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Press release from the office of Irving H. Picard, SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS)

Settlement Agreement Reached with Joint Liquidators of Fairfield Sentry, Madoff's Largest Feeder Fund

Settlement Significantly Increases Potential Future Recoveries and Customer Fund Payouts

NEW YORK, NEW YORK – May 9, 2011 – Irving H. Picard, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”), announced today that he has reached a settlement agreement with Kenneth Krys and Joanna Lau, the Joint Liquidators of Fairfield Sentry Limited (“Fairfield Sentry”), Fairfield Sigma Limited (“Sigma”) and Fairfield Lambda Limited (“Lambda”) (collectively the “Fairfield Funds”), three offshore funds formerly managed by entities related to Bernard Madoff’s largest feeder-fund operator, the Fairfield Greenwich Group (“FGG”).

Terms of the settlement include an immediate and permanent reduction – of nearly \$1 billion – in the total amount of claims against the BLMIS Customer Fund by the Fairfield Funds. In addition, the settlement agreement aligns the interests of the Trustee and the Joint Liquidators and strengthens their ability to pursue and recover billions of dollars in additional claims against the owners and management of the Fairfield Funds, as well as hundreds of subsequent transferees of stolen customer property.

“This settlement agreement is another significant milestone in the Trustee’s ongoing efforts to recover stolen funds for distribution to BLMIS customers whose claims have been approved by the Trustee,” said Mark A. Kornfeld, a partner at Baker & Hostetler LLP, the court-appointed counsel to the Trustee. “A key provision of the settlement reduces the Fairfield Funds’ claims against the Customer Fund by nearly \$1 billion, which effectively increases future payments to customers with approved claims.”

“This agreement establishes critical precedents and creates a pragmatic model to resolve other, equally complex, feeder-fund cases,” said Thomas L. Long, a senior counsel at Baker & Hostetler. “The settlement terms also enhance the Trustee’s ongoing efforts against major financial institutions which used the Fairfield Funds as vehicles to create derivative and structured investment products. While some of these financial institutions sidestepped due diligence, others performed due diligence, didn’t like what they saw, and protected their own interests. Ultimately, all of these institutions left their investors fully exposed to the fraud.”

“In addition, the Joint Liquidators have agreed to cease their separate pursuit of additional claims against the owners and management of the Fairfield Funds,” said David J. Sheehan, chief

counsel to the Trustee and a partner with Baker & Hostetler. “We are now working together with the Liquidators, not at cross-purposes, to pursue these assets. The Trustee is confident that combining forces with the Joint Liquidators enables the potential recovery of billions in additional dollars for the ultimate benefit of the BLMIS Customer Fund.”

Fairfield Sentry was the single, largest BLMIS feeder fund, with more than 95 percent of its investors’ cash deposited in BLMIS accounts. Sigma, a Euro-currency fund, and Lambda, a Swiss Franc currency-based fund, were 100 percent invested in Sentry. The Fairfield Funds were offshore funds based in the British Virgin Islands and were managed by other Fairfield Greenwich Group entities owned primarily by Walter Noel, Jeffrey Tucker and Andres Piedrahita. All three funds were named as defendants in a lawsuit filed by the Trustee, which was amended on July 20, 2010 to assert claims by the Trustee against, among others, the FGG entities, owners, partners and key personnel.

Some of the most significant terms of the settlement with the Liquidators are as follows:

Reduction in Sentry SIPA Claim and Cash Payment

Under the terms of the settlement, Sentry’s approximately \$1.2 billion net equity SIPA claim is permanently reduced to \$230 million and will not be increased in the future. The reduction of the Sentry SIPA claim by nearly \$1 billion immediately and effectively increases the value of the BLMIS Customer Fund allocation by at least 3 percent for all BLMIS customers whose claims have been approved by the Trustee.

In addition, the Joint Liquidators have agreed to make a \$70 million payment to the BLMIS Customer Fund.

Assignment by the Liquidators of Claims Against Fairfield Greenwich Group’s Management

Under this agreement, the Liquidators assign to the Trustee all of the Fairfield Funds’ claims against the FGG management companies and FGG officers and partners. The Trustee retains his own claims against management defendants. The Trustee and the Liquidators will share any recoveries, with the Trustee receiving the first \$200 million, and any recoveries in excess of \$200 million allocated with 85 percent for distribution to the BLMIS Customer Fund and 15 percent for distribution to the Fairfield Funds investors.

Sharing of Other Claims

The Trustee and the Joint Liquidators will work cooperatively to enhance recoveries for the BLMIS Customer Fund and Fairfield Sentry shareholders with sharing arrangements ranging from 60 percent to the Trustee, 40 percent to the Liquidators to 15 percent for the Trustee to 85 percent for the Liquidators, depending on the nature of the claims to be shared.

Judgments

The Fairfield Funds dropped their objections to the Trustee's claims – approximately \$3 billion against Sentry, approximately \$752 million against Sigma, and approximately \$53 million against Lambda – and agreed to the entry of judgments for the full amount of these claims, approximately \$3.8 billion. The entry of the judgments eliminates some legal defenses which could impede additional, future recoveries.

The Trustee has agreed not to seek collection of the judgments against the Fairfield Funds, which have a limited ability to pay cash toward any judgment.

A motion for approval of the settlement will be filed with the United States Bankruptcy Court for the Southern District of New York. A copy of the motion is available on the Trustee's website at www.madofftrustee.com or on the Bankruptcy Court's website at www.nysb.uscourts.gov; docket no. 08-01789(BRL). The Bankruptcy Court will hold a hearing for approval of the settlement motion on Tuesday, June 7, 2011.

The Trustee was represented by his firm, Baker & Hostetler. In addition to Mr. Sheehan, Mr. Kornfeld and Mr. Long, the Trustee acknowledges the contributions of the Baker & Hostetler attorneys who worked on this settlement agreement and filing: Jessie Gabriel, Lindsay D'Andrea, Patrick Hannon, Lauren Hisheimer, Melissa Kosack, Kelvin Lawrence, Sherri Lazear, Ashley Oliker, Matthew Roesch, Jennifer Vessels, and Catherine Woltering.

The Trustee also acknowledges the efforts of Kenneth Kryss and Joanna Lau, the Fairfield Funds Joint Liquidators, to reach an agreement and provide a framework designed to mutually benefit the BLMIS customers and the Fairfield Fund shareholders.

The Joint Liquidators were represented by Brown Rudnick LLP in the United States and Forbes Hare in the BVI. The Trustee acknowledges the work of Brown Rudnick LLP attorneys, David Molton and Daniel Saval, in reaching this agreement as well as William Hare of Forbes Hare.