Lehman Brothers Inc. Trustee Files Motion for $677 Million Distribution to Unsecured General Creditors

Trustee Also Seeks Court Approval to Auction Allowed Claim Against Lehman Brothers Europe Limited

New York, NY, May 18, 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 a motion with the Bankruptcy Court seeking approval to make a fourth interim distribution totaling $677 million to unsecured general creditors with allowed claims.

If a fourth interim distribution – first announced by the Trustee in the Interim Report filed in April 2016 – is approved by the Court, the cumulative payout to unsecured general creditors will reach 38 percent and total approximately $8.5 billion. Total distributions to all creditors, which include unsecured general creditors and secured, priority, and administrative creditors, will come to roughly $8.8 billion.

“The LBI estate has entered a phase of substantial completion and the progress made allows for a fourth significant distribution to general creditors, an outcome that was unthinkable at the beginning of the liquidation,” Giddens said. “Future distributions depend on the outcome of the pending litigations, and there is no certainty other distributions of this magnitude will be possible.”

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 Trustee also filed a motion today with the Court seeking approval to sell the estate’s allowed claim against Lehman Brothers Europe Limited (LBEL). To the extent there is a surplus in the LBEL estate, LBI may be entitled to additional distributions of approximately $52 million. The total amount to be recovered and the timing of the recovery, however, is subject to the outcome of litigation in the United Kingdom. Therefore, the Trustee, in his business judgment, has determined that selling the claim would monetize and marshal assets in the short-term without being subject to the outcome of protracted litigation.

If approved by the Court, a fair and open auction process would be conducted by the Trustee’s sales agent, Banc of America Credit Products, Inc. The bid period for the claim would close on June 16, 2016, with the Trustee notifying the Court of a successful bid on or before June 20, 2016.

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.

The Trustee is represented by Hughes Hubbard & Reed LLP.

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