Lehman Brothers Inc. Trustee Reports on Substantial Progress in Winding Down Estate

New York, NY, August 17, 2017 – James W. Giddens, the Trustee for the liquidation of Lehman Brothers Inc. (LBI) under the Securities Investor Protection Act (SIPA) and of the law firm Hughes Hubbard & Reed LLP, today reported on the state of the LBI estate to the United States Bankruptcy Court for the Southern District of New York, the Honorable Shelley C. Chapman presiding. The Trustee reported that the estate continues to move towards substantial completion.

"As Trustee, it is particularly satisfying to report that not a single one of the more than 140,000 claims remains before the Bankruptcy Court for resolution – a fact that clearly demonstrates how much progress has been made towards closing out the liquidation," Giddens said at the Bankruptcy Court hearing. "We now await resolution of a handful of issues that are before appellate courts."

"It is notable that while the liquidation has entered a phase of substantial completion, the proceeding remains a mega-case given the assets that must continue to remain on hand for reserves and internal controls," Giddens also noted.

The Trustee is focused on the matters before appellate courts where the estate is the appellee in every instance. Once the remaining claims are finally resolved, the Trustee will commence the final steps to close the LBI estate. At that time, the Trustee will seek the Court's approval for the preservation of required data and abandonment of unnecessary systems and information, for a final distribution to creditors, and ultimately, for the Trustee's discharge.

The Trustee's goal is to close the estate and make a final distribution in 2018, however this will be largely dictated by the timing of appellate courts. The Trustee will progress litigation as promptly as possible.

"I can assure you that we are committed to the prompt closure of the LBI estate," Giddens said at the hearing.

<u>Recommendations</u>

The Trustee also addressed reforms that he believes merit further study to help avoid repetition of the type of losses that will be experienced by LBI's unsecured and subordinated creditors as a result of the sale to Barclays and the state of Lehman's business at the time of the bankruptcy. The Trustee's recommendations included:

- Increasing the Securities Investor Protection Corporation (SIPC) maximum coverage from $500,000 to $1.3 million, and tying future coverage limits to inflation;
- Eliminating the distinction between claims for cash and claims for securities; and
- Expanding the borrowing and guarantee authority available to SIPC trustees or other liquidators.

Liquidation Progress

- More than $115 billion has been returned to LBI customers and creditors.
- Five interim distributions to unsecured general creditors with allowed claims have been completed, bringing total distributions to unsecured general creditors to 39 percent or almost $9 billion.
- Customers have received $106 billion, fully satisfying the 111,000 customer claims. Most customer claims were fulfilled within weeks of the liquidation.
- Secured, priority and administrative creditors have also received 100 percent distributions.
- The potential for any future distribution will largely depend on the outcomes of ongoing litigation where a small number of claimants have appealed Court rulings upholding the Trustee's claims determinations.
- All but approximately 400 of the more than 15,000 general creditor claims in the LBI estate have been resolved.

The progress in the LBI liquidation would not have been possible without the assistance of SIPC, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the Senate Banking Committee, the House Financial Services Committee, the oversight of the 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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