respective successors and assigns, and shall inure only to the benefit of the parties hereto, and other person specifically released pursuant to paragraph 3, and their respective successors and assigns, and no other person shall be entitled to any benefits hereunder.

13. No additional understandings, promises, agreements and/or conditions have been entered into by the parties hereto with respect to the matters set forth in this Agreement other than those set forth herein and none will be entered into unless in writing and signed by all parties.

14. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one agreement.

15. This Agreement shall be deemed to have been fully executed and delivered when both the United States, on the one hand, and SMC, on the other, have received counterparts hereof executed on behalf of the other party by each of the signatories for such other party set forth on the signature pages hereof.

Agreed to:

December 14, 1994.

United States of America

John F. Greaney,

Chief, Computers and Finance Section, Antitrust Division, Department of Justice.

December 15, 1994 Steinhardt Management Company, Inc.

Michael Steinhardt,

Chairman, Steinhardt Management Company, Inc.

United States District Court, Southern District of New York, United States of America, Plaintiff, v. Steinhardt Management Company, Inc.; and Caxton Corporation, Defendants, and \$12,500,000 That is the Property of Steinhardt Management Company, Inc.; Steinhardt Management Company, Inc., Real Party in Interest and \$12,500,000 That is the Property of Caxton Corporation, Caxton Corporation, Real Party in Interest. 94 Civ. 9044.

Settlement Agreement

This Settlement Agreement ("Agreement") is made between the UNITED STATES OF AMERICA ("Plaintiff") and CAXTON CORPORATION ("Caxton").

1. This Agreement is made to resolve and forever to settle Caxton's liability under the antitrust laws for certain conduct to be alleged in a Complaint to be filed by the United States pursuant to this Agreement. Upon the fulfillment of the conditions set forth in this Agreement, the releases described herein shall be effective.

2. On the date of execution of this Agreement,

(a) Plaintiff shall file a civil Complaint alleging a violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, by Caxton and others in connection with the acquisition and trading of certain United States Treasury notes;

(b) Plaintiff shall file a Final Judgment in the form attached as Exhibit A, that, if entered by the Court, would resolve and settle the allegations of the Complaint filed pursuant to subparagraph (a), above;

(c) Plaintiff and Caxton shall execute and file a Stipulation and Order in the form attached as Exhibit B, stipulating to the entry of a Final Judgment in the form attached as Exhibit A.

In consideration of the sum of money to be forfeited by Caxton pursuant to the Final Judgment and other of the agreements set forth herein, upon entry of the Final Judgment in the form attached as Exhibit A, or in such other form as the Court may order requiring payment of the civil forfeiture specified in paragraph 6(a), Plaintiff releases Caxton, Luttrell Capital Management, Inc. ("LCM"), and their present and former officers, employees, directors and subsidiaries, and any funds or accounts managed by Caxton or LCM, from any civil liability or claims whatsoever or any criminal liability for any federal offense which was committed prior to the date of this Agreement and (a) which arose out of the purchase, sale, financing or trading of the two-year United States Treasury notes issued in April 1991 or the twoyear United States Treasury notes issued in May 1991 (together, "Specified Notes") or (b) which arose out of any conduct known to the Department of Justice or the Securities and Exchange Commission ("SEC") related to any investigation by the Department of Justice or the SEC into the purchase, sale, financing or trading of the Specified Notes, or into any efforts to interfere with, obstruct, mislead or subvert any such investigation; provided, however that nothing in this Agreement shall apply to violations of the federal tax laws, Title 26, United States Code.

4. Plaintiff and Caxton recognize that the Court may enter a Final Judgment only after the parties have complied with the provisions of the Tunney Act, 15 U.S.C. §§ 16 (b) through (g). The parties shall use their best efforts to comply with the procedures of the Tunney Act to ensure that a Final Judgment in the form attached as Exhibit A is entered by the Court at the earliest practicable date. If the Court should require modification to the Final

Judgment before entering it, Caxton shall not unreasonably withhold its agreement to such modification.

5. The parties recognize that this Agreement is being made in conjunction with the *Consent and Undertakings of Defendant Caxton Corporation* that Caxton has entered into with the SEC (the "SEC Consent") in the form attached as Exhibit C, and that, following execution of the SEC Consent, the SEC will file against Caxton a civil complaint alleging violations of the securities laws, under the caption *Securities and Exchange Commission v. Steinhardt Management Company, Inc. and Caxton Corporation* (the "Securities Case").

6. Pursuant to this Agreement, the SEC Consent, and the Final Judgment of Permanent Injunction and Other Relief as to Defendant Caxton Corporation in the Securities Case (the "Securities Case Final Judgment") in the form attached as Exhibit D, Caxton shall, at the times specified in paragraph 12 and as provided in the Securities Case Final Judgment, pay the sum of \$36 million as follows:

(a) \$22 million shall be paid to the United States of America. Of this amount, \$12.5 million shall constitute a civil forfeiture pursuant to the Sherman Antitrust Act, 15 U.S.C. § 6, and shall be paid to the Department of Justice Asset Forfeiture Fund; the remaining \$9.5 million shall constitute a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and shall be paid to the Treasurer of the United States;

(b) \$14 million shall be paid into a disgorgement fund established by Court order in the Securities Case, upon terms established by the Securities Case Final Judgment, as entered by the Court. This disgorgement fund shall be administered and used as set forth in the Securities Case Final Judgment.

Under no circumstances shall Caxton be entitled to a refund of any monies paid pursuant to this Agreement; provided that the foregoing shall not preclude reimbursement of Caxton from the disgorgement fund in accordance with the procedures governing such fund, in respect of certain third-party claims paid directly by Caxton.

7. Should the Court for any reason not order all or any part of the amount specified in paragraph 6(a) to be forfeited to the United States, the difference between the amount ordered forfeited by the Court in the captioned case and the amount specified to be forfeited to the United States by paragraph 6(a), shall be paid to the Treasurer of the United States pursuant