

Lehman Brothers Inc. and Lehman Brothers International (Europe) Announce Agreement in Principle

New York/London, October 5, 2012 – James W. Giddens, Trustee for the liquidation of Lehman Brothers Inc. (“LBI”) under the Securities Investor Protection Act (SIPA), and Tony Lomas, the Joint Administrator of Lehman Brothers International (Europe) (“LBIE”), announced today that an agreement in principle has been reached to resolve all claims among their respective entities totaling \$38 billion.

The agreement is subject to documentation, approval by the U.S. Bankruptcy Judge, the Honorable James M. Peck, and an order of the English High Court. If approved, the agreement will allow the Trustee and the Joint Administrators to proceed with plans to allocate and distribute assets to customers and creditors.

“This is a critical milestone for customers because, if approved by the Court, the agreement sets the stage for distributions that will provide for 100 percent recovery of customer property,” said Trustee Giddens. “The agreement resolves tens of billions in claims from LBI’s largest single customer claimant and will allow for customer and creditor distributions much sooner than if LBIE’s claims involving hundreds of thousands of transactions were litigated. We will now work toward the Court approvals necessary for distributions on top of the more than \$90 billion already made to customers.”

“The resolution of LBIE’s claims relating to LBI will allow us to move the case forward materially, enabling us to focus on the client side allocation of over \$7 billion of client assets,” said Joint Administrator Lomas. “Our immediate priority is to finalise the methodology for distribution of our Omnibus claim recoveries to clients.”

“Achieving a final resolution with LBI will be the most significant step in LBIE’s administration to date, and having this coincide with our first interim distribution will enable us to plan a much earlier second distribution than would otherwise be the case,” added Lomas.

Terms of Agreement in Principle

- LBIE’s Omnibus customer claim against LBI of \$15.1 billion will be allowed in an amount of approximately \$7.5 billion (valued as of 19 September 2008) in securities and cash. This claim will be augmented by post-filing income estimated to be approximately \$600 million.
- LBIE’s House customer claim against LBI of \$8.9 billion will be replaced by an allowed cash net equity customer claim of \$500 million.
- LBI will stipulate to an LBIE general property claim in the amount of \$4.0 billion, and LBI’s unsecured claim against LBIE of \$13.8 billion will be eliminated.
- LBI’s Client Money claim against LBIE will be assigned to LBIE’s nominee.
- The parties have agreed to suspend scheduled litigation activity until mid-December 2012 to allow work to proceed in finalizing of this agreement.
- The agreement limits the amount of the maximum recoveries that each would make into the other’s estate from the claims asserted so that planning for distributions in their respective estates can continue.

If a final agreement between the parties can be reached before December 15, 2012, a U.S. Bankruptcy Court hearing seeking approval of the agreement can be anticipated in the first quarter of 2013.

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