

Lehman Brothers Inc. and Barclays Agree to End Litigation and Resolve Claims

Wind-Down of Estate Continues

New York, June 5, 2015 – James W. Giddens, Trustee for the liquidation of Lehman Brothers Inc. (LBI) under the Securities Investor Protection Act (SIPA), and Barclays Capital Inc. and Barclays Bank PLC today agreed to resolve certain claims and end all ongoing and potential litigation between them. The agreement is consistent with past orders and judgments entered in the litigation and is subject to approval by U.S. Bankruptcy Judge, the Honorable Shelley C. Chapman.

“It has always been our duty to prudently and diligently pursue every avenue of recovery for assets we believe belong to the estate, and we did so on behalf of creditors by taking the Barclays litigation all the way to the Supreme Court,” Giddens said. “This agreement ends years of litigation and achieves the best result under the circumstances as winding-down and closing out the estate continues in earnest.”

Barclays purchased Lehman’s brokerage business following a hearing in Bankruptcy Court that began on September 19, 2008. Immediately after the purchase, the Trustee set in motion the transfer to Barclays of more than 110,000 customer accounts representing more than \$92 billion in customer property.

At the same time, the Trustee and Barclays engaged in complex and lengthy litigation over certain disputed assets. The Trustee was successful in Bankruptcy Court after 34 days of trial in a case that presented complex and novel legal issues. Subsequently, various appeals court rulings sided with Barclays. The litigation is now concluded as part of this agreement.

Specifically, the agreement sets forth that:

- LBI will pay Barclays roughly \$1.3 billion, which largely represents the value of margin assets that have not already been paid to Barclays consistent with past court orders and is \$80 million less than the Trustee might have had to pay based on a recent court ruling;
- More than \$600 million will become available to the LBI general estate, including \$580 million in reserves the Trustee held for the Barclays litigation that are now freed-up and \$36 million in assets held by the Depository Trust & Clearing Corporation that Barclays will help the Trustee recover; and
- LBI and Barclays each unconditionally and irrevocably release any claims that were or could have been asserted or raised in ongoing or potential future litigation between them.

Status of the Liquidation

At the outset of the liquidation, the potential for a general estate was in doubt. Since July 2014, the Trustee has distributed approximately \$5.9 billion to LBI's unsecured general creditors, which totals a 27 percent distribution on allowed unsecured general creditor claims. The Trustee continues to work to resolve remaining claims and, as the situation allows, will seek to implement additional interim distributions to unsecured general creditors with allowed claims.

LBI customers have received more than \$106 billion in distributions, fully satisfying the 111,000 customer claims. Secured, priority, and administrative creditors have also received 100 percent distributions. Together, the customer and general creditor distributions represent the largest distributions across the worldwide Lehman insolvency proceedings.

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