Hearing Date: June 10, 2016 at 9:30 a.m. (Prevailing Eastern Time)
Response Deadline: June 3, 2016 at 4:00 p.m. (Prevailing Eastern Time)

HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

NOTICE OF TRUSTEE'S MOTION FOR AN ORDER TO (I) ESTABLISH A FOURTH INTERIM DISTRIBUTION FUND FOR GENERAL UNSECURED CREDITOR CLAIMS, (II) RELEASE RESERVES FROM THE SECURED AND PRIORITY CLAIM RESERVE, THE FIRST INTERIM DISTRIBUTION FUND, THE SECOND INTERIM DISTRIBUTION FUND, AND THE THIRD INTERIM DISTRIBUTION FUND, AND (III) MAKE A FOURTH INTERIM DISTRIBUTION TO HOLDERS OF ALLOWED GENERAL UNSECURED CREDITOR CLAIMS WITH A RECORD DATE OF MAY 15, 2016

PLEASE TAKE NOTICE that on May 18, 2016, James W. Giddens (the "Trustee"), as Trustee for the liquidation of the business of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. sections 78aaa *et seq.* ("SIPA"), by and through his undersigned counsel, hereby submits this motion to authorize the Trustee to: (i) establish a fourth interim distribution fund for general unsecured creditor claims; (ii) release reserves from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund; and (iii) make a fourth interim distribution to record holders of general unsecured creditor claims as of May 15, 2016 (the "Record Date") that are currently allowed or become allowable (the "Motion").

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held before the Honorable Shelley C. Chapman, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 623, One Bowling Green, New York, New York, 10004 (the "Bankruptcy Court"), on **June 10, 2016 at 9:30 a.m. (Prevailing Eastern Time)** or as soon thereafter as counsel may be heard (the "Hearing").

PLEASE TAKE FURTHER NOTICE that responses, if any, to entry of the Order must: (i) be in writing; (ii) state the name and address of the objecting party and nature of the claim or interest of such party; (iii) state with particularity the legal and factual bases of such objection; (iv) conform to the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules; (v) be filed with the Bankruptcy Court, together with proof of service, electronically, in accordance with General Order M-399, by registered users of the Court's Electronic Case Filing System, and by all other parties in interest, on a 3.5 inch disk, compact disk or flash drive, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format no later than **June 3, 2016 at 4:00 p.m. (Prevailing Eastern Time)** (the "Response Deadline"); and (vi) be served on (a) Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, Attn.: James B. Kobak, Jr., Esq. and Anson B. Frelinghuysen, Esq.; (b) the Securities Investor Protection Corporation, 805 Fifteenth Street, N.W., Suite 800, Washington, D.C. 20005, Attn.: Kenneth J. Caputo, Esq.; and (c) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn.: Maurice Horwitz, Esq.; with a courtesy copy to the chambers of the Honorable Shelley C. Chapman, United States Bankruptcy Court, Courtroom 623, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that if no responses are timely filed and served with respect to the Motion, the Trustee may, on or after the Response Deadline, submit to the

Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which may be entered with no further notice or opportunity to be heard offered to any party.

Dated: New York, New York
May 18, 2016

HUGHES HUBBARD & REED LLP

By: /s/ Christopher K. Kiplok
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Attorneys for James W. Giddens, Trustee for the SIPA Liquidation of Lehman Brothers Inc.

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Response Deadline: June 3, 2016 at 4:00 p.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

TRUSTEE'S MOTION FOR AN ORDER TO (I) ESTABLISH A FOURTH INTERIM DISTRIBUTION FUND FOR GENERAL UNSECURED CREDITOR CLAIMS, (II) RELEASE RESERVES FROM THE SECURED AND PRIORITY CLAIM RESERVE, THE FIRST INTERIM DISTRIBUTION FUND, THE SECOND INTERIM DISTRIBUTION FUND, AND THE THIRD INTERIM DISTRIBUTION FUND, AND (III) MAKE A FOURTH INTERIM DISTRIBUTION TO HOLDERS OF ALLOWED GENERAL UNSECURED CREDITOR CLAIMS WITH A RECORD DATE OF MAY 15, 2016

James W. Giddens (the "Trustee"), as Trustee for the liquidation of the business of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. sections 78aaa *et seq*. ("SIPA"), by and through his undersigned counsel, hereby submits this motion to authorize the Trustee to: (i) establish a fourth interim distribution fund for general unsecured creditor claims; (ii) release reserves from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund; and (iii) make a fourth interim distribution to record holders of allowed general unsecured creditor claims as of May 15, 2016 (the "Record Date") that are currently allowed or become allowable (the "Motion"). In support of the Motion, the Trustee respectfully states the following:

PRELIMINARY STATEMENT

1. Over the past several months, the LBI estate has entered a phase of substantial completion: asset realization is all but complete; and the prospect of further, material distributions to unsecured creditors is almost entirely dependent upon the resolution of disputed claims. Future general unsecured creditor distributions are contingent on the outcome of the pending litigations in this and various appellate courts detailed on Exhibit 1. The judicial resolution of the Trustee's claims determinations will dictate whether the Trustee may or may not release, for distribution to LBI's general unsecured creditors, reserves totaling $472 million held with respect to these unresolved clams. It is impossible to predict with certainty when and to what extent the Trustee will be in a position to make further distributions.

2. Accordingly, the Trustee is extremely pleased to submit this motion for the Court's consideration. As a result of the Supreme Court's affirmance of this Court's treatment of repurchase agreement claims, the Second Circuit's affirmance of this Court's decision regarding underwriter fee claims, the recent approval of a settlement of the Credencial litigation, and other litigation results, the Trustee believes it is prudent to seek approval of a fourth interim distribution. Having distributed over $8.110 billion to LBI's general creditors since July 2014, the Trustee now seeks the Court's approval to increase distributions to general unsecured creditors by $677 million, representing three cents on the dollar. This would bring total general unsecured creditor recoveries to thirty-eight percent.

3. Such a substantial recovery for general unsecured creditors was unthinkable at the commencement of these proceedings. At that time, Lehman sat at the fulcrum of the worst financial crisis since the Great Depression, and the return of 100% of customer property was in doubt. Even now, to accomplish this distribution, the Trustee will use virtually every dollar in the estate for the fourth interim distribution fund. The prospect of any future distributions of a magnitude similar to that of this proposed distribution remains as speculative as a thirty-eight percent recovery was at the commencement of the liquidation.

4. As detailed in this Motion, this fourth interim distribution is principally made possible by the release of $302 million from general estate reserves related to previously-disputed claims following favorable resolution of litigation between July 2015 and April 2016, the allocation of $150 million from the fund of customer property to the general estate following the resolution of the repurchase agreement litigation, and the Trustee's determination, in consultation with the Securities Investor Protection Corporation ("SIPC"), to release over $176 million from the Administrative Expense Reserve based on the overall progress of the liquidation towards closure. SIPC has overseen all aspects of this liquidation, and it fully supports the relief requested herein.

BACKGROUND

5. On September 19, 2008 (the "Filing Date"), the Honorable Gerard E. Lynch, United States District Court Judge for the Southern District of New York, entered the Order Commencing Liquidation of LBI (the "LBI Liquidation Order," ECF. No. 1) pursuant to the provisions of SIPA in the case captioned *Securities Investor Protection Corporation v. Lehman Brothers Inc.*, Case No. 08-CIV-8119 (GEL) (S.D.N.Y. Sept. 19, 2008). The LBI Liquidation Order, *inter alia*, (i) appointed the Trustee for the liquidation of the business of LBI pursuant to

section 78eee(b)(3) of SIPA and (ii) removed the case to this Court pursuant to section 78eee(b)(4) of SIPA, in the case captioned *In re Lehman Brothers Inc.*, Case No. 08-01420 (SCC) (Bankr. S.D.N.Y. Sept. 19, 2008) (the "SIPA Proceeding").

6. On November 15, 2012, the Court entered the Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 3007 and 9019(b) for Approval of General Creditor Claim Objection Procedures (the "Objection Procedures Order," ECF No. 5441) establishing procedures for the Trustee to object to general creditor claims.

7. On November 5, 2015, the Court entered the Order to Establish (i) a Deadline of December 15, 2015 for Submission of Required Distribution Information By Specified General Estate Claimants and (ii) Related Distribution Procedures (the "Distribution Procedures Order," ECF No. 13039) establishing procedures for the Trustee to expunge waived allowed general creditor claims upon sixty days' notice.

GENERAL ESTATE DISTRIBUTIONS

8. After making a one hundred percent distribution on over $110 billion of customer claims and based, in large part, on continued progress in resolving general creditor claims issues, the Trustee has effectuated distributions of over $8.110 billion[1] from the general estate pursuant to four Orders entered by this Court:

- The Trustee established a Secured and Priority Claim Reserve of $622 million and has distributed $253 million of that since July 2014 (ECF No. 9273; Frelinghuysen Decl. ¶ 3);

- The Trustee established a First Interim Distribution Fund of $4.677 billion and has distributed $3.817 billion of that since September 2014 (ECF No. 9647; Frelinghuysen Decl. ¶ 4);

1. For the purposes of this Motion, estate assets and liabilities are calculated as of April 30, 2016, with supporting information available in the Declaration of Anson B. Frelinghuysen, dated May 18, 2016 (the "Frelinghuysen Decl.") attached as Exhibit 2.

- The Trustee established a Second Interim Distribution Fund of $2.442 billion and has distributed $2.245 billion of that since March 2015 (ECF No. 11358; Frelinghuysen Decl. ¶ 5); and

- The Trustee has established a Third Interim Distribution Fund of $1.948 billion and has distributed $1.795 billion of that since September 2015 (ECF No. 12579; Frelinghuysen Decl. ¶ 6).

9. The proposed fourth interim distribution is made possible as the result of progress made in the liquidation that permits the release of the following reserves:

- First, between July 10, 2015, when the Trustee created the Third Interim Distribution Fund, and April 30, 2016, the Trustee has resolved further secured and priority claims and general unsecured creditor claims for less than their capped amounts, permitting the release of $293 million in interim distribution reserves. An additional $9 million has become available by virtue of the procedures for unclaimed distributions approved by the Court in the Distribution Procedures Order (ECF No. 13039; Frelinghuysen Decl. ¶ 7);

- Second, $150 million previously reserved in the fund of customer property has been allocated to the general estate, largely as a result of the successful conclusion of the repurchase agreement litigation, which is now final (Frelinghuysen Decl. ¶ 10); and

- Third, the Trustee believes it is prudent to reduce the Administrative Expense Reserve by over $176 million in light of the substantial reduction of the scope of the liquidation and progress made towards its closure. (*Id.* ¶ 9.)

10. Other than the release of these reserves that are no longer necessary and can be released for distribution to LBI's general unsecured creditors, the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund are unaffected by the relief sought in this Motion. (*Id.* ¶ 8.) Respectively, each will continue to hold a reserve equivalent to one-hundred percent, seventeen percent, ten percent, and eight percent of the capped amount of all unresolved claims or of the allowed amount of all otherwise undistributed claims. (*Id.*) Holders of unresolved or otherwise

undistributed secured and priority and general unsecured creditor claims as of the record dates for such claims will remain entitled to the corresponding distribution on their claims if they are allowed and upon the return of the necessary distribution information. (Frelinghuysen Decl. ¶ 8.)

THE PROPOSED FOURTH INTERIM GENERAL UNSECURED DISTRIBUTION

11. Four categories of general unsecured creditor claims are subject to the Trustee's proposed fourth interim distribution:

a. Claims that have been allowed or settled ("Allowed Unsecured Claims");

b. Claims, the allowance of which is pending before the Court ("Pending Claims");

c. Claims subject to objections pending before the Court where the validity of the claim or claimed amount is in dispute ("Unresolved Claims"); and

d. Claims subordinated or reclassified to equity ("Subordinated Claims").

12. Taking into account the required reserves detailed in the Frelinghuysen Declaration, a maximum total of $732 million is potentially available for a fourth interim general unsecured distribution, inclusive of the reserve releases and allocation detailed in paragraph 9, *supra*. (*Id.* ¶¶ 7 - 11.) The Trustee seeks this Court's authorization to use $687 million of this amount to establish a Fourth Interim Distribution Fund, comprised of two components: (i) $677 million for the purposes of making a fourth interim distribution of three percent to record holders of Allowed Unsecured Claims; and (ii) reserves of $10 million equal to three percent of the previously-capped amount of all remaining Unresolved and Pending Claims. (*Id.* ¶ 12.)

13. By maintaining sufficient customer, secured and priority, and general unsecured creditor reserves, the Trustee assures that claimants with disputed claims are not prejudiced by the relief requested by this Motion. To the extent an Unresolved or Pending Claim becomes an

allowed general unsecured creditor claim, the Trustee will make a distribution on that claim to the relevant record date holder from each of the distribution funds.

14. At least two business days prior to the hearing on this Motion, the Trustee will submit a supplemental declaration updating the figures in this Motion to reflect estate activity through the record date of May 15, 2016 and a revised proposed Order that will contain updated figures on the amount of reserves to be released and the magnitude of the Fourth Interim Distribution Fund. The Trustee will also submit schedules indicating the May 15, 2016 record date status of all general unsecured creditor claims and those schedules will be the sole basis entitling holders of general unsecured creditor claims to a fourth interim distribution. (Frelinghuysen Decl. ¶ 13.)

15. As part of his ongoing efforts to wind down the LBI general creditor estate, the Trustee will undertake a financial review of the estate every six months to determine whether further interim general unsecured distributions are possible. As noted at the outset of this Motion, any future distribution is contingent on the resolution of disputed claims pending before the Court or on appeal. As described in the Trustee's Fourteenth Interim Report, the Trustee continues to pursue recoveries from third parties. (ECF No. 13545 ¶¶ 35 – 40.) Those recoveries are contingent and uncertain, and they are the only known potential estate recoveries. They may not materially affect the amount of any future distribution. (Frelinghuysen Decl. ¶ 14.)

JURISDICTION

16. Following removal to this Court for all purposes as required for SIPA cases by section 78eee(b)(4) of SIPA, this Court has "all of the jurisdiction, powers, and duties conferred by [SIPA] upon the court to which the application for the issuance of the protective decree was made." 15 U.S.C. § 78eee(b)(4).

17. Venue is proper in this Court pursuant to SIPA section 78eee(a)(3) and 15 U.S.C. section 78aa.

RELIEF REQUESTED

18. By this Motion, the Trustee requests that, pursuant to sections 105(a), 502(a), 502(c), and 726 of the Bankruptcy Code and Bankruptcy Rule 3009, as made applicable to the SIPA Proceeding pursuant to SIPA sections 78fff(b), 78fff-1(a), and 78fff(e), the Court authorize the Trustee to:

a. Establish a Fourth Interim Distribution Fund in the amount of approximately $687 million for all general unsecured creditor claims;

b. Release reserves that are no longer necessary from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, the Third Interim Distribution Fund, and the Administrative Expense Reserve (Frelinghuysen Decl. ¶¶ 7, 9);

c. Establish May 15, 2016 as the Record Date for the fourth interim distribution, *nunc pro tunc*, pursuant to the Notice of Record Date filed on April 28, 2016 (ECF No. 13550); and

d. Make a fourth interim distribution to holders of Allowed Unsecured Claims as of the Record Date of May 15, 2016 or to holders of Unresolved Claims or Pending Claims as of the same Record Date, if and when such claims become allowed claims.[2]

2. To the extent that any Unresolved or Pending Claim becomes an Allowed Unsecured Claim pursuant to (i) an order or judgment of the Bankruptcy Court as entered on the docket or (ii) a stipulation between the Trustee and the holder of such claim that has been approved by the Court, the Trustee will make the requisite *pro rata* distribution to the holder of each such Allowed Unsecured Claim as of the Record Date without further notice or Order of the Court. With respect to any Unresolved or Pending Claims the Trustee determines should be Allowed Unsecured Claims other than pursuant to Order of this Court or Court-approved stipulation, the Trustee shall periodically file with the Court a supplemental schedule of such claim(s) (a "Supplemental Distribution Schedule") and serve the same on the holder of such claim(s) and all parties in interest that have filed a notice of appearance and requested notice in the LBI SIPA proceeding.

19. Nothing set forth in this Motion shall be deemed or construed as an admission of the Trustee as to any liability for any Unresolved or Pending Claim or as to the status of such claims. Nothing in this Motion is intended to affect or alter the capped amount for any of the Unresolved or Pending Claims. Further, nothing in this Motion is intended to limit the ability of any holder of any Unresolved Claim to obtain a determination of the validity of its claim and receive from the appropriate reserve its finally determined amount through future distributions.

20. For the further avoidance of doubt, this Motion is not a request by the Trustee for an extension of the deadline for holders of pre-Filing Date customer or general creditor claims, including any 503(b)(9) Claims, to file proofs of claim relating thereto, which deadline was established as the Claims Bar Date, or for an extension of the deadline for holders of claims for administrative expenses arising between the Filing Date and August 31, 2013, to file proofs of claim relating thereto, which deadline was established as the Administrative Bar Date.

BASIS FOR RELIEF

I. The Fourth Interim Distribution Is Consistent With This Court's Prior Distribution Orders.

21. The Trustee seeks relief that is consistent with the relief already granted by this Court in the Secured and Priority Reserve Order, the First Interim Distribution Order, the Second Interim Distribution Order, and the Third Interim Distribution Order. *See* Secured and Priority Claim Reserve Order (ECF No. 9273); First Interim General Unsecured Distribution Order (ECF No. 9520); Second Interim General Unsecured Distribution Order (ECF No. 11358); Third Interim General Unsecured Distribution Order (ECF No. 12579). The Trustee has given effect to those orders by distributing over $8.110 billion in property to LBI's creditors. The Trustee seeks to bolster those distributions through the creation and funding of the Fourth Interim Distribution Fund, including by releasing reserves initially set by this Court that are no longer necessary.

22. The Trustee's intention to reserve for remaining unresolved claims is also well supported by precedent in this Court. In *In re Lehman Bros. Holdings Inc*., the debtors' plan of reorganization provided for the plan administrator to retain available cash in an aggregate amount equal to the *pro rata* share of the distributions that would have been made to each holder of an unresolved claim if such unresolved claim were an allowed claim. *See* Order Confirming Modified Third Amended Joint Chapter 11 Plan of Lehman Bros. Holdings Inc. and Its Affiliated Debtors, *In re Lehman Bros. Holdings Inc.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Dec. 5, 2011), ECF No. 23023 (section 8.4 of debtors' plan of reorganization). By reserving for unresolved claims in this way, as the Trustee has done and proposes to continue doing, holders of unresolved claims are not prejudiced by the distribution of assets to holders of allowed claims. And holders of allowed claims are able to receive a return on their claims in advance of all claim disputes being resolved.

II. Interim Distributions To General Creditors Are Permitted In SIPA Liquidations Under Section 726 of the Bankruptcy Code.

23. SIPA section 78fff(e) provides that distributions from the general estate shall be made in accordance with section 726 of the Bankruptcy Code. *See* SIPA § 78fff(e). Section 726(a) of the Bankruptcy Code, in turn, provides that property of the estate shall be distributed first to claims entitled to priority under section 507 of the Bankruptcy Code and second to "any allowed unsecured claim." 11 U.S.C. § 726(a)(1) & (2). Bankruptcy Rule 3009 provides that in a chapter 7 case, "dividends to creditors shall be paid as promptly as practicable." Fed. R. Bankr. P. 3009.

24. The relief the Trustee seeks is similar to relief granted by this Court and other courts in similar circumstances. In *In re Asia Global Crossing Ltd*., the chapter 7 trustee, relying on sections 105(a) and 726 of the Bankruptcy Code, sought and received court approval to make

multiple interim distributions to creditors of the debtor's estate in light of the significant amount of cash available for each distribution, while also maintaining sufficient reserves for disputed claims and the continuing administrative expenses of the estate. *See In re Asia Global Crossing Ltd.*, Case Nos. 02-15749 (SMB), 02-15750 (SMB) (Bankr. S.D.N.Y. filed Nov. 17, 2002), ECF Nos. 517, 692, 838, 932, 996 (chapter 7 trustee's motions for orders authorizing and approving interim distributions and claim reserves); *see also In re Refco, LLC*, Case No. 05-60134 (RDD) (Bankr. S.D.N.Y. June 14, 2007), ECF Nos. 779, 847, 1226 (authorizing chapter 7 trustee to make several interim distributions to holders of allowed claims). Similarly, in *In re MF Global Inc.*, the trustee sought and received this Court's approval to make three interim distributions to creditors. *See In re MF Global Inc.*, Case No. 11-2790 (MG) (Bankr. S.D.N.Y. filed Nov. 1, 2011), ECF Nos. 8364, 8745, 8855; *see also SIPC v. MJK Clearing, Inc.*, Case No. 01-4257 (RJK) (Bankr. D. Minn. February 22, 2006), ECF No. 454 (Order Approving Motion for Interim Distribution of Deutsche Bank Settlement Funds).

25. By this Motion, the Trustee seeks to make a fourth interim distribution to the holders of Allowed Unsecured Claims and to the holders of Unresolved Claims and Pending Claims that become allowed claims. The Trustee has conducted an extensive analysis of the financial condition of the LBI estate and, based on that analysis, determined that the time is appropriate to distribute a further dividend to LBI's general unsecured creditors. As detailed above, there are sufficient assets, inclusive of allocations of customer property to the general estate and the reserves the Trustee proposes to release by this Motion, available to fund a fourth interim distribution to LBI's allowed general unsecured creditors and create a reserve for unresolved and pending claims.

OBJECTION TO CLAIMS AND RESERVATION OF RIGHTS

26. The Trustee reserves all rights and defenses with respect to any Unresolved or Pending Claim, including the right to assert set off or recoupment.

27. Based on the foregoing, the Trustee submits that the relief requested herein is necessary and appropriate, is in the best interests of the LBI estate and its creditors, and should be granted in all respects.

NOTICE

28. Notice of this Motion will be provided in accordance with the Court's Amended Case Management Order (ECF No. 3466), will be immediately available for inspection upon filing with the Court at the Trustee's website (www.lehmantrustee.com), and will be mailed by overnight mail to the current holders of all pending general creditor claims. The Trustee submits that no other or further notice need be provided.

NO PRIOR REQUEST

29. No prior motion for the relief requested herein has been made to this or any other court.

CONCLUSION

WHEREFORE, the Trustee respectfully requests that the Court grant the relief requested herein as provided in the proposed Order annexed hereto as Exhibit 3 and such other and further relief as the Court deems just and proper.

Dated: New York, New York
May 18, 2016

HUGHES HUBBARD & REED LLP

By: /s/ Christopher K. Kiplok

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EXHIBIT 1

Lehman Brothers Inc. Pending Claim Litigations as of May 18, 2016

In re Lehman Brothers Inc., Case No. 08-1420 (SCC) SIPA

Claim Category	Scheduled Before Bankruptcy Court	Hearings Before Bankruptcy Court	Decision By Bankruptcy Court	Appeal - District Court	Appeal - Second Circuit	Certiorari Petition
ACATs Amended Claims (Two Hundred Sixtieth Omnibus Objection)	✓	✓	On submission.	N/A	N/A	N/A
Antoncic Employee Claim (Two Hundred Sixty-Seventh Omnibus Objection)	Scheduling Order to be submitted shortly.[1]	N/A	N/A	N/A	N/A	N/A
Barclays Global Investors (Two Hundred Seventy-Third Omnibus Objection)	June 2, 2016 hearing; Settlement negotiations ongoing.	N/A	N/A	N/A	N/A	N/A
Bonus /Contractual Wage Claims (Amended Objection to 1EE, LLC and Judkins Claims)	✓	✓	✓	Briefed before Judge Schofield.	N/A	N/A
Deutsche Bank FX Claim (Two Hundred Eighteenth Omnibus Objection)	Scheduling Order entered by Court April 19, 2016.	N/A	N/A	N/A	N/A	N/A
Equity Award Claims (Various Omnibus Objections)	✓	✓	✓	Briefed before Judge Torres.	N/A	N/A
ESEP Consolidated Adversary Proceeding (Arbitration)	✓	✓	✓	Affirmed.[2]	Fully briefed.	N/A
ESEP Consolidated Adversary Proceeding (Reclassification)	✓	✓	✓	Briefed before Judge Gardephe.	N/A	N/A
FirstBank of Puerto Rico Customer Claim Motion	✓	✓	✓	*Sub judice* before Judge Rakoff.	N/A	N/A
Goldman Sachs Claims (Trustee's Two Hundred Sixty-Fourth Omnibus Objection)	Status Conference Scheduled for June 2, 2016.	N/A	N/A	N/A	N/A	N/A

[1] *See Antoncic v. Giddens (In re Lehman Brothers Inc.)*, Case No. 15-cv-6829 (LAK), 2016 U.S. District LEXIS 9176 (S.D.N.Y. Jan. 26, 2016).

[2] *In re Lehman Bros. Holdings Inc.*, Case No.14 Civ. 7643 (ER), 2015 U.S. Dist. LEXIS 133761 (S.D.N.Y. Sept. 30, 2015).

EXHIBIT 2

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

DECLARATION OF ANSON B. FRELINGHUYSEN IN SUPPORT OF THE TRUSTEE'S MOTION FOR AN ORDER TO (I) ESTABLISH A FOURTH INTERIM DISTRIBUTION FUND FOR GENERAL UNSECURED CREDITOR CLAIMS, (II) RELEASE RESERVES FROM THE SECURED AND PRIORITY CLAIM RESERVE, THE FIRST INTERIM DISTRIBUTION FUND, THE SECOND INTERIM DISTRIBUTION FUND, AND THE THIRD INTERIM DISTRIBUTION FUND, AND (III) MAKE A FOURTH INTERIM DISTRIBUTION TO HOLDERS OF ALLOWED GENERAL UNSECURED CREDITOR CLAIMS WITH A RECORD DATE OF MAY 15, 2016

Pursuant to 28 U.S.C. § 1746, I, Anson B. Frelinghuysen, hereby declare as follows:

1. I am an attorney duly admitted to practice in this Court and an associate at the law firm of Hughes Hubbard & Reed LLP, attorneys for James W. Giddens (the "Trustee"), Trustee for the SIPA liquidation of Lehman Brothers Inc. ("LBI"). I submit this declaration in support of the Trustee's Motion for an Order to: (i) establish a fourth interim distribution fund for general unsecured creditor claims; (ii) release reserves from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund; and (iii) make a fourth interim distribution to record holders of general unsecured creditor claims as of May 15, 2016 (the "Record Date") that are currently allowed or become allowable (the "Motion").[1]

1. All terms used herein shall have the same meaning as defined in the Motion.

2. All information presented in this declaration is as of April 30, 2016 and is based on information available at this time. The information presented in this declaration, including corrections, if any, may be materially updated in the future, and the declarant reserves all rights to do so. The selected balances and information contained herein have not been and will not be subject to audit or review by external accountants.

3. The Trustee established the Secured and Priority Claim Reserve of $621,565,884 (inclusive of the adjustments detailed herein) pursuant to the Secured and Priority Claim Reserve Order. (ECF No. 9273.) Subsequent to its creation, the Secured and Priority Claim Reserve was increased to account for claims held by Barclays Capital Inc. (ECF No. 9244) and the Internal Revenue Service. The Trustee has distributed $252,791,502 from the Secured and Priority Claim Reserve since July 2014. The Trustee has released $89,918,991 from the Secured and Priority Claim Reserve with respect to claims resolved for less than their previously-capped amount, including $69,024,789 pursuant to the Second Interim General Unsecured Distribution Order, and $20,894,202 pursuant to the Third Interim General Unsecured Distribution Order. (ECF Nos. 11358, 12579.)

4. The Trustee established the First Interim Distribution Fund of $4,677,076,717 (inclusive of the adjustments detailed herein) pursuant to the First Interim General Unsecured Distribution Order. (ECF No. 9647.) Subsequent to its creation, the First Interim Distribution Fund has been supplemented by $57,353,764, as follows: (i) by $876,808 to accommodate several claims that were erroneously not included on the original capping schedules or that were not included in their proper amount but that the Trustee has since placed on Supplemental Distribution Schedules filed with the Court; and (ii) by $56,476,956 for certain customer-asserted claims that have been resolved in favor of general unsecured creditor claims, which

amount has been allocated from the customer estate to the general estate to fund the general unsecured creditor distributions on these claims. The Trustee has distributed $3,816,979,006 from the First Interim Distribution Fund since September 2014. The Trustee has released $645,010,554 from the First Interim Distribution Fund with respect to claims resolved for less than their previously-capped amount, including $525,004,010 pursuant to the Second Interim General Unsecured Distribution Order, and $120,006,544 pursuant to the Third Interim General Unsecured Distribution Order. (ECF Nos. 11358, 12579.)

5. The Trustee established the Second Interim Distribution Fund of $2,442,395,711 (inclusive of the adjustments detailed herein) pursuant to the Second Interim General Unsecured Distribution Order. (ECF No. 11358.) Subsequent to its creation, the Second Interim Distribution Fund has been supplemented by $30,141,795, as follows: (i) by $180,474 to accommodate one claim that was erroneously not included on the original capping schedules but that the Trustee has since placed on a Supplemental Distribution Schedule filed with the Court; and (ii) by $29,961,321 for certain customer-asserted claims that have been resolved in favor of general unsecured creditor claims, which amount has been allocated from the customer estate to the general estate to fund the general unsecured creditor distributions on these claims. The Trustee has distributed $2,245,230,286 from the Second Interim Distribution Fund since March 2015. Pursuant to the Third Interim General Unsecured Distribution Order, the Trustee released $70,592,085 from the Second Interim Distribution Fund with respect to claims resolved for less than their previously-capped amount. (ECF No. 12478.)

6. The Trustee established the Third Interim Distribution Fund of $1,948,402,285 (inclusive of the adjustments detailed herein) pursuant to the Third Interim General Unsecured Distribution Order. (ECF No. 12478.) Subsequent to its creation, the Third Interim Distribution

Fund has been supplemented by $9,757,324 for certain customer-asserted claims that have been resolved in favor of general unsecured creditor claims, which amount has been allocated from the customer estate to the general estate to fund the general unsecured creditor distributions on these claims. The Trustee has distributed $1,795,434,485 from the Third Interim Distribution Fund since March 2015.

7. Between July 10, 2015, when the Trustee created the Third Interim Distribution Fund, and April 30, 2016, the Trustee has resolved further secured and priority claims and general unsecured creditor claims for less than their capped amounts, permitting the release of $293,779,022 in interim distribution reserves. Distributions of $8,625,425 were unclaimed by claimants and are now available for distribution to LBI's general unsecured creditors by virtue of the Distribution Procedures Order (ECF No. 13039). As a result, the Trustee has determined that reserves for these categories of claims no longer need to be maintained and that $302,404,447 in reserves can be collectively released from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund, as follows:

	Allowed For Less Than Reserve	Withdrawn or Expunged	Subordinated	Waived	Total Releasable Reserve
Secured and Priority Claim Reserve	$2,234,560	$8,670,703	$0	$194,664	$11,099,927
First Interim Distribution Fund	$55,126,524	$29,787,235	$52,482,067	$4,071,596	$141,467,422
Second Interim Distribution Fund	$32,427,367	$17,521,903	$30,871,804	$2,388,344	$83,209,418
Third Interim Distribution Fund	$25,941,894	$14,017,522	$24,697,443	$1,970,821	$66,627,680
Total Releasable Reserve	$115,730,345	$69,997,363	$108,051,314	$8,625,425	$302,404,447

The holders of the claims for whom these reserves were initially set have either received allowed claims and commensurate distributions, have had their entitlement to allowed claims denied by the Court by final order, or have waived their entitlement to allowed claims and related distributions.

8. Other than the release of these reserves that are no longer necessary, the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund are unaffected by the relief sought in the Motion. Respectively, each will continue to hold a reserve equivalent to one-hundred percent, seventeen percent, ten percent, and eight percent of the capped amount of all unresolved claims or of the allowed amount of all otherwise undistributed claims. Holders of unresolved or otherwise

undistributed secured and priority claims as of the record date for such claims (July 16, 2014) will remain entitled to a one-hundred percent distribution on their claims if they are allowed and upon the return of the necessary distribution information. And holders of general unsecured creditor claims as of the record date for the first interim general unsecured claim distribution (July 15, 2014), the second interim general unsecured claim distribution (February 6, 2015), and the third interim general unsecured distribution (July 10, 2015), will remain entitled to a seventeen percent, ten percent, and eight percent distribution on their claims if those claims are allowed and upon the return of the necessary distribution information.

9. The Trustee has evaluated the estate's ongoing administrative expenses through completion of the LBI liquidation. All disputed customer, secured and priority, and general unsecured creditor claims are now pending before the Court or on appeal as set forth on Exhibit 1 to the Motion. The Trustee has determined that the Administrative Expense Reserve, which was established at $850,000,000 pursuant to the First Interim General Unsecured Distribution Order, reduced to $450,000,000 pursuant to the Third Interim General Unsecured Distribution Order, and further reduced to $401,399,321 by actual estate expenditures and accrued expenses through April 30, 2016, can now be reduced to $225,000,000. This permits the release of $176,399,321 to LBI's general unsecured creditors.

10. As of April 30, 2016, the LBI general estate contained $1,405,690,395 in assets, including $149,716,469 of excess customer property allocated to the general estate in March 2016. (Liquidation Balance Sheet as of March 31, 2016, note 5, ECF No. 13546.) The LBI general estate is subject to required reserves of $1,152,663,555 as follows:

	Disputed Claim Reserve[2]	Releasable Reserve[3]	Ineligible Claim Reserve[4]	Total Reserve
Secured and Priority Reserve	$267,710,476	$11,099,927	$44,988	$278,855,391
First Interim Distribution Fund	$55,887,720	$141,467,422	$17,750,045	$215,105,187
Second Interim Distribution Fund	$32,875,129	$83,209,418	$10,499,398	$126,583,945
Third Interim Distribution Fund	$26,300,103	$66,627,680	$9,089,116	$102,016,899
Administrative Expense Reserve				$411,810,914
Distribution-Related Tax Reserve				$18,291,219
Total Reserve				$1,152,663,555

This leaves $253,026,840 available for a fourth interim distribution to LBI's general unsecured creditors.

11. To supplement the $253,026,840 available from the LBI general estate and make assets available for the fourth interim distribution, the Trustee has determined that $478,803,768 of reserves are no longer necessary and proposes the release of those reserves, as follows: (i) $11,099,927 from the Secured and Priority Claim Reserve; (ii) $141,467,422 from the First Interim Distribution Fund; (iii) $83,209,418 from the Second Interim Distribution Fund; (iv)

2. This category represents the full, capped amount of disputed secured and priority claims or seventeen, ten, and eight percent of the capped amount of disputed general unsecured creditor claims.
3. This category represents funds subject to release (pursuant to the Motion) as no longer necessary due to the resolution of the claims below the previously-capped amount or the expungement of waived claims pursuant to the Distribution Procedures Order.
4. This category represents claims that are ineligible to receive distributions because the claimants have not provided the Trustee with necessary distribution information or the distribution information is currently being processed. The values are calculated at the full, allowed amount of secured and priority claims or seventeen, ten, and eight percent of the allowed amount of disputed general unsecured creditor claims.

$66,627,680 from the Third Interim Distribution Fund; and (v) $176,399,321 from the Administrative Expense Reserve. As a result of these allocations and reserve releases, a total of $731,830,608 is available for a fourth interim distribution.

12. The Trustee seeks this Court's authorization to use $686,558,889 of this amount to fund a Fourth Interim Distribution Fund, comprised of two components: (i) $676,696,350 for the purposes of making a further interim distribution of three percent to record holders of Allowed Unsecured Claims as of May 15, 2016; and (ii) reserves of $9,862,539 equal to three percent of the allowed amount or three percent of the previously-capped amount of all remaining Unresolved and Pending Claims.

13. At least two business days prior to the hearing on this Motion, the Trustee will submit a supplemental declaration updating the figures in this Motion to reflect estate activity through the record date of May 15, 2016 and a revised proposed Order that will contain updated figures on the amount of reserves to be released and the magnitude of the Fourth Interim Distribution Fund. The Trustee will also submit schedules indicating the May 15, 2016 record date status of all general unsecured creditor claims and those schedules will be the sole basis entitling holders of general unsecured creditor claims to a fourth interim distribution.

14. As part of his ongoing efforts to wind down the LBI general creditor estate, the Trustee will undertake a financial review of the estate every six months to determine whether further interim general unsecured distributions are possible. As noted at the outset of this Motion, any future distribution is contingent on the resolution of disputed claims pending before the Court or on appeal. As described in the Trustee's Fourteenth Interim Report, the Trustee continues to pursue recoveries from third parties. (ECF No. 13545 ¶¶ 35 – 40.) Those

recoveries are contingent and uncertain, and they are the only known potential estate recoveries. They may not materially affect the amount of any future distribution.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 18, 2016

/s/ Anson B. Frelinghuysen
Anson B. Frelinghuysen

EXHIBIT 3

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS INC., Debtor.	Case No. 08-01420 (SCC) SIPA

[PROPOSED] ORDER TO (I) ESTABLISH A FOURTH INTERIM DISTRIBUTION FUND FOR GENERAL UNSECURED CREDITOR CLAIMS, (II) RELEASE RESERVES FROM THE SECURED AND PRIORITY CLAIM RESERVE, THE FIRST INTERIM DISTRIBUTION FUND, THE SECOND INTERIM DISTRIBUTION FUND, AND THE THIRD INTERIM DISTRIBUTION FUND, AND (III) MAKE A FOURTH INTERIM DISTRIBUTION TO HOLDERS OF ALLOWED GENERAL UNSECURED CREDITOR CLAIMS WITH A RECORD DATE OF MAY 15, 2016

Upon the motion, dated May 18, 2016 (the "Motion"),[1] of James W. Giddens (the "Trustee"), as Trustee for the liquidation of the business of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. sections 78aaa *et seq.* ("SIPA"),[2] for entry of an order to: (i) establish a fourth interim distribution fund for general unsecured creditor claims; (ii) release reserves from the Secured and Priority Claim Reserve, the First Interim Distribution Fund, the Second Interim Distribution Fund, and the Third Interim Distribution Fund; and (iii) make a fourth interim distribution to record holders of general unsecured creditor claims as of May 15, 2016 (the "Record Date") that are currently allowed or become allowable (the "Motion") as more fully described in the Motion; and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Motion is in the best interests of the LBI estate, its creditors, and all parties in interest and that the legal and

1. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.
2. References to SIPA refer to the statutory sections in effect as of the commencement of LBI's liquidation.

factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted in all respects as provided herein and all objections thereto are overruled; and it is further

ORDERED that the establishment of the Fourth Interim Distribution Fund in an amount of $687 million or more is approved and that the Fourth Interim Distribution Fund shall be used to make a fourth interim distribution to the holders of the Allowed Unsecured Claims listed on Schedule A[3] and to establish *pro rata* reserves for the Unresolved and Pending Claims listed on Schedules B and C in the amount listed on each Schedule; and it is further

ORDERED that the Trustee is authorized to release unnecessary reserves of $11 million from the Secured and Priority Claim Reserve, $141 million from the First Interim Distribution Fund, $83 million from the Second Interim Distribution Fund, $67 million from the Third Interim Distribution Fund; and it is further

ORDERED that, with respect to the Unresolved and Pending Claims, the First Interim General Unsecured Distribution Order (ECF No. 9520) shall continue to apply as to the *pro rata* reserves maintained and distributions made pursuant to such Order, in addition to the *pro rata* reserves and distributions authorized herein; and it is further

ORDERED that, with respect to the Unresolved and Pending Claims, the Second Interim General Unsecured Distribution Order (ECF No. 11358) shall continue to apply as to the *pro rata* reserves maintained and distributions made pursuant to such Order, in addition to the *pro rata* reserves and distributions authorized herein; and it is further

3. On June ___, 2016, the Trustee filed schedules (the "Schedules") reflective of the May 15, 2016 record date status of all general unsecured claims, which schedules will be the sole basis entitling holders of general unsecured claims to a fourth interim distribution.

ORDERED that, with respect to the Unresolved and Pending Claims, the Third Interim General Unsecured Distribution Order (ECF No. 12579) shall continue to apply as to the *pro rata* reserves maintained and distributions made pursuant to such Order, in addition to the *pro rata* reserves and distributions authorized herein; and it is further

ORDERED that the Trustee is authorized to make a fourth interim distribution to the holders of the Allowed Unsecured Claims listed on Schedule A and to release the amounts corresponding to the Allowed Unsecured Claims from the Fourth Interim Distribution Fund; and it is further

ORDERED that the record date for the purpose of making the fourth interim distribution authorized herein for all holders of claims is May 15, 2016 (the "Record Date"), and that the Trustee's publication of notice of the establishment of the Record Date on the Trustee's website (www.lehmantrustee.com) on April 28, 2016 (ECF No. 13550) constituted good and sufficient notice of the Record Date, and it is further

ORDERED that the ultimate amount of the fourth interim distribution will be determined by the Trustee based on an analysis of general estate assets and liabilities at the time of distribution; and it is further

ORDERED that if and to the extent that an Unresolved or Pending Claim becomes an Allowed Unsecured Claim pursuant to a Final Order[4] entered by this Court (or another court of competent jurisdiction) or stipulation between the Trustee and the holder of such claim that has been approved by the Court, the Trustee is authorized to make the requisite *pro*

4. For the purposes of this Order, the term "Final Order" shall mean an order or judgment of the Bankruptcy Court as entered on the docket, the operation or effect of which has not been stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review, writ of certiorari, or rehearing was filed or, if filed, remains pending, *provided however*, that no order shall fail to become a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure, Bankruptcy Rule 9024, any similar local bankruptcy rule or any similar state statute or rule may be filed with respect to such order.

rata distribution to the holder of each such allowed unsecured claim as of the Record Date and to release the amount corresponding with such claim from the Fourth Interim Distribution Fund without further notice or Order of the Court; and it is further

ORDERED that with respect to Unresolved or Pending Claims the Trustee determines should be Allowed Unsecured Claims other than pursuant to Order of this Court, the Trustee shall periodically file with the Court a supplemental schedule of such claim(s) (a "Supplemental Distribution Schedule") and serve the same on the holder(s) of such claim(s) and all parties in interest that have filed a notice of appearance and requested notice in the LBI SIPA proceeding; and it is further

ORDERED that unless a written objection to that Supplemental Distribution Schedule is filed and served on the Trustee's counsel and the holder(s) of such claim(s) within ten (10) days of the date of service of the Supplemental Distribution Schedule, the Trustee shall be authorized to make the requisite *pro rata* distribution(s) to the holder(s) of the Allowed Unsecured Claims identified in the Supplemental Distribution Schedule as of the Record Date and to release the amount(s) corresponding with respect to such claim(s) from the Fourth Interim Distribution Fund; and it is further

ORDERED that with respect to Unresolved or Pending Claims that, either in whole or in part, become disallowed, expunged or reclassified as subordinated claims or equity interests by Final Order entered by this Court (or another court of competent jurisdiction), or that are settled or withdrawn with similar effect, the Trustee is authorized to release the amount corresponding to the disallowed, expunged or reclassified portion of such claim(s) from the Fourth Interim Distribution Fund without further Order of the Court; and it is further

ORDERED that nothing in this Order shall affect the administrative expense claims of any person or entity who is a professional advisor (*e.g.*, counsel, financial advisors, accountants, claims agents) retained by the Trustee, including all counsel retained pursuant to orders of the Bankruptcy Court and the District Court, and all other professionals retained, with permission from SIPC, pursuant to SIPA section 78fff-1(a)(1), and SIPC itself, nor shall it affect any claims for administrative expenses arising after August 31, 2013 as there is no bar date for such claims at this time; and it is further

ORDERED that the Trustee is authorized and empowered to take such steps and perform such acts as may be necessary to implement this Order and the effectuation of all distributions authorized by this Order, including without limitation requiring holders of Allowed Unsecured Claims to complete all tax forms and other documentation necessary to be received by the Trustee prior to effectuation of such distributions as further provided for in the Distribution Procedures Order (ECF No. 13039); and it is further

ORDERED that entry of this Order is without prejudice to the right of the Trustee to seek a further order of this Court disallowing, expunging, objecting to or otherwise resolving any of the unresolved claims; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York
_____, 2016

HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE