Lehman Brothers Inc. Trustee Seeks Approval of First Interim Distribution to General Creditors

Billions Available for Distribution as Trustee's Wind-Down Efforts Continue

June 26, 2014 – James W. Giddens, Trustee for the liquidation of Lehman Brothers Inc. (LBI), filed a motion today that sets the stage for a first interim distribution of billions of dollars to general creditors with allowed unsecured claims. The motion seeks Bankruptcy Court approval of an order that caps the maximum potentially allowable amounts of the unresolved unsecured claims and establishes the unsecured claims reserve.

The Trustee's motion follows Court approval on June 19, 2014, of a distribution that will fully satisfy allowed secured and priority creditor claims. The distribution, which includes payments on former LBI employee claims and priority tax claims, is in process.

"From the beginning, we have worked aggressively and diligently to pay customers 100 percent and marshal assets for a general estate," Giddens said. "Both goals have now been achieved, and we are in a position to make a substantial first interim distribution to general creditors with allowed unsecured claims."

The Trustee has conducted an extensive analysis of the financial condition of the LBI estate and concluded that progress made in the general creditor claims process and the amount of cash now available in the LBI general estate permits an interim distribution.

The LBI general estate has more than $3 billion available to make both an interim distribution and reserve an appropriate amount to protect the interests and due process rights of the holders of unresolved claims. The Trustee also anticipates the possibility of recovering additional assets for the general estate. At the time of the interim distribution, the Trustee will determine the exact amount that will be distributed based on an analysis of assets and liabilities.

At the outset of the LBI liquidation, the extent of customer distributions was unknown and the potential for a general estate was in doubt. Allowed customer claims have now been paid in full, and a significant general estate is available for distribution.

- To date, more than $105 billion has been distributed to 111,000 former LBI customers. This is the largest customer distribution in bankruptcy history and the largest distribution of any kind across the worldwide Lehman insolvency proceedings.

- A first interim distribution, if approved, would be made to holders of allowed unsecured claims, including those held by former employees, pension funds, institutions, banks, and Lehman affiliates. The Trustee has set a record date of July 15, 2014.

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