

Stage Set for Lehman Brothers Inc. Trustee to Make First Unsecured General Creditor Interim Distribution

Court Approval of Order Continues Progress in Winding Down the LBI Estate

July 30, 2014 – The United States Bankruptcy Court for the Southern District of New York, the Honorable Shelley C. Chapman presiding, today granted an order allowing James W. Giddens, Trustee for the liquidation of Lehman Brothers Inc. (LBI) under the Securities Investor Protection Act, to move toward making a first interim distribution to unsecured general creditors with allowed claims.

“This order enables a distribution to unsecured general creditors,” said Giddens. “That such a distribution is even possible represents an extraordinary achievement that was far from certain when the liquidation began. As we continue to wind-down the estate, our focus remains on maximizing assets available for distribution and protecting claimants’ interests and due process rights.”

The order caps the maximum potentially allowable amounts for unresolved unsecured general creditor claims. The order also allows the establishment of an unsecured claims reserve. These steps are necessary components of the Trustee’s overall plan to begin distributions to unsecured general creditors.

The Court also approved the settlement agreement between LBI and Lehman Brothers Securities Asia Limited (Hong Kong), which will result in the return of more than \$70 million to the LBI general estate.

The LBI general estate currently has more than \$3 billion available to both make an interim distribution and reserve an appropriate amount to protect the interests and due process rights of the holders of unresolved claims. The exact amount that will be distributed will be determined based on an analysis of the estate’s assets and liabilities at the time of the distribution. The Trustee expects the distribution will begin in early September.

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.
- More than \$240 million is in the process of being distributed to fully satisfy the allowed claims of secured and priority general creditors, the vast majority of which are former employees of LBI.
- A first interim distribution to unsecured general creditors would be made to holders of allowed unsecured claims, including those held by former employees, pension funds, institutions, banks, and Lehman affiliates.

Media Contact for the Trustee:

Jake Sargent

jsargent@apcoworldwide.com

202-569-5086

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