

Kommentar till 12th bankruptcy report

Det holländska konkursbolaget (LBT) har fått en första utdelning om 4,62% av sin fordran mot Lehman Brothers Holdings Inc. LBT kommer under juli 2012 presentera sin värdering av samtliga strukturerade produkter som bolaget givit ut. Därefter skall eventuella felberäkningar kunna anmälas och rättas. Senare under hösten kommer ett förslag till utdelning bli föremål för en omröstning bland fordringshavarna. Därom kommer vi att återkomma när vi har mer information. Om planen godkänns av fordringsägarna räknar konkursförvaltaren med att kunna göra en första utdelningen från LBT under januari 2013.

BANKRUPTCY REPORT

Bankruptcy report number 12 of the Bankruptcy Trustees of
Lehman Brothers Treasury Co. B.V. ("LBT")

May 2, 2012

The Bankruptcy Trustees communicate in two ways with holders of notes and certificates issued by LBT (jointly: "Noteholders"): (i) information the Bankruptcy Trustees are obliged to provide to Noteholders pursuant to the Dutch Bankruptcy Act, e.g. about the filing of claims, the date of creditors' meetings and any distribution, is also provided in "Notices to Noteholders". The Bankruptcy Trustees will also send these notices through the electronic communication channels of the clearing systems; (ii) information about the progress of the bankruptcy will be made public by the Bankruptcy Trustees by issuing public reports. Both the notices and the public reports are available on www.lehmanbrotherstreasury.com (the "LBT Website").

Key items:

- On December 6, 2011 Judge James Peck of the U.S. Bankruptcy Court for the Southern District of New York confirmed the Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc. ("**LBHI**") and its affiliated U.S. debtors;
- On March 6, 2012 the Third Amended Joint Chapter 11 Plan became effective. As a result, on April 17, 2012 LBT received the first distribution of USD 1,596,483,428.32 from LBHI;
- The Bankruptcy Trustees have invested the received funds in six-month U.S. Treasury Bills; this investment was approved by the Supervisory Judge;
- On January 31, 2012 and March 12, 2012 respectively, the Bankruptcy Trustees published the first two batches of LBT Note valuations; the Bankruptcy Trustees published the third batch on May 1, 2012;
- After the Acceleration Bar Date (February 28, 2012) no Qualifying Acceleration Notices were received by the Bankruptcy Trustees. To date, no Manifest Error Notifications were lodged with respect to LBT Note Valuations published on the LBT Website;

Nothing in this report should be deemed or construed as an admission of liability or claims, or as a waiver of any rights, claims or defenses.

- The Bankruptcy Trustees maintain their expectation to finalize the LBT Note Valuations in July 2012. Reference is made to paragraph 6.2. of this report on timing;
- The Bankruptcy Trustees refer Noteholders to the website of LBHI (www.lehman-docket.com) for detailed information regarding the Chapter 11 proceedings of LBHI and its affiliated U.S. debtors.

Company details	:	Lehman Brothers Treasury Co. B.V.
Bankruptcy number	:	08.0494-F
Date of court decision	:	(Provisional suspension of payments: September 19, 2008) : Bankruptcy: October 8, 2008
Bankruptcy trustees	:	Rutger J. Schimmelpenninck and Frédéric Verhoeven
Supervisory judge	:	Ms. W.A.H. Melissen
Company activities	:	The objective of LBT in accordance with its articles of association was - briefly summarised - the financing of companies of the Lehman Brothers Group, by borrowing, lending and raising monies and participating in all kinds of financial transactions, including the issuance of financial instruments.
Period under review	:	November 10, 2011 – April 20, 2012
Hours spent in period under review:		2,794.2
Hours spent - total	:	21,132.2

0. Preliminary comments

- 0.1 This is the twelfth public report of the Bankruptcy Trustees. This report covers the period from November 10, 2011 through April 20, 2012. In this period, the Bankruptcy Trustees published the eleventh interim report dated January 23, 2012 which report contained information with respect to the (amended) Acceleration Bar Date and a Frequently Asked Questions list regarding the Valuation Principles. The Bankruptcy Trustees emphasise that all information in this report is subject to further investigation and may change significantly. This report should be read in conjunction with the previous reports. Definitions and abbreviations in this report are used in the same manner as in the previous reports (explicit reference is made to the list of definitions included in paragraph 6.9. of the tenth report).
- 0.2 The cross-border financial and legal aspects of the LBT bankruptcy are complicated. In this report, the Bankruptcy Trustees present the current state of affairs in a simplified manner in accordance with the guidelines for bankruptcy reporting applicable in the Netherlands.

1. Statement of affairs

1.1. Management and organisation

LBT was a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, an entity fully owned by LBHI, the holding company of the worldwide operating Lehman Brothers group of companies (the "**Lehman Brothers Group**"). The outstanding shares in LBT have been transferred on February 28, 2012 to Stichting Lehman Brothers Treasury. This transfer was agreed upon between the Bankruptcy Trustees and the U.S. Debtors in the Settlement Agreement of August 30, 2011 (see Annex 1 to the tenth report).

1.2. Activities LBT

LBT was incorporated for the financing of the business activities of the Lehman Brothers Group by issuing financial instruments, in particular "**(structured) Notes**" to institutional and retail investors. The characteristics of these Notes vary from relatively simple to very complex. In most cases – if not in all – the principal of the loan as well as the amount of the return are linked to movements of (embedded) derivative market elements. LBT on-lent the proceeds of the Notes to LBHI. LBT hedged the risks related to these derivative market elements by entering into swap agreements under ISDA-master agreements with other entities of the Lehman Brothers Group.

1.3. Financial information

1.3.1. *Global close*

The global close of the accounts of the Lehman Brothers Group as of September 12, 2008 COB (as described in paragraph 1.3 of the first report) was finalised in January 2009. The Bankruptcy Trustees refer to the previous reports with respect to the global close. The global close balance sheet of LBT is available on the LBT Website.

1.3.2. *Swaps*

The Bankruptcy Trustees refer to the previous reports, and specifically to the overview on page 7 of the third report as well as to paragraph 1.3.3 of the sixth report, with respect to the Bankruptcy Trustees' conclusions on the respective termination dates of the various ISDA-agreements.

In the past reporting period, the Bankruptcy Trustees and their advisors had several meetings in Zürich with the official representatives of Lehman Brothers Finance S.A. ("**LBF**"). These meetings were constructive and are aimed to finalize the valuation of LBF's claim against LBT by July - August 2012.

1.4 Lehman Brothers cross-border insolvency protocol

Further protocol meetings were held in New York on November 15, 2011 and in London on March 1, 2012.

2. **Assets**

2.1. Estate accounts

The balance of LBT's (USD and EUR) estate accounts as of April 30, 2012, amounted to EUR 42,659,333.98.

2.2. Cash-management

The LBT estate received its first distribution of USD 1,596,483,428.32 from LBHI on April 17, 2012. The Bankruptcy Trustees concluded that the funds should, for the time being, be held in USD. As long as the LBT Note Valuations have not been finalized, it cannot exactly be determined what part of the final claims population will consist of USD denominated claims (or what part will consist of non-USD denominated claims). It is expected that the majority of the final claims pool will comprise USD-denominated claims.

The Bankruptcy Trustees have invested the received funds in six-month U.S.

Treasury Bills. The decision of the Bankruptcy Trustees to invest the funds in U.S. Treasury Bills is based on the policy to reduce credit risk on the investment as much as possible. The Bankruptcy Trustees have also taken into consideration the current situation of the financial markets.

The decision of the Bankruptcy Trustees to invest in U.S. Treasury Bills was approved by the Supervisory Judge. Prior to taking this decision, the Bankruptcy Trustees have assessed the creditors' expectations in this respect.

3. Debtors

3.1. U.S. Debtors

The Bankruptcy Trustees refer to the previous reports and to the Settlement Agreement executed with the U.S. Debtors (Annex 1 to the tenth report).

The Third Amended Plan provides for the allowance of LBT's intercompany claim as a senior claim (in accordance with LBHI's subordinated indentures) for an amount of USD 34,548,000,000. The Third Amended Plan places LBT's intercompany claim in Class 4A (Senior Affiliate Claims).

On December 9, 2011 Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York, confirmed the Third Amended Plan for the U.S. Debtors. This confirmation has made the allowance of LBT's intercompany claim in Class 4A irrevocable.

The Third Amended Plan became effective on March 6, 2012. LBHI and its affiliates emerged at that date from Chapter 11.

As a consequence, LBT received a first distribution of 4.62% on its intercompany claim from LBHI on April 17, 2012.

4. Bank / Security rights

4.1. Claim from bank(s)

See previous reports.

5. Lawfulness

5.1. Investigation

The Bankruptcy Trustees are currently investigating the causes that have led to the bankruptcy of LBT. In this investigation the fulfilment of the respective duties

of the board of directors and the accountant is included. Certain transactions that took place in the period shortly preceding LBT's bankruptcy are also included in this investigation. The Bankruptcy Trustees expect to come with a public report with their findings on these matters in the second half of 2012.

6. Creditors

6.1. Note valuations

On January 31, 2012 and March 12, 2012 the Bankruptcy Trustees published the first and second batch of LBT Note Valuations on the LBT Website. The third batch was published on May 1, 2012. Noteholders are advised to always consult the most recent batch of valuations. The valuations follow from the application of the (final) Valuation Principles published in paragraph 6 of the tenth report. The Bankruptcy Trustees aim to have all LBT Note Valuations published in July 2012.

As set out in paragraph 6.8. of the tenth report, the Noteholders are – under the conditions specified therein and with respect to their holdings – entitled to request the Bankruptcy Trustees to reconsider a published LBT Note Valuation via a Manifest Error Notice. To date, no Manifest Error Notices were received.

The Acceleration Bar Date was set on February 28, 2012 as mentioned in the eleventh interim report. After that date Qualifying Acceleration Notices were no longer taken into account. The Bankruptcy Trustees have finalized the assessment of the Acceleration Notices received. The actual status regarding the validity of the received Acceleration Notices can be found on the LBT Website. The final list of validly accelerated series of Notes will be published by the end of this month.

6.2. Way forward / composition plan

Reference is made to paragraph 6.7. and 6.8. of the tenth report. Any expectation expressed in this paragraph on the timing of the finalization of the LBT Note Valuations and, subsequently, of the final admission of LBT Note Valuations and other claims in the bankruptcy, is subject to – *inter alia* – the complexities related to the valuations as well as any further work related to any Manifest Error Notifications.

That said, the Bankruptcy Trustees maintain the expectations on timing made in the tenth report. In addition, the Bankruptcy Trustees intend to present the LBT Note Valuations (once finalized) in a composition plan under Dutch law ("*faillissementsakkoord*", the "**LBT Composition Plan**") to creditors for a vote.

The magnitude of the different claims arising from Notes and the complexities of valuing these claims is without precedent in a Dutch bankruptcy. The Bankruptcy Trustees' goal is to make distributions to creditors as soon as practically and legally possible. The Bankruptcy Trustees hold the view that this goal can most efficiently be achieved by means of a composition plan.

It is the intention to present the LBT Composition Plan for a vote to Noteholders via the ICSDs. Noteholders will be given the opportunity to vote via their respective broker / dealers that hold an account with the ICSDs (as applicable under the terms of the relevant Note held). Holders of claims that do not arise from Notes (intercompany creditors) will be voting via a separate way of communication.

After the finalization and publication of the final LBT Note Valuations (expected July 2012), the Manifest Error Bar Date (as described in paragraph 6.8.1. of the tenth report) will be announced. This bar date will not be less than 28 calendar days after the publication of the final LBT Note Valuations. On or shortly after the publication of the final LBT Note Valuations, a draft LBT Composition Plan will be made public.

Depending on the work required on possible Manifest Error Notifications made in the period between the publication of the final LBT Note Valuations and the Manifest Error Bar Date and the amendments to the draft LBT Composition Plan that could follow as a result of this process, the final LBT Composition Plan will be put to a vote of creditors.

As mentioned, the Bankruptcy Trustees intend to facilitate voting by Noteholders (only) through the ICSDs. A voting period of four to six weeks will be applied. Further details with respect to the voting procedure, voting period and other requirements such as the possible need for temporary blocking of the trading of (Economic Rights in) Notes, will be communicated at a later stage. At the same time the Claims Filing Date as well as the date of the Claims Admission Meeting will be announced.

It is noted that after the approval of the LBT Composition Plan by the creditors, the composition plan needs to be confirmed by the District Court. Assuming – *inter alia* – that the LBT Composition Plan is approved by the required majority of creditors, and timely confirmed by the Amsterdam District Court without appeal being made against this confirmation, the Bankruptcy Trustees expect to make first distributions to creditors in January 2013. However, if an appeal is made against the confirmation, some or all distributions may be delayed. The Bankruptcy Trustees intend to make distributions to Noteholders through the

payment systems of the ICSDs.

6.3. Valuation Support Agreement

The Bankruptcy Trustees have entered into several Valuation Support Agreements ("**VSA**") with Noteholders. In such VSA support is given to the Valuation Principles, which principles were described in paragraph 6 of the tenth public report. At present, 24 (large) Noteholders have signed a VSA, which Noteholders represent on aggregate basis at least USD 6,000,000,000 of nominal holdings.

6.4. Taiwan Taipei court proceedings

Reference is made to the previous reports. In the case against Chinatrust Commercial Bank ("**Chinatrust**"), the Taipei High Court ruled on September 2, 2011 that the Taiwan court has jurisdiction over the case, at least with respect to Chinatrust's alleged tort claim. The Bankruptcy Trustees filed an appeal with the Taiwan Supreme Court against this decision. By judgment of January 11, 2012 the Supreme Court overturned the decision, referring the case back to the High Court. Chinatrust subsequently decided to withdraw its appeal, upon which the original judgment of the Taipei District Court of January 6, 2011, ruling that the Taiwan courts do not have jurisdiction over the claim, became final.

In similar proceedings against LBT initiated by First Commercial Bank Ltd. ("**FCB**"), the Taipei District Court ruled on January 18, 2012 that the Taiwan court does not have jurisdiction over the case. FCB filed an appeal against this decision with the Taipei High Court. A first hearing with the Taipei High Court took place on April 2, 2012. A next hearing has not yet been scheduled.

6.5. Extended Liens

Reference is made to the tenth report. The joint administrators of Lehman Brothers International (Europe) (in administration) ("**LBIE**") filed an application with the High Court in London seeking directions concerning the so-called "Extended Liens". On 8 December 2011 a (London) High Court hearing was held, which set the timetable for exchange of documentation in advance of a substantive High Court hearing scheduled for October 2012. A pre-trial review hearing is scheduled for June 2012. The Bankruptcy Trustees' local counsels monitor and safeguard the position of LBT in relation to these proceedings. If needed, the Bankruptcy Trustees will take further action.

The liquidators of Lehman Brothers Securities Asia Limited filed a similar application for directions with the Hong Kong Court. In January 2012 a hearing

with the Hong Kong High Court was held in which the Hong Kong Court made an order that its determination of the validity and/or enforceability of Extended Liens is adjourned until judgment is given in the LBIE application. The Bankruptcy Trustees' local counsel attended the hearing on a watching brief and continues to monitor and safeguard the position of LBT. If needed, the Bankruptcy Trustees will take further action.

7. Miscellaneous

7.1. Timing

See paragraph 6.2.

7.2. Provision of information

This public report as well as the previous and next reports are and will be available on www.lehmanbrotherstreasury.com. The original Dutch version of this report will also be made available on this website. In the event of any difference between the Dutch version and the English translation, the Dutch text prevails.

Creditors who are holders of a Note issued by LBT, which Note has been provided with an ISIN code that is included on the list of ISIN codes (which list is part of LBT's balance sheet as of August 31, 2008, annex I to the first report), are requested to read the notice of December 22, 2008 (available on the LBT Website). Creditors who believe that they have a claim against LBT (other than claims arising under the Notes), are requested to submit those claims in writing, provided with underlying documents, to:

Houthoff Buruma
Attn. Frédéric Verhoeven
PO Box 75505
NL-1070 AM Amsterdam
the Netherlands

Creditors that are not yet included in the mailing list, can request to be included by sending an email to info.lbtresurybv@houthoff.com. Creditors that are on the mailing list will receive a notification when a report is made available on the LBT Website.

Amsterdam, May 2, 2012

Rutger J. Schimmelpenninck
bankruptcy trustee

Frédéric Verhoeven
bankruptcy trustee