorandum (the “Motion”) of Irving H. Picard (the “Trustee”), as trustee for the liquidation of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act, 15 U.S.C. §§78aaa *et seq.*, substantively consolidated with the bankruptcy estate of Bernard L. Madoff, seeking entry of an order, pursuant to 11 U.S. C. § 105(a) and Rules 2002 and 9019(a) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), approving the settlement and compromise by and among the Trustee and the Defendants; and it appearing that the relief requested by the Motion is necessary and in the best interests of the customers of BLMIS, the estate and all parties in interest; and it appearing that due and sufficient notice has been given to all parties in interest as required by Bankruptcy Rules 2002 and 9019, and no other or further notice is necessary; and the Court having considered the supporting affidavit of the Trustee and the supporting Declaration of Mario M. Cuomo; and the Court having found and determined that the legal and factual bases set forth in

the Motion establish just cause for the relief granted herein; and after due deliberation, it is hereby ORDERED:

1. The Motion is granted.

2. The Settlement Agreement dated April 13, 2012, entered into by and among the Trustee and the Defendants, which is incorporated herein by reference as if reinstated herein in full, together with any and all schedules, exhibits and ancillary documents referred to in the Settlement Agreement, which are an integral part of the Settlement Agreement (collectively, the "Agreement"), a copy of which is attached to this Order as Exhibit A, is authorized and approved in its entirety.

3. Upon the Effective Date of the Agreement, the Parties are authorized, without the need for further order of this Court, to execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary to consummate the Settlement Agreement.

5. This Order shall be effective and enforceable immediately upon entry.

6. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the Settlement Agreement or this Order.

Date: New York, New York

5/31, 2012



JED S. RAKOFF
UNITED STATES DISTRICT JUDGE

Sterling VC IV LLC, Sterling VC V LLC, Saul B. Katz Family Trust, Fred Wilpon Family Trust, Katz 2002 Descendants' Trust, Wilpon 2002 Descendants' Trust, Iris Katz, Judith Wilpon, Dayle Katz, Debra Wilpon, Valerie Wilpon, Amy Beth Katz, Heather Katz Knopf, Howard Katz, Natalie Katz O'Brien, Todd Katz, Bruce N. Wilpon, Daniel Wilpon, Jessica Wilpon, Robin Wilpon Wachtler, Philip Wachtler, Scott Wilpon, Ruth Friedman, Phyllis Rebell Osterman, Elise C. Tepper, Jacqueline G. Tepper, Edward M. Tepper, Devya Schreier Arthur, Sterling Acquisitions LLC, and Sterling American Property V L.P. (collectively the "Remaining Defendants"), and Sterling Mets Associates, Sterling Mets Associates II, Mets One LLC, Mets Partners, Inc., C.D.S. Corp., Coney Island Baseball Holding Company L.L.C., Brooklyn Baseball Company L.L.C., 157 J.E.S. LLC, Air Sterling LLC, BAS Aircraft LLC, Bon-Mick, Inc., Charles 15 Associates, Charles 15 LLC, Charles Sterling LLC, Ruskin Garden Apartments LLC, SEE Holdings I, SEE Holdings II, Sterling Brunswick Corporation, Sterling Equities Investors, Sterling Heritage L.L.C., Sterling Jet Ltd., Sterling Jet II Ltd., Sterling PathoGenesis Company, Sterling Third Associates, Valley Harbor Associates, Kimberly Wachtler, Minor 1, Minor 2, Michael Schreier, Realty Associates Madoff II, Sterling American Property III L.P., and Sterling American Property IV L.P. (collectively the "Dismissed Defendants" and, together with the Remaining Defendants, the "Defendants"). Each of the Trustee and each of the Defendants shall be referred to herein as a "Party" and together as the "Parties."

RECITALS

A. BLMIS and its predecessor were registered broker-dealers with the United States Securities and Exchange Commission (the "Commission") and members of the Securities Investor Protection Corporation ("SIPC");

B. On December 11, 2008, the Commission filed a complaint in the United States District Court for the Southern District of New York (the "District Court") against BLMIS and

Madoff. On December 12, 2008, the District Court entered an order which, among other things, appointed Lee S. Richards, Esq. as receiver (the “Receiver”) for the assets of BLMIS (No. 08-CV-10791(LSS));

C. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the Commission consented to a combination of its own action with the application of SIPC. Thereafter, SIPC filed an application in the District Court under section 78eee(a)(3) of SIPA alleging, *inter alia*, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protections afforded by SIPA. On December 15, 2008, the District Court granted the SIPC application and entered an order under SIPA, which, in pertinent part, appointed the Trustee as the trustee for the liquidation of the business of BLMIS under section 78eee(b)(3) of SIPA, removed the Receiver as the receiver for BLMIS, and removed the case to the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) under section 78eee(b)(4) of SIPA, where it is currently pending as Case No. 08-01789 (BRL);

D. On April 13, 2009, an involuntary bankruptcy petition under chapter 7 of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), was filed against Madoff. By Order dated June 2, 2009, the Bankruptcy Court substantively consolidated Madoff’s estate into the BLMIS estate in the SIPA liquidation proceeding (the BLMIS estate consolidated with Madoff’s estate collectively are referred to herein as the “BLMIS Estate”);

E. On or about June 18, 2009, certain Defendants filed customer claims in the SIPA liquidation proceeding in connection with their BLMIS accounts, including with respect to accounts in which they had deposited more money than they had withdrawn. The Trustee often refers to such accounts as “net loser” accounts.

F. On March 1, 2010, the Bankruptcy Court issued an opinion affirming the Trustee's calculation of customers' "net equity" claims as the difference between the amounts a customer invested with BLMIS and the amounts that customer withdrew from BLMIS (the "Net Investment Method"). On March 8, 2010, the Bankruptcy Court entered an order implementing its decision and certifying it for immediate appeal to the United States Court of Appeals for the Second Circuit, which on August 16, 2011, upheld the Trustee's use of the Net Investment Method as a proper basis for calculating "net equity" claims in *In re Bernard L. Madoff Inv. Sec. LLC*, 654 F.3d 229 (2d Cir. 2011) ("Second Circuit Net Equity Order"), *petition for cert. filed, Sterling Equities Assoc. v. Picard*, No. 11-968, 2012 WL 396523 (Feb. 3, 2012);

G. On December 7, 2010, the Trustee filed an action in the Bankruptcy Court captioned *Picard v. Katz, et al.*, Adv. Pro. No. 10-5287 (BRL) (the "Action"), and on March 18, 2011, filed an amended complaint (the "Amended Complaint") in the Action, which asserted claims under section 78fff-2(c)(3) of SIPA, sections 544(b), 547(b), 548(a), 550(a) and 551 of the Bankruptcy Code, the New York Debtor and Creditor Law § 270 *et seq.*, and other laws;

H. The Trustee alleged in the Amended Complaint, among other claims, that certain Defendants received avoidable transfers of "fictitious profits" during the six-year period preceding December 11, 2008 in the aggregate amount of One Hundred Sixty-Two Million Seven Hundred Twenty-Six Thousand Seven Hundred Sixty-Eight United States Dollars (\$162,726,768) (the "Alleged Six-Year Profits");

I. Prior to the filing of the Action, the Trustee undertook discovery concerning Defendants and their investments with BLMIS pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure ("Rule 2004 Discovery"), during which Defendants, among others, produced documents to the Trustee and provided deposition testimony;

J. On March 20, 2011, Defendants filed a motion in the Bankruptcy Court to dismiss the Amended Complaint or, in the alternative, for summary judgment dismissing the Amended Complaint (the “Motion to Dismiss”);

K. On May 26, 2011, Defendants filed a motion pursuant to 28 U.S.C. § 157(d) in the District Court to withdraw the reference of the Action to the Bankruptcy Court;

L. By Order dated July 1, 2011 and ruling on August 19, 2011, the District Court withdrew for all purposes the reference of the Action to the Bankruptcy Court, which included withdrawal of the Motion to Dismiss;

M. By Order dated July 12, 2011 (the “Allocation Order”), the Bankruptcy Court approved the Trustee’s initial allocation of property to the customer property fund and authorized the Trustee to make an interim distribution to customers holding allowed “net equity” claims. Pursuant to that Order, on or about October 5, 2011, the Trustee made a first interim distribution to customers holding allowed “net equity” claims as of September 30, 2011, in the approximate amount of 4.602% per dollar of their allowed “net equity” claims. No Defendant held an allowed “net equity” claim as of that date, and, therefore, no Defendant received any portion of the distribution.

N. On September 27, 2011, the District Court issued an Opinion and Order (the “Dismissal Order”) denying in part and granting in part the Motion to Dismiss and dismissing all counts of the Amended Complaint except Count 1, which alleged that Defendants received intentional fraudulent transfers pursuant to section 548(a)(1)(A) of the Bankruptcy Code, and Count 11, which sought to equitably subordinate Defendants’ claims pursuant to section 510(c) of the Bankruptcy Code;

O. On October 7, 2011, the Trustee filed a motion (the “Certification Motion”) seeking certification of the rulings in the Dismissal Order for interlocutory appeal under 28 U.S.C. § 1292(b), or to have the District Court enter final judgment with respect to the dismissed claims under Rule 54(b) of the Federal Rules of Civil Procedure. On January 17, 2012, the District Court issued an Opinion and Order denying the Certification Motion and reinstating Count 9 of the Complaint insofar as it sought to avoid transfers under section 550(a) of the Bankruptcy Code in accordance with the Dismissal Order;

P. Between August 12, 2011 and January 13, 2012, the Parties engaged in discovery under Rules 26 through 34 of the Federal Rules of Civil Procedure, during which Defendants, among others, produced documents to the Trustee and provided deposition testimony;

Q. On January 26, 2012, Defendants filed a motion for summary judgment dismissing all remaining counts of the Amended Complaint, and the Trustee filed a motion for partial summary judgment as to Count 1 of the Amended Complaint insofar as his Count 1 claims sought to avoid an aggregate amount of Eighty Three Million Three Hundred Nine Thousand One Hundred Sixty Two United States Dollars (\$83,309,162) of transfers of “fictitious profits” from BLMIS to Defendants during the two-year period preceding December 11, 2008;

R. On March 5, 2012, the District Court issued an order setting forth the Court’s bottom line rulings denying Defendants’ motion for summary judgment and granting the Trustee’s motion for partial summary judgment while leaving unresolved, although capped at the \$83,309,162 sought by the Trustee, the amount of “fictitious profits” received by Defendants that were subject to avoidance;

S. On March 16, 2012, the Parties executed a legally binding Memorandum of Understanding (the “MOU”), in which they agreed to a final, binding, and legally enforceable

settlement of the Action (the "Settlement"). The Parties agreed to work expeditiously and in good faith to enter into definitive documentation reflecting the terms of the MOU and other terms customary for such agreements;

T. Pursuant to the MOU, the Trustee announced that, upon review of the evidence, he determined that he was no longer pursuing the willful blindness claims asserted against any Defendant; and

U. On March 19, 2012, the District Court reviewed the MOU, which requires, among other things, approval of the Settlement by the District Court and any necessary approval by Defendants' lenders by no later than April 13, 2012.

NOW, THEREFORE, it is hereby **AGREED** by and among the Parties to the Agreement, for the good and valuable consideration set forth herein, the adequacy and sufficiency of which is recognized for all purposes, that:

1. **Definitions.** In addition to the definitions of various terms set forth elsewhere in this Agreement, the following terms shall have the following meanings as used in this Agreement:

(a) "Approval Order" means the order of the District Court approving the terms of this Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.

(b) "Defendant General Creditor Claim" means any claim, other than a Defendant Net Equity Claim (defined below), asserted by any Defendant, with respect to amounts claimed to be held on account for such Defendant at BLMIS at the time of its bankruptcy, against (i) the BLMIS Estate or (ii) any forfeiture or other fund, established or yet to be established, for the benefit of BLMIS customers. Defendants' rights and the Trustee's

obligations with respect to Defendant General Creditor Claims are set forth in paragraph 2(k) below.

(c) “Defendant Net Equity Claim” means the “net equity” claim of any Defendant in BLMIS’s SIPA liquidation proceeding, which the Trustee has determined in accordance with the Net Investment Method and which will be allowed in the aggregate amount of One Hundred Seventy-Seven Million Five Hundred Sixty-Three Thousand Thirty-Eight United States Dollars and Eight Cents (\$177,563,039.08), regardless of the source of payment in respect of such Claim. A schedule of each Defendant Net Equity Claim reflecting the specific account number, account holder’s name, the net equity in each account, and the claim number that identifies the claim filed by each account holder is attached as Schedule 1 to the Agreement. The Parties acknowledge and agree that if the Net Investment Method for calculating the value of “net equity” claims is found to be incorrect or is otherwise modified, the Trustee will retroactively adjust the calculation of the value of each Defendant Net Equity Claim to reflect the new methodology

(d) “Effective Date” means the date on which the District Court enters the Approval Order. The Parties acknowledge and agree that (i) prior to the Effective Date, the following shall be delivered to the Trustee: (x) an executed Assignment, as defined below, of each Defendant Net Equity Claim; and (y) an executed release (or executed acknowledgement of release) of any lien, interest or encumbrance, held prior to the Assignment by any lender to the Defendants or other third party, on or against any part, or all, of each Defendant Net Equity Claim and/or Assigned Claim Recoveries (as defined below) up to the amount of the Settlement Payment (as defined below) (such release or acknowledgement of release a “Release of Lien”), which shall remain in effect until the Settlement Payment is paid in full, and (ii) on the Effective

Date, the Trustee shall deliver to Defendants an executed stipulation of dismissal to be filed on, or as soon as practicable following, the Effective Date.

2. **Payment Obligation, Claims, and Related Matters.** On the terms and subject to the conditions and limitations set forth in this Agreement, Defendants will pay or cause to be paid to the Trustee an aggregate amount of One Hundred Sixty-Two Million United States Dollars (\$162,000,000) (the “Settlement Payment”). The Settlement Payment will be satisfied during the five, twelve-month periods following the Effective Date (the “Settlement Payment Term”). The first of such twelve-month periods shall be referred to as the “First Period”; the second twelve-month period shall run from the end of the First Period and be referred to as the “Second Period”; and each successive twelve-month Period thereafter shall run from the end of the prior Period through and including the “Fifth Period.” The Settlement Payment shall be satisfied by the following means:

(a) Assignment of Defendant Net Equity Claims. Each Defendant unconditionally and irrevocably agrees to assign to the Trustee by written assignment (individually, the “Assignment,” and collectively, the “Assignments”), the form of which is attached hereto as Exhibit A, his, her or its Defendant Net Equity Claim (collectively, the “Assigned Claims”) solely for the purpose of satisfying the Settlement Payment. No assigned Defendant Net Equity Claim (or recovery in respect of a Defendant Net Equity Claim in excess of amounts necessary to satisfy the Settlement Payment) shall become property of the BLMIS estate nor be used for any purpose other than to satisfy the Settlement Payment. The Trustee shall not transfer or assign any Defendant Net Equity Claim, except as expressly contemplated by this Agreement.

(b) Allowance of Defendant Net Equity Claims. The Trustee will allow the Defendant Net Equity Claims, which will then be entitled to full recovery on the same basis as “good faith” customers of BLMIS, except that Defendant Net Equity Claims will not be entitled to receive an advance from SIPC, as provided for in 15 U.S.C. § 78fff-3.

(c) Assigned Claim Recoveries. The Assigned Claims will be entitled to 100% of all distributions made by the Trustee from BLMIS customer property or any other payment of allowed claims of “good faith” customers of BLMIS from any source (collectively, “Assigned Claim Recoveries”), including, but not limited to, (i) from any forfeiture fund established by the U.S. Department of Justice pursuant to 28 C.F.R. Part 9 and (ii) the 4.602% “catch-up” distribution in the amount of Eight Million One Hundred Seventy-One Thousand Four Hundred Fifty-One United States Dollars (\$8,171,451) made pursuant to the Bankruptcy Court’s Allocation Order but not previously paid in connection with any Defendant Net Equity Claim. The Trustee represents that, as of the Effective Date, there has been only one (1) distribution from the fund of customer property to customers holding allowed “net equity” claims, such distribution occurred on or about October 5, 2011, pursuant to the Bankruptcy Court’s Allocation Order, and was in the amount of 4.602% of customers’ allowed “net equity” claims.

(d) In connection with any distribution made in respect of the Assigned Claims, any and all Assigned Claim Recoveries shall immediately and automatically be applied to reduce Defendants’ obligations in respect of the Settlement Payment on a dollar-for-dollar basis. Promptly thereafter (but not later than seven (7) calendar days), the Trustee shall provide written notice to Defendants (i) of any remaining balance of the Settlement Payment after

Assigned Claim Recoveries have been so applied and (ii) if/when the Settlement Payment is fully satisfied.

(e) During the First through the Third Periods of the Settlement Payment Term, Defendants' payment obligations pursuant to this Agreement are limited solely to Assigned Claim Recoveries, and, during such periods, no Defendant is obligated to make any payment in excess of or in addition to Assigned Claim Recoveries. Upon full satisfaction of the Settlement Payment at any time during the Settlement Payment Term, the Trustee shall promptly (but not later than seven (7) calendar days) re-assign the Assigned Claims to Defendants by executing and delivering an assignment to each of the Defendants or their designee(s), limited to a maximum, potential recovery of the difference between the value of the aggregate amount of the Defendant Net Equity Claims and the value of the Defendant Net Equity Claims previously applied to reduce Defendants' obligations in respect of the Settlement Payment (such difference being the "Tail Payment"). Upon full satisfaction of the Settlement Payment, Defendants shall be entitled to receive in full any distributions in respect of Defendant Net Equity Claims on the same basis as "good faith" customers of BLMIS, including any distribution made after the end of the Fifth Period.

(f) For the avoidance of doubt, unless and until the Settlement Payment is fully satisfied, the Trustee shall have no obligation to re-assign the Assigned Claims to the Defendants, and the Defendants shall not be entitled to receive all or any part of the Tail Payment.

(g) Defendants' Installment Payments. If the Settlement Payment is not fully satisfied after applying all of the Assigned Claim Recoveries during the First through the Third Periods of the Settlement Payment Term, the remaining unpaid amount of the Settlement

Payment (the “Remaining Amount”) shall be divided into two equal annual installments to be paid no later than the end of the Fourth and Fifth Periods of the Settlement Payment Term. Any and all Assigned Claim Recoveries received during the Fourth and Fifth Periods shall immediately and automatically be applied to the next due installment during the Fourth and Fifth Periods of the Settlement Payment Term to reduce the payment in respect of the Remaining Amount for that Period. If the installment payment for the Fourth Period is satisfied in full by Assigned Claim Recoveries, any excess will be applied to the Fifth Period installment. The annual installment payments shall be made by wire transfer of immediately available funds in accordance with written instructions provided by the Trustee to Defendants no later than thirty (30) days prior to the relevant payment date.

(h) Each Defendant shall be responsible, on a several and not joint basis, for his, her, or its proportionate (*i.e.*, percentage) share of the Remaining Amount in proportion to his, her, or its proportionate share of the Alleged Six-Year Profits. With respect to accounts held jointly or as tenants in common, each Defendant shall be responsible, on a several and not joint basis, for his, her, or its proportionate share of that account’s proportionate share of the Remaining Amount. A detailed schedule of the Alleged Six-Year Profits reflecting the relevant BLMIS account number, the account holder’s name, the Defendant or Defendants related to each such BLMIS account, the amount of the Alleged Six-Year Profits by account, and each Defendant’s proportionate share of the Alleged Six-Year Profits is attached as Schedule 2 to this Agreement.

(i) Fred Wilpon and Saul Katz Guarantees. Fred Wilpon and Saul Katz (“Guarantors”), jointly and severally, irrevocably and unconditionally, and regardless of which Defendant fails to pay his, her, or its proportionate share of the Remaining Amount, hereby

guarantee payment of the Remaining Amount owed to the Trustee up to an aggregate amount of Twenty-Nine Million United States Dollars (\$29,000,000) (the “Guarantee”). The Trustee shall not recover on the Guarantee unless a Defendant has not paid in full his, her, or its proportionate share of the Remaining Amount at the end of the Fourth and/or Fifth Periods of the Settlement Payment Term. In the event that a Defendant does not pay his, her, or its proportionate share of the Remaining Amount when it is due, the Trustee shall, within three (3) business days, make a written demand of the Guarantors, who shall promptly (but not later than three (3) business days from the date of the Trustee’s written demand) satisfy the demand. Under no circumstances shall the aggregate amount of any payments made by the Guarantors in satisfaction of the Guarantee exceed \$29,000,000.

(j) Following the Effective Date, the Parties shall agree to specific dates for each of the First through the Fifth Periods of the Settlement Payment Term as follows:

EFFECTIVE DATE: [Month/Date/2012]
END OF FIRST PERIOD: Twelve calendar months following the Effective Date, or [Month/Date/2013]
END OF SECOND PERIOD: Twelve calendar months following the end of the First Period, or [Month/Date/2014]
END OF THIRD PERIOD: Twelve calendar months following the end of the Second Period, or [Month/Date/2015]
END OF FOURTH PERIOD: Twelve calendar months following the end of the Third Period, or [Month/Date/2016]
END OF FIFTH PERIOD: Twelve calendar months following the end of the Fourth Period, or [Month/Date/2017]

(k) The Trustee shall treat the Defendant General Creditor Claims on the same basis as he treats the same types of claims asserted by “good faith” customers, including with respect to any recoveries to which such claims will be entitled.

3. **Mutual Releases.**

(a) Except with respect to any rights and obligations arising under this Agreement (including rights and obligations relating to Defendant Net Equity Claims and Defendant General Creditor Claims), the Trustee, for himself and on behalf of BLMIS, Madoff, and the BLMIS Estate (“Trustee Releasers”), hereby fully, finally, and forever releases, remises, relinquishes, and discharges Defendants and their professionals and agents from any and all past, present, or future claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on willful blindness, strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys’ fees, costs or disbursements) known or unknown, that are, have been, could have been, or might in the future be, asserted by the Trustee against Defendants based on, arising out of, or relating in any way to Madoff, BLMIS, their liquidation proceedings, the BLMIS Estate or any BLMIS account held in the name of any Defendant (the “Trustee Released Claims”).

(b) Except with respect to any rights and obligations arising under this Agreement (including rights and obligations relating to Defendant Net Equity Claims and Defendant General Creditor Claims), each of the Defendants for himself, herself or itself, and in

the case of a corporate or partnership Defendant, its shareholders, members, officers and directors, partners, their successors in interest and assigns (“Defendant Releasers”), hereby fully, finally, and forever releases, remises, relinquishes, and discharges the Trustee, his professionals and agents and the BLMIS Estate from any and all claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys’ fees, costs or disbursements) known or unknown, that are, have been, could have been, or might in the future be, asserted by Defendant Releasers against the Trustee based on, arising out of, or relating in any way to Madoff, BLMIS, their liquidation proceedings, the BLMIS Estate and any BLMIS account held by any of the Defendants (the “Defendant Released Claims”).

(c) With respect to any and all Trustee Released Claims or Defendant Released Claims, the Trustee and Defendant Releasers shall expressly waive or be deemed to have waived the provisions, rights, and benefits of California Civil Code § 1542 (to the extent it applies herein) and any provisions, rights, and benefits conferred by any law of any state or territory of the United States or principle of common law that is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT 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.

Except with respect to the rights and obligations arising under this Agreement, the Trustee and Defendants each acknowledge that each may hereafter discover facts in addition to or different from those that each now knows or believes to be true with respect to the subject matter of the Trustee Released Claims or the Defendant Released Claims, respectively, but the Trustee and Defendants each shall expressly have and shall be deemed to have fully, finally, and forever settled, released, and discharged any and all Trustee Released Claims and Defendant Released Claims, respectively, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence or such different or additional facts.

4. **Termination of Litigation.** On or as soon as practical after the Effective Date, the Parties will file a stipulation of dismissal dismissing the Action with prejudice and without cost to any Party. Within three (3) business days after the Effective Date, Defendants shall withdraw their petition for a writ of *certiorari* filed with the United States Supreme Court from the Second Circuit Net Equity Order. Defendants agree not to pursue or join any other litigation, or to provide legal counsel to any other defendant involved in any litigation, involving the Trustee or SIPC arising out of or relating to BLMIS, Madoff, their liquidation proceeding and the BLMIS Estate, including filing any motion, memorandum or other court document, except with respect to (i) any rights or obligations arising under this Agreement; (ii) the litigation involving, among others, Eric Saretsky on behalf of the participants in the Sterling Equities Employees Retirement Plan; and (iii) the litigation captioned *Picard v. Estate of Marjorie K.*

Osterman, et al. The Parties agree not to make any disparaging statement with respect to each other or the Settlement.

5. **Conditions.** Notwithstanding any provision of this Agreement to the contrary, the obligations of the Parties are subject to the receipt of (a) approval of the Settlement by the District Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and entry of the Approval Order, and (b) any required lender approvals, which shall be obtained by no later than April 13, 2012.

6. **Representations and Warranties.**

(a) The Trustee hereby represents and warrants to Defendants that, subject to the Approval Order: (i) he has the full power, authority and legal right to execute and deliver this Agreement and to perform his obligations hereunder; (ii) this Agreement has been duly executed and delivered by the Trustee and constitutes the valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with its terms; and (iii) in executing this Agreement, the Trustee has done so with the full knowledge of any and all rights that he may have with respect to the controversies herein compromised, and the Trustee has received or has had the opportunity to obtain independent legal advice from his counsel with regard to the facts relating to said controversies and with respect to the rights arising out of said facts.

(b) Each Defendant, solely with respect to himself, herself, or itself, hereby represents and warrants to the Trustee that: (i) he, she, or it has the full power, authority, legal right and capacity to execute and deliver this Agreement and to perform his, her, or its respective obligations hereunder; (ii) he, she, or it has the full power, authority and legal right to execute and deliver to the Trustee the Assignment of his, her, or its Defendant Net Equity Claim, which has not previously been assigned, except pursuant to a lien that has been released as

contemplated in paragraph 1(d)(i)(y), in whole or in part; (iii) he, she, or it has taken such steps and actions, as necessary, such that the holders of any obligations entitled to notice from such Defendant have been given notice of this Agreement and Defendant's obligations to the Trustee under this Agreement; (iv) he, she or it has obtained a Release of Lien, a copy of which shall be provided to the Trustee prior to the Effective Date; (v) the Assigned Claim is free and clear of any lien, claim, interest or encumbrance held by any third party; (vi) this Agreement has been duly executed and delivered by such Defendant and constitutes the valid and binding agreement of such Defendant, enforceable against such Defendant in accordance with its terms; and (vii) in executing this Agreement, such Defendant has done so with the full knowledge of any and all rights that such Defendant may have with respect to the controversies herein compromised, and such Defendant has received or has had the opportunity to obtain independent legal advice from his, her, or its attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts.

(c) Each of the representations and warranties set forth in this paragraph 6 shall survive in perpetuity.

7. **Further Assurances.** Each Party shall execute and deliver any document or instrument reasonably requested by the other Party after the date of this Agreement to effectuate the intent of this Agreement.

8. **Return, Destruction, and Confidentiality of Documents.**

(a) Notwithstanding any other provision of this Agreement, and pursuant to the October 30, 2011 protective order entered in the Action, the provisions of which are incorporated herein by reference, any Party that received documents designated or identified as "Confidential" or "Highly Confidential" by any other Party that produced the documents (the

“Producing Party”) at any time in connection with the Action, including during Rule 2004 Discovery, the mediation relating to the Action, or in relation to this Agreement, shall, within thirty (30) days of the final disposition of the Action, (a) return to the offices of the Producing Party’s counsel all such documents, including any copies thereof, or (b) if the Producing Party does not require return of such documents, certify to counsel for the Producing Party that all such documents, including any copies thereof, have been destroyed. For the avoidance of doubt, the obligations under this paragraph to return documents to the Producing Party include documents produced by the Trustee to the Defendants.

(b) The Trustee agrees to maintain at all times the confidentiality of all information provided by Defendants, on or before the date hereof, that Defendants designated “Confidential” or “Highly Confidential.”

9. **Entire Agreement.** This Agreement (including all schedules and any exhibits hereto) constitutes the entire agreement and understanding between the Parties pertaining to the subject matter hereof and supersedes any and all prior or contemporaneous agreements, including the MOU, representations and understandings of the Parties concerning the subject matter hereof.

10. **Amendment; Waiver.** This Agreement may not be terminated, amended or modified in any way except by written instrument signed by all Parties hereto or their successors-in-interest. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision hereof, whether or not similar, nor shall such waiver constitute a continuing waiver.

11. **Assignment.** This Agreement may not be assigned by any Party without the prior written consent of the other Parties, provided that nothing herein shall prohibit any Defendant

that is a corporation, partnership, limited liability company, or other entity from pledging or assigning its interest in this Agreement in connection with borrowings or the sale of all or substantially all of such Defendant's assets. In the event of such a pledge or assignment, the obligations of such Defendant shall remain in full force and effect and shall not be impaired. Any such assignor shall provide to the Trustee written notice of the assignment of its interest in this Agreement within ten (10) business days thereafter.

12. **Successors.** This Agreement shall be binding upon and inure to the benefit of each Party and his, her, or its respective successors, heirs, estates, and personal representatives.

13. **Construction.** This Agreement has been fully negotiated by the Parties. Each Party acknowledges and agrees that this Agreement has been drafted jointly, and the rule that ambiguities in an agreement or contract may be construed against the drafter shall not apply in the construction or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context indicates is appropriate. Any reference in this Agreement to a paragraph is to a paragraph of this Agreement. "Including" is not intended to be a limiting term.

14. **Headings.** The headings in this Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Agreement or the scope or content of any of its provisions.

15. **Choice of Law.** This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to the principle of conflicts of law thereof), the Bankruptcy Code, and SIPA. Each Party hereby waives on behalf of itself and its successors and assigns any and all

right to argue that the choice of New York law provision is or has become unreasonable in any legal proceeding.

16. **Choice of Forum.** Any action arising out of this Agreement, or relating to the performance or breach of the Parties hereunder or the interpretation hereof, shall be brought exclusively in the District Court, and each of the Parties (a) consents to jurisdiction in such court, (b) agrees that it will not bring any action relating to this Agreement, including the performance or breach or interpretation of this Agreement, in any court other than the District Court, and (c) agrees that any such action should, to the extent possible, be referred to Judge Jed S. Rakoff.

17. **WAIVER OF JURY TRIAL.** THE PARTIES EXPRESSLY AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY FOR ANY CLAIM, COUNTERCLAIM, ACTION, OR OTHER PROCEEDING ARISING UNDER OR RELATING TO THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER, THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS OR THE RELATIONSHIP BETWEEN THE PARTIES, IN EACH CASE WHETHER SUCH CLAIM, COUNTERCLAIM, ACTION, OR OTHER PROCEEDING IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE.

18. **Expenses.** Each Party shall bear its respective expenses relating to or arising out of this Agreement, including, but not limited to, fees for attorneys and other advisors.

19. **Notices.** All notices, requests, demands, consents and communications necessary or required under this Agreement shall be in writing and shall be delivered by hand or sent by registered or certified mail (return receipt requested), by overnight courier (with confirmation), by facsimile (receipt confirmed), or by electronic means (receipt confirmed), in each case

addressed and copied as set forth on the applicable signature page hereto. A Party may change its address for receiving notice by giving notice of a new address in the manner provided herein. All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by courier or by hand or by facsimile or electronic transmission (receipt confirmed), addressed as follows:

If to the Trustee:

Irving H. Picard
c/o Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111
Facsimile No.: (212) 589-4201

If to any Defendant:

c/o Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Robert F. Wise, Jr.
Karen E. Wagner
Dana M. Seshens
Facsimile No.: (212) 701-5800

with copies to:

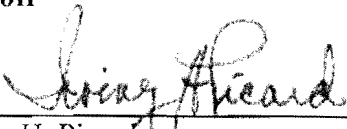
Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111
Attention: David J. Sheehan
Fernando A. Bohorquez, Jr.
Facsimile No.: (212) 589-4201

20. **No Third-Party Beneficiaries.** Nothing contained in this Agreement is intended to confer any benefit upon any person or entity other than the Parties hereto and their respective successors and permitted assigns.

21. **Counterparts.** This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same document. Each Party may evidence its execution of this Agreement by delivery to the other Party of scanned or faxed copies of its signature, with the same effect as the delivery of an original signature.

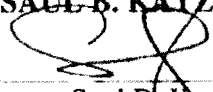
Each Party has caused this Agreement to be duly executed and delivered as of the date set forth above.

Irving H. Picard, the Trustee for the liquidation proceedings of Bernard L. Madoff Investment Securities LLC and the substantively consolidated bankruptcy case of Bernard L. Madoff



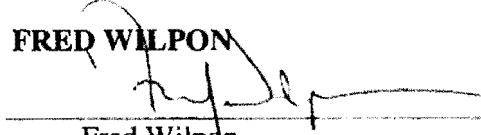
Irving H. Picard

SAUL B. KATZ




Saul B. Katz

FRED WILPON



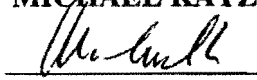
Fred Wilpon

RICHARD WILPON



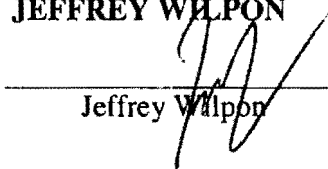
Richard Wilpon

MICHAEL KATZ



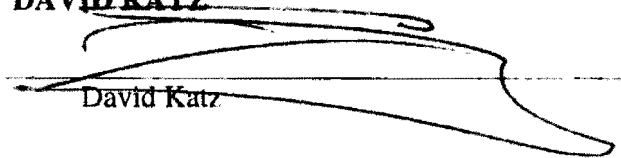
Michael Katz

JEFFREY WILPON



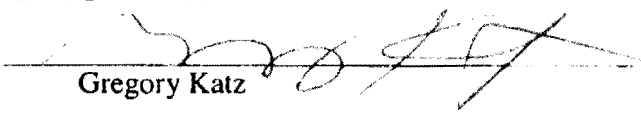
Jeffrey Wilpon

DAVID KATZ



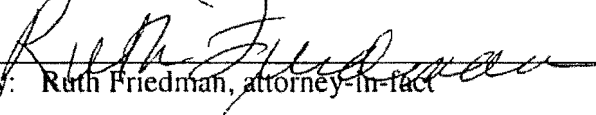
David Katz

GREGORY KATZ



Gregory Katz

ARTHUR FRIEDMAN


By: Ruth Friedman, attorney-in-fact

L. THOMAS OSTERMAN

L. Thomas Osterman

MARVIN B. TEPPER

Marvin B. Tepper

ESTATE OF LEONARD SCHREIER

By: Fred Wilpon, Co-administrator

By: Jason Bacher, Co-administrator

Mets Limited Partnership

By: C.D.S. Corp., its general partner

By: Fred Wilpon, CEO

Sterling Mets, L.P.

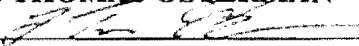
By: Mets Partners, Inc., its general partner

By: David P. Cohen, Executive Vice
President

ARTHUR FRIEDMAN

By: Ruth Friedman, attorney-in-fact

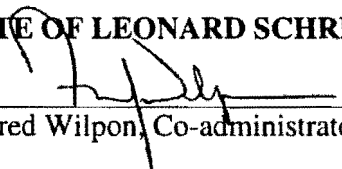
L. THOMAS OSTERMAN


L. Thomas Osterman

MARVIN B. TEPPER

Marvin B. Tepper

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By: Jason Bacher, Co-administrator

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Sterling Mets, L.P.

By: Mets Partners, Inc., its general partner

By: David P. Cohen, Executive Vice
President

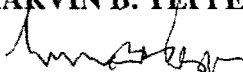
ARTHUR FRIEDMAN

By: Ruth Friedman, attorney-in-fact

L. THOMAS OSTERMAN

L. Thomas Osterman

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Marvin B. Tepper

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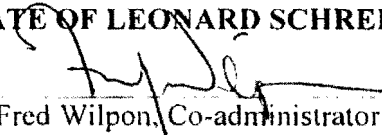
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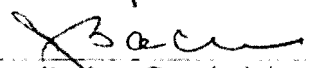
L. Thomas Osterman

MARVIN B. TEPPER

Marvin B. Tepper

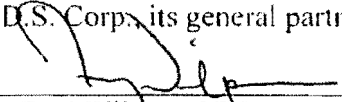
ESTATE OF LEONARD SCHREIER


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By: Jason Bacher, Co-administrator

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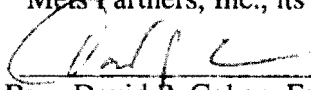
Mets Limited Partnership

By: C.D.S. Corp., its general partner

By: Fred Wilpon, CEO

Sterling Mets, L.P.

By: Mets Partners, Inc., its general partner

By:  David P. Cohen, Executive Vice
President

Mets II LLC

By: Sterling Mets Associates II, its member



By: Michael Katz, Partner

FS COMPANY, L.L.C.


By: Sterling Heritage, L.L.C., its member



By: Michael Katz, Managing Member

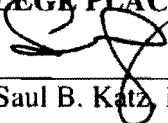
CHARLES STERLING SUB LLC

By: Charles Sterling 15 LLC, its manager



By: Michael Katz, Manager

COLLEGE PLACE ENTERPRISES LLC



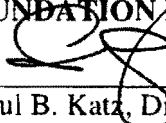
By: Saul B. Katz, Member

FFB AVIATION LLC



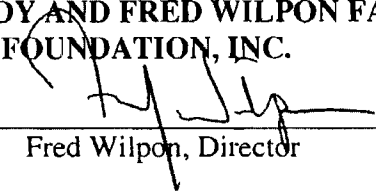
By: Michael Katz, Manager

**IRIS J. & SAUL B. KATZ FAMILY
FOUNDATION INC.**



By: Saul B. Katz, Director

**JUDY AND FRED WILPON FAMILY
FOUNDATION, INC.**



By: Fred Wilpon, Director

~~**RED VALLEY PARTNERS**~~



By: David Katz, Partner

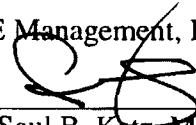
ROBBINSVILLE PARK, LLC



By: Michael Katz, Manager

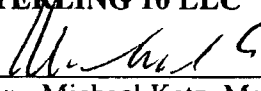
SEE HOLDCO, LLC

By: SEE Management, LLC, its manager



By: Saul B. Katz, Member

STERLING 10 LLC




By: Michael Katz, Manager

STERLING 15C L.L.C.




By: Michael Katz, Member

STERLING 20 LLC


By: Michael Katz, Manager

STERLING AMERICAN ADVISORS II L.P.


By: Sterling Advisors II Corp., a general partner


By: Michael Katz, Executive Vice President


STERLING BRUNSWICK SEVEN L.L.C.


By: Michael Katz, Manager

STERLING DIST PROPERTIES LLC


By: Michael Katz, Manager


STERLING EQUITIES


By: Michael Katz, Senior Executive Vice
President

STERLING EQUITIES ASSOCIATES

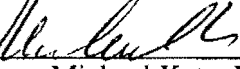

By: Michael Katz, Partner

STERLING INTERNAL V LLC



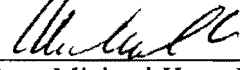
By: Michael Katz, Managing Member

STERLING THIRTY VENTURE LLC



By: Michael Katz, Manager

STERLING TRACING LLC



By: Michael Katz, Manager

STERLING TWENTY FIVE LLC



By: Michael Katz, Manager

STERLING VC IV LLC



By: Michael Katz, Manager

STERLING VC V LLC



By: Michael Katz, Manager

SAUL B. KATZ FAMILY TRUST



By: Michael Katz, Trustee

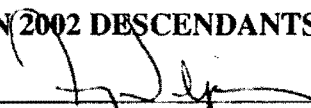
FRED WILPON FAMILY TRUST


By: Richard Wilpon, Trustee

KATZ 2002 DESCENDANTS' TRUST


By: Saul B. Katz, Trustee

WILPON 2002 DESCENDANTS' TRUST


By: Fred Wilpon, Trustee

IRIS KATZ

Iris Katz

JUDITH WILPON

Judith Wilpon

DAYLE KATZ



Dayle Katz

DEBRA WILPON

Debra Wilpon

FRED WILPON FAMILY TRUST

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KATZ 2002 DESCENDANTS' TRUST

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By: Saul B. Katz, Trustee

WILPON 2002 DESCENDANTS' TRUST

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IRIS KATZ

Iris Katz

JUDITH WILPON

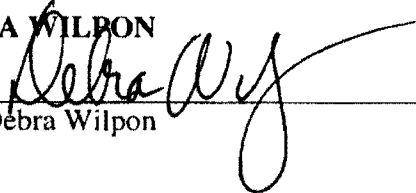
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DAYLE KATZ

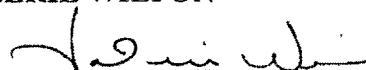
Dayle Katz

DEBRA WILPON

Debra Wilpon



VALERIE WILPON



Valerie Wilpon

AMY BETH KATZ

Amy Beth Katz

HEATHER KATZ KNOPF

Heather Katz Knopf

HOWARD KATZ

Howard Katz

NATALIE KATZ O'BRIEN

Natalie Katz O'Brien

TODD KATZ

Todd Katz


BRUCE N. WILPON

Bruce N. Wilpon

VALERIE WILPON

Valerie Wilpon

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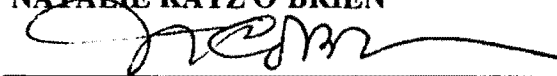


Heather Katz Knopf

HOWARD KATZ

Howard Katz

NATALIE KATZ O'BRIEN



Natalie Katz O'Brien

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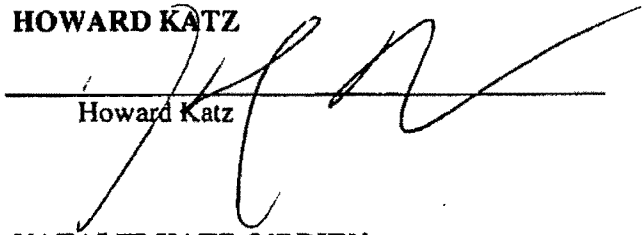
Amy Beth Katz

HEATHER KATZ KNOPF

Heather Katz Knopf

HOWARD KATZ

Howard Katz



NATALIE KATZ O'BRIEN

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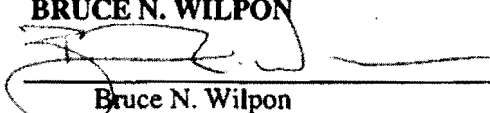
NATALIE KATZ O'BRIEN

Natalie Katz O'Brien

TODD KATZ

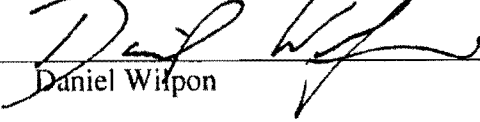
Todd Katz

BRUCE N. WILPON



Bruce N. Wilpon

DANIEL WILPON


Daniel Wilpon

JESSICA WILPON KAMEL


Jessica Wilpon Kamel

ROBIN WILPON WACHTLER

Robin Wilpon Wachtler

PHILIP WACHTLER

Philip Wachtler

SCOTT WILPON

Scott Wilpon

RUTH FRIEDMAN

Ruth Friedman

PHYLLIS REBELL OSTERMAN

Phyllis Rebell Osterman

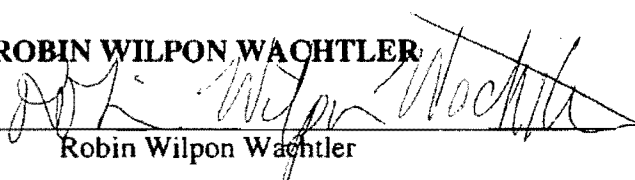
DANIEL WILPON

Daniel Wilpon

JESSICA WILPON KAMEL

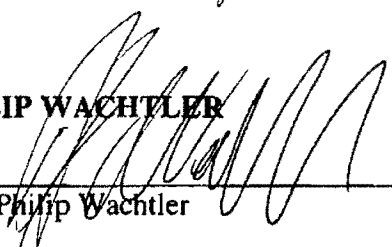
Jessica Wilpon Kamel

ROBIN WILPON WACHTLER



Robin Wilpon Wachtler

PHILIP WACHTLER



Philip Wachtler

SCOTT WILPON

Scott Wilpon

RUTH FRIEDMAN

Ruth Friedman

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Robin Wilpon Wachtler

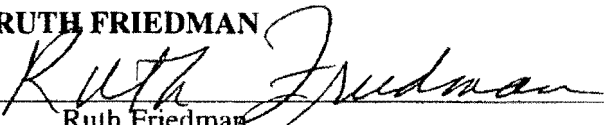
PHILIP WACHTLER

Philip Wachtler

SCOTT WILPON

Scott Wilpon

RUTH FRIEDMAN


Ruth Friedman

PHYLLIS REBELL OSTERMAN

Phyllis Rebell Osterman

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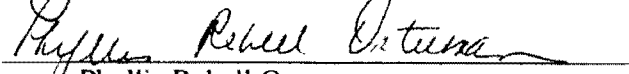
SCOTT WILPON

Scott Wilpon

RUTH FRIEDMAN

Ruth Friedman

PHYLLIS REBELL OSTERMAN


Phyllis Rebell Osterman

ELISE C. TEPPER

Elise C. Tepper
Elise C. Tepper

JACQUELINE G. TEPPER

Jacqueline G. Tepper

EDWARD M. TEPPER

Edward M. Tepper

DEVYA SCHREIER ARTHUR

Devya Schreier Arthur

STERLING ACQUISITIONS LLC

By: Michael Katz, Member

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Elise C. Tepper

JACQUELINE G. TEPPER



Jacqueline G. Tepper

EDWARD M. TEPPER

Edward M. Tepper

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Devya Schreier Arthur

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ELISE C. TEPPER

Elise C. Tepper

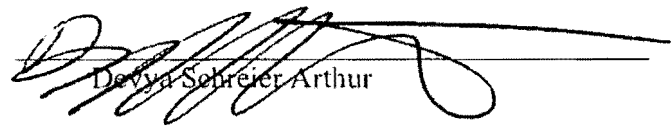
JACQUELINE G. TEPPER

Jacqueline G. Tepper

EDWARD M. TEPPER

Edward M. Tepper

DEVYA SCHREIER ARTHUR



Devya Schreier Arthur

STERLING ACQUISITIONS LLC

By: Michael Katz, Member

ELISE C. TEPPER

Elise C. Tepper

JACQUELINE G. TEPPER

Jacqueline G. Tepper


EDWARD M. TEPPER

Edward M. Tepper

DEVYA SCHREIER ARTHUR

Devya Schreier Arthur

STERLING ACQUISITIONS LLC

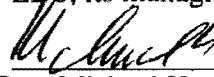

By: Michael Katz, Member

STERLING AMERICAN PROPERTY V L.P.

By: Sterling American Advisors V LLC, its
general partner


By: Sterling Advisors V LLC, its managing
member

By: Sterling SAP V Equity Partners
LLC, its managing member



By: Michael Katz, Co-CEO

STERLING METS ASSOCIATES



By: Michael Katz, Partner

STERLING METS ASSOCIATES II



By: Michael Katz, Partner

METS ONE LLC

By: Sterling Mets Associates, its member



By: Michael Katz, Partner

METS PARTNERS, INC.

By: David P. Cohen, Executive Vice President

STERLING AMERICAN PROPERTY V L.P.

By: Sterling American Advisors V LLC, its
general partner

By: Sterling Advisors V LLC, its managing
member

By: Sterling SAP V Equity Partners
LLC, its managing member

By: Michael Katz, Co-CEO

STERLING METS ASSOCIATES

By: Michael Katz, Partner

STERLING METS ASSOCIATES II

By: Michael Katz, Partner

METS ONE LLC

By: Sterling Mets Associates, its member

By: Michael Katz, Partner

METS PARTNERS, INC.



By: David P. Cohen, Executive Vice President

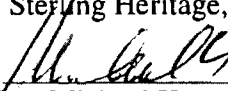
C.D.S. CORP.


By: Fred Wilpon, CEO

**CONEY ISLAND BASEBALL HOLDING
COMPANY, L.L.C.**

By: FS Company, L.L.C., its managing member

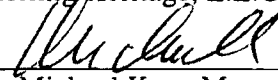
By: Sterling Heritage, L.L.C., its member


By: Michael Katz, Managing Member

BROOKLYN BASEBALL COMPANY L.L.C.

By: FS Company, L.L.C., its managing member

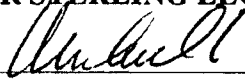
By: Sterling Heritage, L.L.C, its member


By: Michael Katz, Managing Member


157 J.E.S. LLC


By: Michael Katz, Manager

AIR STERLING LLC


By: Michael Katz, Manager

BAS AIRCRAFTS LLC


By: Richard Wilpon, Manager

BON-MICK FAMILY PARTNERS, L.P.

By: Bon Mick, Inc., its general partner



By: Michael Katz, Vice President

CHARLES 15 ASSOCIATES

By: Charles 15 LLC, a general partner

By: Charles Sterling 15 LLC, its manager



By: Michael Katz, Manager

CHARLES 15 LLC


By: Charles Sterling 15 LLC, its manager



By: Michael Katz, Manager


CHARLES STERLING LLC

By: Charles Sterling 15 LLC, its manager



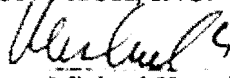
By: Michael Katz, Manager

RUSKIN GARDEN APARTMENTS LLC



By: Saul B. Katz, Managing Member

BON-MICK, INC.



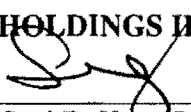
By: Michael Katz, Vice President

SEE HOLDINGS I



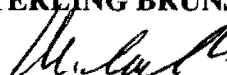
By: Michael Katz, Partner

SEE HOLDINGS II



By: Saul B. Katz, Partner

STERLING BRUNSWICK CORPORATION



By: Michael Katz, Manager

STERLING EQUITIES INVESTORS



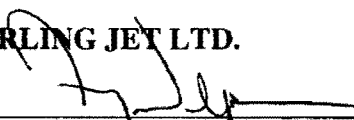
By: Michael Katz, Partner

STERLING HERITAGE, L.L.C.



By: Michael Katz, Managing Member

STERLING JET LTD.



By: Fred Wilpon, President

STERLING JET II, LTD.




By: Saul B. Katz, President

STERLING PATHOGENESIS COMPANY



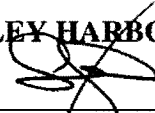
By: Michael Katz, Partner

STERLING THIRD ASSOCIATES



By: Michael Katz, Partner

VALLEY HARBOR ASSOCIATES

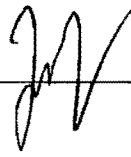


By: Saul E. Katz, Partner

KIMBERLY WACHTLER

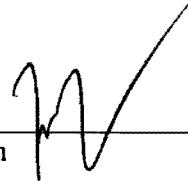
Kimberly Wachtler

MINOR 1



By: Jeffrey Wilpon

MINOR 2



By: Jeffrey Wilpon

MICHAEL SCHREIER

Michael Schreier

STERLING PATHOGENESIS COMPANY

By: Michael Katz, Partner

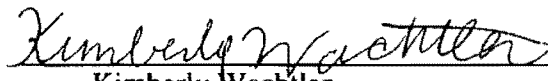
STERLING THIRD ASSOCIATES

By: Michael Katz, Partner

VALLEY HARBOR ASSOCIATES

By: Saul B. Katz, Partner

KIMBERLY WACHTLER



Kimberly Wachtler

MINOR 1

By: Jeffrey Wilpon

MINOR 2

By: Jeffrey Wilpon

MICHAEL SCHREIER

Michael Schreier

STERLING PATHOGENESIS COMPANY

By: Michael Katz, Partner

STERLING THIRD ASSOCIATES

By: Michael Katz, Partner

VALLEY HARBOR ASSOCIATES

By: Saul B. Katz, Partner

KIMBERLY WACHTLER

Kimberly Wachtler

MINOR 1

By: Jeffrey Wilpon

MINOR 2

By: Jeffrey Wilpon


MICHAEL SCHREIER



Michael Schreier

REALTY ASSOCIATES MADOFF II

By: Fred Wilpon Family Trust, partner



By: Richard Wilpon, Trustee

**STERLING AMERICAN PROPERTY III
L.P.**

By: Sterling American Advisors III LLC, a
general partner

By: Sterling Advisors III LLC, a managing
member



By: Michael Katz, Executive Vice
President

**STERLING AMERICAN PROPERTY IV
L.P.**

By: Sterling American Advisors IV LLC, a
general partner

By: Sterling Advisors IV LLC, a managing
member



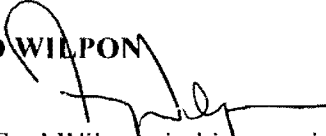
By: Michael Katz, Senior Executive Vice
President

SAUL B. KATZ



Saul B. Katz, in his capacity as Guarantor
as defined herein

FRED WILPON



Fred Wilpon, in his capacity as Guarantor
as defined herein

Schedule 1

Summary of Allowed Net Equity Claims Against the BLMIS Estate
April 13, 2012

Totals		56		\$177,563,039.08	
Account	Line 1	Line 2	Line 3	Net Equity	Claim Number
1KW001	BON MICK FAMILY PARTNERS L P			\$32,040.00	009928
1KW013	DAYLE KATZ			\$380,435.00	009930
1KW019	MICHAEL KATZ			\$306,936.04	009932
1KW061	ELISE C TEPPER			\$1,779,065.42	009937
1KW076	JEFFREY S WILPON	& VALERIE WILPON JT TENANTS		\$3,104,689.36	009939
1KW108	GREGORY KATZ			\$178,937.89	009947
1KW109	HOWARD KATZ	MICHAEL KATZ AS CUSTODIAN		\$48,125.00	009948
1KW110	TODD KATZ	MICHAEL KATZ AS CUSTODIAN		\$34,073.00	009949
1KW206	THE WILPON FAMILY 1997	DESCENDANT'S TRUST	C/O STERLING EQUITIES	\$220,000.00	009909
1KW209	DANIEL WILPON	RICHARD A WILPON AS CUSTODIAN		\$282,659.14	009910
1KW242	SAUL B KATZ FAMILY TRUST			\$4,875,617.50	009913
1KW248	DAYLE H & MICHAEL KATZ	FOUNDATION INC		\$617,000.00	009916
1KW260	FRED WILPON FAMILY TRUST			\$678,485.79	009920
1KW263	MARVIN B TEPPER			\$440,800.00	009921
1KW275	L THOMAS OSTERMAN 1999 TRUST			\$15,720.00	009923
1KW276	PATRICIA THACKRAY 1999 TRUST			\$21,220.00	009924
1KW302	RUTH FRIEDMAN			\$72,444.27	009902
1KW303	ELISE TEPPER AS CUSTODIAN	FOR GRANDCHILDREN		\$144,365.50	009903
1KW305	VALERIE AND JEFFREY S WILPON	FOUNDATION		\$70,050.00	009905
1KW309	DAN KNOFF	HEATHER KNOFF JT TEN	C/O STERLING EQUITIES	\$198,000.00	009898
1KW313	STERLING THIRTY VENTURE LLC	TR		\$8,068,675.34	009897
1KW319	THE TEPPER FAMILY FOUNDATION			\$30,895.00	009894
1KW320	THE DEBRA & RICHARD A WILPON	FOUNDATION		\$18,550.00	009887
1KW321	THE PHYLLIS & THOMAS OSTERMAN	FAMILY FOUNDATION		\$92,500.00	009888
1KW330	THE RUTH AND ARTHUR FRIEDMAN	FAMILY FOUNDATION		\$65,000.00	009889
1KW346	ROBBINSVILLE PARK LLC			\$239,000.00	009893
1KW347	FS COMPANY LLC			\$5,627,711.66	009886
1KW367	ROBIN WACHTLER	& PHILIP WACHTLER JT/WROS		\$667,000.00	009883
1KW374	METS II LLC			\$3,556,888.64	009881
1KW384	L THOMAS OSTERMAN	AND JILL PUPKE TIC		\$136,911.09	009879
1KW389	SCOTT WILPON 2000 TRUST	RICHARD WILPON TRUSTEE		\$257,818.37	009878
1KW390	JESSICA WILPON 2000 TRUST	RICHARD WILPON TRUSTEE		\$245,711.87	009877
1KW391	KATZ 2002 DESCENDANTS TRUST			\$70,500.00	009876
1KW396	DEYVA ARTHUR			\$306,000.00	009875
1KW402	STERLING 10 LLC	STERLING EQUITIES		\$7,153,758.31	009872
1KW403	RICHARD A WILPON	ANITA M TAPPY T.I.C		\$27,728.27	009870
1KW413	CHARLES STERLING SUB LLC	(PRIMARY)		\$10,957,335.92	009871
1KW414	CHARLES STERLING SUB LLC	(INTEREST)		\$5,302,466.42	009869
1KW420	STERLING BRUNSWICK SEVEN LLC			\$8,234,000.00	009868
1KW424	HOWARD S KATZ		C/O STERLING EQUITIES	\$415,057.00	009866
1KW426	GREGORY A KATZ	& AMY BETH KATZ JT/WROS		\$320,000.00	009865
1KW435	STERLING INTERNAL V LLC		C/O STERLING EQUITIES	\$18,034,620.00	009863
1KW437	STERLING ADVISORS IV LLC			\$4,731,932.76	009862
1KW445	WILPON 2002 DESCENDANT'S TRUST			\$462,500.00	009861
1KW446	THE THOMAS OSTERMAN FAMILY	2006 GRANTOR TRUST		\$96,572.45	009860
1KW447	STERLING TWENTY FIVE LLC			\$36,728,168.21	009859
1KW455	STERLING TRACING LLC	STERLING EQUITIES	ARTHUR FRIEDMAN	\$24,523,164.00	009857
1KW457	JACQUELINE TEPPER			\$260,747.02	009856
1KW458	NATALIE KATZ O'BRIEN	AND BRENDAN O'BRIEN JT WROS		\$570,000.00	009855
1KW460	BRADOO-MOOMOO LLC		C/O STERLING EQUITIES	\$189,252.84	009854
1KW463	STERLING VC IV LLC	STERLING EQUITIES	ATTN: ARTHUR FRIEDMAN	\$1,933,625.00	009853
1KW464	STERLING VC V LLC	STERLING EQUITIES	ATTN: ARTHUR FRIEDMAN	\$11,803,944.00	009852
1KW465	STERLING DIST PROPERTIES LLC	STERLING EQUITIES	ATTN: ARTHUR FRIEDMAN	\$1,657,361.00	009851
1KW466	COLLEGE PLACE ENTERPRISES LLC		C/O STERLING EQUITIES	\$2,960,000.00	009850
1KW467	RV-RJW LLC	C/O STERLING EQUITIES		\$7,316,980.00	009849
1W0141	JEFFREY S WILPON	& VALERIE WILPON JT/WROS		\$1,000,000.00	009847

Schedule 2

**Summary of Six-Year Transfers from BLMIS to Defendants in Excess of Principal
April 13, 2012**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Defendant(s)	BLMIS Acct #	BLMIS Account Name	Total by Account	Proportionate Share	Proportionate Share - JT/TIC Accounts
Arthur Friedman Ruth Friedman	1KW004	ARTHUR FRIEDMAN & RUTH FRIEDMAN J/T WROS	\$ 80,437	0.04943%	0.02472% 0.02472%
Iris Katz	1KW014	IRIS J KATZ C/O STERLING EQUITIES	\$ 22,464,687	13.80516%	
Iris J. Katz and Saul B. Katz Family Foundation, Inc. Judy and Fred Wilpon Family Foundation, Inc.	1KW016	IRIS & SAUL KATZ FAM FDN INC AND JUDY & FRED WILPON FAMILY FDN INC TIC	\$ 354,000	0.21754%	0.10877% 0.10877%
Dayle Katz Michael Katz	1KW020	MICHAEL KATZ & DAYLE KATZ J/T WROS	\$ 553,483	0.34013%	0.17007% 0.17007%
Saul B. Katz	1KW024	SAUL B KATZ	\$ 7,108,639	4.36845%	
L. Thomas Osterman	1KW044	L THOMAS OSTERMAN	\$ 1,321,950	0.81237%	
Fred Wilpon	1KW067	FRED WILPON	\$ 1,680,520	1.03272%	
Judith Wilpon	1KW077	JUDITH A WILPON C/O STERLING EQUITIES	\$ 11,708,302	7.19507%	
Debra Wilpon Richard Wilpon	1KW081	RICHARD A WILPON & DEBRA WILPON J/T WROS	\$ 1,131,467	0.69532%	0.34766% 0.34766%
Iris J. Katz and Saul B. Katz Family Foundation, Inc.	1KW083	IRIS KATZ & SAUL KATZ FAMILY FOUNDATION	\$ 592,738	0.36425%	
College Place Enterprises LLC	1KW084	COLLEGE PLACE ENTERPRISES PROFIT SHARING	\$ 5,492,275	3.37515%	
Judy and Fred Wilpon Family Foundation, Inc.	1KW086	JUDY WILPON & FRED WILPON FAM FDN INC	\$ 2,011,180	1.23592%	
Philip Wachtler Robin Wilpon Wachtler	1KW096	PHILIP H WACHTLER AND ROBIN WILPON WACHTLER J/T WROS	\$ 18,032	0.01108%	0.00554% 0.00554%
Bruce N. Wilpon	1KW118	BRUCE WILPON	\$ 236,770	0.14550%	
Michael Katz Saul B. Katz	1KW121	MICHAEL KATZ & SAUL B KATZ TIC	\$ 99,000	0.06084%	0.03042% 0.03042%
Iris Katz	1KW154	IRIS J KATZ C/O STERLING EQUITIES	\$ 258,080	0.15860%	
Judith Wilpon	1KW155	JUDITH A WILPON C/O STERLING EQUITIES	\$ 1,110,000	0.68213%	
Sterling 15C LLC	1KW156	STERLING 15C LLC	\$ 17,329,002	10.64914%	
Mets Limited Partnership	1KW192	METS LIMITED PTR SPECIAL ATTN: LEN LABITA	\$ 24,550,000	15.08664%	
Red Valley Partners David Katz	1KW198	RED VALLEY PARTNERS	\$ 233,000	0.14318%	
Saul B. Katz	1KW201	DAVID M KATZ	\$ 585,402	0.35975%	
Saul B. Katz	1KW238	SAUL B KATZ - PM	\$ 1,502,544	0.92335%	
Mets Limited Partnership	1KW247	METS LIMITED PTR #2 ATTN LEN LABITA	\$ 20,270,108	12.45653%	
Iris J. Katz and Saul B. Katz Family Foundation, Inc.	1KW252	IRIS AND SAUL KATZ FAMILY FOUNDATION PM	\$ 1,437,799	0.88357%	
Sterling Mets LP	1KW254	STERLING METS LP-FUNDING ACCT PLYRS DEF SLRY OBL	\$ 1,670,711	1.02670%	
Phyllis Rebell Osterman	1KW269	PHYLLIS REBELL OSTERMAN	\$ 107,000	0.06575%	
Saul B. Katz	1KW278	SAUL B KATZ II	\$ 212,069	0.13032%	
Sterling Brunswick Corporation	1KW279	STERLING BRUNSWICK CORP	\$ 3,020	0.00186%	
Sterling Heritage LLC	1KW287	STERLING HERITAGE LLC	\$ 24,325	0.01495%	
Fred Wilpon Family Trust	1KW298	FRED WILPON FAMILY TRUST TR	\$ 1,156,806	0.71089%	
Saul B. Katz Family Trust	1KW299	SAUL B KATZ TR	\$ 421,762	0.25918%	
Sterling Equities Associates	1KW300	STERLING EQUITIES	\$ 800,000	0.49162%	
Debra Wilpon	1KW307	DEBRA WILPON	\$ 75,600	0.04646%	
Edward M. Tepper Elise C. Tepper Jacqueline G. Tepper	1KW308	EDWARD TEPPER JACQUELINE TEPPER ELISE TEPPER TIC	\$ 363,170	0.22318%	0.07439% 0.07439% 0.07439%
Sterling Thirty Venture LLC	1KW314	STERLING THIRTY VENTURE LLC B	\$ 3,348,352	2.05765%	
Sterling Thirty Venture LLC	1KW315	STERLING THIRTY VENTURE, LLC	\$ 211,249	0.12982%	
Marvin B. Tepper	1KW322	MARVIN B TEPPER DEFINED BENEFIT PLAN	\$ 387,830	0.23833%	
Brooklyn Baseball Company LLC	1KW323	BROOKLYN BASEBALL COMPANY	\$ 329,354	0.20240%	
BAS Aircraft LLC	1KW325	BAS AIRCRAFT LLC	\$ 4,919	0.00302%	
Fred Wilpon Saul B. Katz	1KW329	FRED WILPON SAUL B KATZ TIC TAX ESCROW	\$ 970,109	0.59616%	0.29808% 0.29808%
Edward M. Tepper	1KW332	EDWARD TEPPER	\$ 206,346	0.12681%	
Saul B. Katz	1KW336	SAUL B KATZ BRIAN HAHN JR TIC	\$ 60,000	0.03687%	0.03687%
Amy Beth Katz					0.01243%
Gregory Katz Michael Katz	1KW345	GREG KATZ AMY KATZ JT TEN MICHAEL KATZ TIC	\$ 86,700	0.05328%	0.01243% 0.02842%
157 J.E.S. LLC	1KW348	157 J.E.S. LLC	\$ 389,682	0.23947%	
Coney Island Baseball Holding Company LLC	1KW349	CONEY ISLAND BASEBALL HOLDING CO LLC	\$ 29,426	0.01808%	
Michael Katz	1KW354	MICHAEL KATZ-SEF	\$ 108,243	0.06652%	
Sterling 20 LLC	1KW358	STERLING 20 LLC	\$ 181,023	0.11124%	
Sterling Equities	1KW359	STERLING EQUITIES (GREENWOOD) C/O MATTHEW BERNSTEIN MS# NYC034091	\$ 38,499	0.02366%	
Saul B. Katz	1KW363	SAUL B KATZ PAWLING REFINANCING	\$ 59,061	0.03629%	
L. Thomas Osterman	1KW365	L THOMAS OSTERMAN TRACING	\$ 12,302	0.00756%	
Marvin B. Tepper	1KW366	MARVIN B TEPPER TRACING	\$ 27,007	0.01660%	
Estate of Leonard Schreier	1KW372	ESTATE OF LEONARD J SCHREIER C/O SCHULTE ROTH & ZABEL KIM BAPTISTE ESQ	\$ 263,836	0.16213%	
Saul B. Katz	1KW376	VICKY SCHULTZ SAUL B KATZ TIC	\$ 60,796	0.03736%	0.03736%
Sterling Mets LP	1KW378	STERLING METS (INSURANCE FUND)	\$ 350,000	0.21508%	
Arthur Friedman	1KW388	ARTHUR FRIEDMAN ET AL TIC	\$ 45,153	0.02775%	0.02775%
Fred Wilpon	1KW392	FRED WILPON - APT TRACING	\$ 10,495	0.00645%	
Saul B. Katz Family Trust	1KW407	SAUL B KATZ FAMILY TRUST 2 C/O STERLING EQUITIES	\$ 33,000	0.02028%	

Schedule 2

Summary of Six-Year Transfers from BLMIS to Defendants in Excess of Principal
April 13, 2012

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Defendant(s)	BLMIS Acct #	BLMIS Account Name	Total by Account	Proportionate Share	Proportionate Share - JT/TIC Accounts
Fred Wilpon Family Trust	1KW408	FRED WILPON FAMILY TRUST 2 C/O STERLING EQUITIES	\$ 159,778	0.09819%	
Arthur Friedman					0.03988%
David Katz					0.10011%
Estate of Leonard Schreier					0.15627%
Fred Wilpon					1.43815%
Fred Wilpon Family Trust					1.73197%
Jeffrey Wilpon					0.48834%
Katz 2002 Descendants' Trust					0.24335%
L. Thomas Osterman	1KW412	DAVID KATZ ET AL TIC	\$ 13,244,256	8.13895%	0.16929%
Marvin B. Tepper					0.33207%
Michael Katz					0.23359%
Richard Wilpon					0.31172%
Saul B. Katz					0.97423%
Saul B. Katz Family Trust					1.59523%
Wilpon 2002 Descendants' Trust					0.32474%
Mets Limited Partnership	1KW423	METS LIMITED PARTNERSHIP SHEA STADIUM	\$ 9,101,837	5.59333%	
Arthur Friedman					0.03487%
David Katz					0.24047%
Elise C. Tepper					0.03973%
Estate of Leonard Schreier					0.04997%
Fred Wilpon					0.38640%
Fred Wilpon Family Trust					0.79480%
Gregory Katz					0.02941%
Iris J. Katz and Saul B. Katz Family Foundation, Inc.	1KW427	SAUL B KATZ ET AL TIC	\$ 5,690,849	3.49718%	0.22256%
Jeffrey Wilpon					0.07358%
L. Thomas Osterman					0.04942%
Marvin B. Tepper					0.16930%
Michael Katz					0.10135%
Red Valley Partners					0.04371%
Richard Wilpon					0.16636%
Saul B. Katz					0.30044%
Saul B. Katz Family Trust					0.79480%
FFB Aviation LLC	1KW434	FFB AVIATION LLC C/O STERLING EQUITIES	\$ 112,975	0.06943%	
Sterling American Advisors II LP	1KW436	STERLING AMERICAN ADVISORS II LP	\$ 177,415	0.10903%	
SEE Holdco LLC	1KW449	SEE HOLDCO LLC	\$ 60,000	0.03687%	
Gregory Katz	1KW453	GREG KATZ (TR) C/O STERLING EQUITIES	\$ 2,398	0.00147%	
			\$ 162,726,768	100.00000%	

ASSIGNMENT OF DEFENDANT NET EQUITY CLAIMS

The undersigned, _____ (the "Assignor"), a party to the Settlement Agreement and Release (the "Settlement Agreement") approved by the District Court for the Southern District of New York on May __, 2012, which resolved *Picard v. Katz, et al.*, 11-CV-03605 (JSR) and which became effective on May __ 2012, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby absolutely, unconditionally and irrevocably transfer and assign, to Irving H. Picard, as trustee (the "Trustee") for the liquidation proceedings under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.*, of Bernard L. Madoff Investment Securities LLC ("BLMIS"), all right, title and interest in and to the Assignor's Defendant Net Equity Claim[s] (as such term is defined in the Settlement Agreement); provided that the Trustee's rights with respect to the Assignor's Defendant Net Equity Claims assigned hereby are set forth in the Settlement Agreement, the terms of which are incorporated herein by reference as if restated herein in full.

IN WITNESS WHEREOF, dated the __ day of April, 2012.

Assignor:

Trustee:
