Lehman Brothers Inc. Trustee Announces Plans for Additional Distribution to Unsecured General Creditors

Interim Report Details Wind-down Progress and Intent for Fourth Distribution to Bring Total Unsecured General Creditor Payout to 38 Percent

New York, NY, April 28, 2016 – James W. Giddens, Trustee for the liquidation of Lehman Brothers Inc. (LBI) under the Securities Investor Protection Act and chair of the Hughes Hubbard & Reed LLP Corporate Reorganization and Bankruptcy Group, today filed the 14th interim report on the LBI liquidation with the Bankruptcy Court, which noted that the estate has entered a stage of substantial completion and that conditions allow for a potential fourth interim distribution to unsecured general creditors with allowed claims. If approved by the Court, the distribution would bring the cumulative payout to unsecured general creditors to 38 percent. The exact dollar amount of the distribution is not yet final.

The report also detailed further strides in winding-down the estate, with just 444 unresolved claims capped in an aggregate amount of $857 million left compared to 15,000 general creditor claims asserted in the aggregate amount of nearly $130 billion at the outset. The discrete set of claims disputes remaining are in advanced stages of litigation, and the Trustee continues to make every effort to resolve the disputes consensually or otherwise. The Trustee will also continue to evaluate the possibility of additional distributions every six months and anticipates further distributions in the future.

“With the potential for a fourth distribution, the amount returned to general creditors continues to exceed all expectations, and there will be more to come,” Giddens said. “This distribution and the progress made on claims are the result of painstaking recovery efforts, litigation and negotiation, and we are pressing to resolve all outstanding issues fairly and equitably so we can close out the estate.”

The Trustee intends to file a motion with the court in May seeking approval for the distribution, and, if approved, plans to make the distribution in July. To date, distributions to all creditors, including unsecured, secured, priority, and administrative creditors, total more than $8 billion.

In total, customers have received more than $106 billion, fully satisfying the 111,000 customer claims, with most claims fulfilled within weeks of the liquidation. Secured, priority, and administrative creditors have also received 100 percent distributions. Together, the LBI customer and creditor distributions represent the largest distributions across the worldwide Lehman insolvency proceedings.

The progress in the LBI liquidation would not have been possible without the assistance of the Securities Investor Protection Corporation and the Securities and Exchange Commission, the oversight of United States Bankruptcy Court, the Honorable Shelley C. Chapman, presiding, and the success of the Trustee’s professionals at Hughes Hubbard & Reed LLP and Deloitte & Touche LLP.

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