

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: _____

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

MAY 2017 POST-EFFECTIVE OPERATING REPORT

MAY 1, 2017 – MAY 31, 2017

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

DEBTORS' ADDRESS: LEHMAN BROTHERS HOLDINGS INC.
c/o KRISTINE DICKSON
CHIEF FINANCIAL OFFICER
1271 AVENUE OF THE AMERICAS
40th FLOOR
NEW YORK, NY 10020

DEBTORS' ATTORNEYS: WEIL, GOTSHAL & MANGES LLP
c/o JACQUELINE MARCUS, GARRETT A. FAIL
767 FIFTH AVENUE
NEW YORK, NY 10153

REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: June 29, 2017

Pg 2 of 5
SCHEDULE OF DEBTORS

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed (“Commencement Date”)
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and Docket No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009	12/15/2016
Merit LLC.....	09-17331	12/14/2009	12/15/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company’s previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED ENTITIES**BASIS OF PRESENTATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
MAY 1, 2017 – MAY 31, 2017**

The information and data included in this May 2017 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

Other items:

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
 - Cash posted as collateral for hedging activity; and
 - Cash held at third party real estate asset managers.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities

Schedule of Cash Receipts and Disbursements

May 1, 2017 - May 31, 2017

Pg 4 of 5

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

		LBHI	LBSF	Debtors LCPI	Other	Total	Debtor-Controlled Entities Total	Total Debtors and Debtor-Controlled Entities
Beginning Free Cash and Investments (05/01/17)		\$ 46	\$ 47	\$ 9	\$ 340	\$ 443	\$ 164	\$ 606
Sources of Cash								
Commercial Real Estate	(a)	0	-	0	-	0	27	27
Loans (Corporate and Residential)		0	-	0	-	1	0	1
Private Equity / Principal Investing	(b)	-	-	-	-	-	136	136
Derivatives		-	1	-	-	1	29	30
Receipts from Affiliates		6	4	-	0	9	0	9
Other		1	0	0	0	1	0	2
Total Sources of Cash		7	5	0	0	12	193	205
Uses of Cash								
Non-Operating								
Commercial Real Estate		(1)	-	(3)	-	(4)	-	(4)
Loans (Corporate and Residential)		(0)	-	-	-	(0)	(0)	(0)
Other		(0)	(0)	-	-	(0)	(0)	(0)
Operating Expenses	(c)							
Compensation and Benefits	(d)	(4)	-	-	-	(4)	(0)	(5)
Professional Fees	(e)	(19)	-	(0)	-	(19)	(0)	(19)
Other		(2)	(0)	(0)	(0)	(2)	(0)	(3)
Total Uses of Cash		(27)	(0)	(3)	(0)	(30)	(1)	(31)
Total Cash From Operations		(20)	5	(3)	0	(18)	192	174
Post-Petition Inter-Company Receipts		48	20	101	21	190	0	190
Total Inter-Company Transfers Receipts	(f)	48	20	101	21	190	0	190
Post-Petition Inter-Company Disbursements		(41)	(39)	(6)	(2)	(89)	(102)	(190)
Total Inter-Company Transfers Disbursements	(f)	(41)	(39)	(6)	(2)	(89)	(102)	(190)
Other		1	0	0	0	1	0	1
Reclass from/(to) Restricted Cash to Free Cash		2	-	-	(0)	2	(29)	(27)
Net changes in Free Cash and Investments		(10)	(14)	91	20	87	61	148
Ending Free Cash and Investments (05/31/17)		37	33	100	360	530	225	754
Beginning Restricted Cash (05/01/17)		3,285	833	7	182	4,306	26	4,331
Secured, Admin, Priority Claims and Other		(3)	-	-	-	(3)	-	(3)
Other		1	-	-	0	1	29	30
Net Changes in Restricted Cash		(2)	-	-	0	(2)	29	27
Ending Restricted Cash (05/31/17)		3,283	833	7	182	4,304	55	4,358
Beginning Total Cash and Investments (05/01/17)		3,331	880	16	522	4,748	189	4,938
Net changes in Free Cash and Investments		(10)	(14)	91	20	87	61	148
Net changes in Restricted Cash		(2)	-	-	0	(2)	29	27
Ending Total Cash and Investments (05/31/17)	(g)	\$ 3,319	\$ 866	\$ 107	\$ 542	\$ 4,833	\$ 280	\$ 5,113

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0". Totals may not foot due to rounding.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
May 1, 2017 - May 31, 2017

Unaudited (\$)

Notes:

- (a) Cash collections at Debtor-Controlled Entities include \$25 million at PAMI Holdings LLC.
- (b) Cash collections at Debtor-Controlled Entities primarily include receipts related to (i) the sale of shares of Liberty Media Corporation Series C Liberty Formula One common stock; the shares sold were part of the proceeds received from the sale of Formula One to Liberty Media Corporation (refer to the Quarterly Financial Report as of June 30, 2016 [Docket No. 53697] for additional information). The cash proceeds from this sale of shares were subsequently transferred to LCPI as beneficial owner of the Formula One investment; this transfer is reflected in Post-Petition Inter-Company Receipts and Disbursements, and (ii) distributions from private equity limited partnership interests.
- (c) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.
- (d) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).
- (e) Professional Fees include incentive fees of approximately \$4.1 million and \$0.8 million paid to A&M and Houlihan Lokey, respectively, related to the Twelfth Distributions to holders of Allowed Claims (refer to Docket No. 32470 and Docket No. 32155 for additional information on A&M and Houlihan Lokey incentive fees, respectively).
- (f) Inter-Company Receipts and Disbursements include (i) repayments by LBHI to LBDP of \$20 million, related to an outstanding loan, (ii) partial repayments on intercompany balances, and (iii) settlement of cost allocations.
- (g) Ending Total Cash and Investments for Debtor-Controlled Entities - Other includes \$10 million of cash balances at Debtor-Controlled Entities in Asia.