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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 TWENTY-SIXTH INTERIM REPORT FOR THE PERIOD OCTOBER 1, 2021 THROUGH MARCH 31, 2022 AND QUARTERLY REPORT ON THE GENERAL CREDITOR CLAIMS PROCESS

All information in this Report is based on information available to the Trustee at this time, but this information may be incomplete and should not be relied upon. This Report is not meant to be relied upon by investors or others as a complete description of the LBI estate, its condition (financial or otherwise), prospects, assets, or liabilities. The information in this Report will be updated, including corrections, if any, in future reports to the Court. The information in this Report is not prepared in accordance with U.S. generally accepted accounting principles. The realized value of certain assets may be zero or different from the estimates on which this Report is based. Selected balances and information contained herein have not and will not be subject to audit or review by external accountants. The Trustee reserves all rights to revise this Report.

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TO THE HONORABLE SHELLEY C. CHAPMAN,
UNITED STATES BANKRUPTCY JUDGE:

This is the Trustee's final Interim Report. Concurrently with this Report, the Trustee has filed motions that provide for the final disposition of all estate assets. Customers and secured, administrative, and priority creditors have all received 100 percent distributions. LBI's general unsecured creditors have achieved a 41.28 percent final recovery. This success far exceeded what was expected as the U.S. financial markets collapsed in 2008.

In the Report Period, the Second Circuit's September 10, 2021 decision affirming the Bankruptcy Court's orders in the sole remaining claims litigation became final.

With the liability phase of the liquidation concluded, the Trustee effectuated a Court-approved final distribution on March 2, 2022, equal to 1.2236 percent distributing $276 million to allowed general unsecured claims. (ECF No. 15305.) In parallel, the Trustee offered the Voluntary Supplemental Distribution, which allowed eligible claimants to conclude their involvement in these proceedings by accepting a supplemental distribution of 0.3224 percent in full and final satisfaction of their claims. (ECF No. 15336.) With these distributions completed, participating claims are deemed fully satisfied and expunged in accordance with the Voluntary Supplemental Distribution Procedures. (ECF No. 15305.)

The Voluntary Supplemental Distribution was the precursor for a post-closing trust. Since April 2019, the Trustee and SIPC have stated to the Court, creditors, regulators, and others that the Trustee plans to preserve certain assets that may offer longer-dated, speculative future recoveries in a post-closing trust. (ECF No. 14905).

Through the Voluntary Supplemental Distribution, the Trustee narrowed the ultimate beneficiary pool for the trust to just sixty-two voluntary, willing participants.

The Trustee's motion seeking approval of the Liquidating Trust, filed currently with this Report along with an asset abandonment motion, provides for the final and complete disposition of all of the LBI estate's assets. Estate assets representing certain contingent and long-dated recovery opportunities and other residuary interests will be transferred to the Liquidating Trust; estate property that the Trustee has determined, in consultation with his professionals, has no likelihood of recovery will be abandoned; administrative reserves will be transferred to the Liquidating Trust or, upon the Trustee's discharge, put in escrow to cover post-closing estate expenses.

Through the final distribution, the Voluntary Supplemental Distribution, and the post-closing trust, the Trustee is effectuating the goal of a prompt conclusion of the SIPA Proceeding while providing the best possible outcome to LBI's general unsecured creditors.

James W. Giddens (the "Trustee"), as the Securities Investor Protection Act ("SIPA"), 15 U.S.C. §§ 78aaa *et seq*., trustee for the liquidation of Lehman Brothers Inc. ("LBI"), respectfully submits this Twenty-Sixth Interim Report and Quarterly Report on the General Creditor Claims Process (this "Report") in accordance with the terms of the Orders of the Court entered on November 7, 2008 (ECF No. 241) and April 8, 2015 (ECF No. 11741), and pursuant to SIPA § 78fff-1(c).

1. This Report covers the period from October 1, 2021 through March 31, 2022 (the "Report Period"). All Interim Reports, along with a complete docket, other progress updates, Quarterly Reports on the General Creditor Claims Process, and substantial other information about this liquidation, are available on the Trustee's website. This is expected to be the final Interim Report. The Trustee expects to submit a Final Report at the end of July 2022.

2. The Securities Investor Protection Corporation ("SIPC"), by statute, oversees all aspects of this liquidation. The Trustee and all estate professionals are grateful for SIPC's guidance and remain committed to the goal of investor protection.

I. CREDITOR DISTRIBUTIONS

3. During the Report Period, the Trustee obtained the Court's authority to make an eighth and final distribution of $276 million to all holders of allowed general unsecured claims. (ECF No. 15290.) On February 15, 2022, the Court entered the Final Distribution Order (ECF No. 15337), and, in early March 2022, the Trustee distributed substantially all of the final distribution funds to LBI's general unsecured creditors.

4. The final distribution was made possible largely through the allocation of released reserves of $272 million to the general estate following the Second Circuit's ESEP order becoming final and non-appealable.

5. The Trustee will not make any further cash distributions to LBI's general creditors prior to the closure of the estate. To the extent any potential LBI estate recoveries are not fully realized prior to the closure of the estate, the assets will be available in a post-closing trust designed to permit continued pursuit of these claims. Eligible claimants who "opted out" of participation in the Voluntary Supplemental Distribution, described below, will become beneficiaries of the post-closing trust. A motion seeking the approval of the post-closing trust is filed concurrently herewith.

6. In total, the Trustee has distributed approximately $9.375 billion to LBI's general unsecured creditors with allowed claims—representing a distribution of 41.2841 percent on the allowed amounts—and approximately $261 million to LBI's allowed secured, administrative, and priority creditors—substantially completing 100 percent distributions to those with allowed secured, administrative, and priority claims.

Voluntary Supplemental Distribution[1]

7. In his Final Distribution Motion, the Trustee also sought and obtained the Court's approval of a process to provide holders of 1,307 general unsecured claims with an opportunity to immediately exit the LBI liquidation by accepting a supplemental and enhanced distribution from the estate (the "Voluntary Supplemental Distribution"). The Court approved the Voluntary Supplemental Distribution and the Procedures on November 29, 2021. (ECF No. 15305.)

8. Altogether, 1,158 claims, with an aggregate allowed unsecured amount of $1.152 billion, participated in the Voluntary Supplemental Distribution, representing an 86 percent acceptance rate for eligible claims afforded the opportunity to opt out of the Voluntary Supplemental Distribution and to remain a liability of the LBI estate. (ECF No. 15336.)

9. In early March, concurrently with the final distribution, the Trustee disbursed over $3.7 million to claimants participating in the Voluntary Supplemental Distribution, affording such claimants a 0.3224 percent supplemental distribution in full and final satisfaction of their claims. Participating claimants obtained a cumulative distribution rate of 41.6065 percent.

Distribution Procedures Motion

10. On November 5, 2015, the Court entered the Distributions Procedures Order. (ECF No. 13039.) The Distribution Procedures Order furthers the Trustee's goal of an efficient, orderly winddown by setting reasonable deadlines for claimants to accept their distributions and comply with required tax filings. Since entry of the Distribution Procedures Order, certain claimants have not returned distribution information requested by the Trustee or have otherwise failed to meet distribution requirements. As a result, 1,144 claims have been expunged, with corresponding reductions in gross estate liabilities totaling approximately $190 million. (*See* First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth, Fifteenth, Sixteenth, Seventeenth, and Eighteenth Notices of Claims Expunged Pursuant to the Distribution Procedures Order; ECF Nos. 13291, 13399, 13479, 13568, 13675, 13957, 14073, 14163, 14371, 14433, 14541, 14668, 14683, 14861, 14925, 15119, 15271, and 15335.)

II. ESTATE ASSETS

11. The Liquidation Balance Sheet provides information pertaining to the estate's assets, liabilities, and reserves. This financial information reflects cash and cash equivalents in the amount of approximately $41 million and *de minimis* securities as of March 31, 2022. All of these assets are currently under the Trustee's control.

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1. In paragraphs 7-9, capitalized but not otherwise defined terms have the meaning ascribed to them in the Voluntary Supplemental Distribution Procedures (the "Procedures"). (ECF No. 15290.)

12. The Trustee has distributed more than $115 billion to over 110,000 of LBI's former customers and creditors. This includes: (i) $92.301 billion distributed to LBI's former customers through the account transfer process; (ii) $13.472 billion distributed through the customer claim process in full satisfaction of all allowed customer claims; (iii) $9.375 billion distributed to LBI's general unsecured creditors with allowed claims—representing a distribution of 41.2841 percent; and (iv) $261 million distributed to LBI's allowed secured, administrative, and priority creditors—representing a 100 percent distribution on these claims.

13. On December 16, 2021, the Court approved the Trustee's motion to establish January 31, 2022 as the deadline to assert any fourth supplemental administrative expense claims against the LBI estate arising for the period of June 1, 2020 through December 31, 2021 (the "Fourth Supplemental Administrative Expense Claim Bar Date"). (ECF No. 15324.) Though the Trustee's professionals received certain inquiries, the Internal Revenue Service filed the sole administrative expense claim against the LBI estate prior to the Fourth Supplemental Administrative Expense Claim Bar Date. This claim was subsequently withdrawn on April 19, 2022. (ECF No. 15354.) As a result, during the Report Period, the Trustee maintained a reserve of $6,831 with respect to this administrative claim. The Trustee also maintained a reserve of $77,035 with respect to the New York City Department of Finance's administrative claim.

III. RESOLUTION OF ESEP-RELATED MATTERS

14. The last remaining claims-related litigation pertained to three hundred eighty-one (381) claims filed by former LBI employees seeking deferred compensation pursuant to the Executive and Select Employee Deferred Compensation Plan ("ESEP"). The procedural history and posture of the ESEP litigation is presented in the Twenty-Third, Twenty-Fourth, and Twenty-Fifth Interim Reports. (ECF Nos. 15162, 15243, 15288.)

15. On September 10, 2021, the Second Circuit issued a Summary Order affirming the Bankruptcy Court's decisions regarding the two remaining matters in the ESEP litigation. The deadline for the ESEP Claimants to file a petition for a writ of certiorari with the Supreme Court of the United States has passed. Accordingly, the ESEP Order is now final and non-appealable.

IV. ASSET MARSHALLING

Securities Class Action Claims

16. Since his appointment, the Trustee has filed over 220 claims to securities class action settlement funds and has recovered over $67 million, including approximately $77,000 during the Report Period and an additional $32,000 received after the Report Period. There is one pending claim, asserted during the Report Period as to which the Trustee has not yet received a determination or an initial distribution. The LBI estate also maintains participation rights in future securities claims related to LBI's

transactions, including several active litigations and SEC Fair Funds that the Trustee is monitoring.

Antitrust Class Action Claims

17. The Trustee has submitted nine active proofs of claim to participate in settlements arising from antitrust litigations involving allegations of collusive manipulation of several financial industry benchmarks and instruments, as well as misconduct by financial institutions in the foreign exchange market. The settlements to which the Trustee has submitted claims are:

ANTITRUST LITIGATION	SETTLEMENT FUND
Foreign Exchange Benchmark Rates Antitrust Litigation *In re Foreign Exchange Benchmark Rates Antitrust Litigation*, No. 13-cv-07789 (LGS) (S.D.N.Y. 2013)	$2.31 billion
Euribor Litigation *Sullivan v. Barclays plc*, No. 13-cv-2811 (PKC) (S.D.N.Y. 2013)	$491 million
Euroyen Litigation *Laydon v. Mizuho Bank, Ltd.*, No. 12-cv-3419 (GBD) (S.D.N.Y. 2012) *Sonterra Capital Master Fund Ltd. V. UBS AG*, No. 15-cv-5844 (GBD) (S.D.N.Y. 2015)	$307 million
LIBOR Exchange-Based Plaintiffs (Eurodollar Futures) Litigation *FTC Capital GMBH v. Credit Suisse Group AG (In re LIBOR-Based Financial Instruments Antitrust Litigation)*, MDL No. 11-md-2262 (NRB), Case No. 11-cv-2613 (NRB) (S.D.N.Y. 2011)	$187 million
LIBOR Bondholder Plaintiffs Litigation *Gelboim v. Credit Suisse Group AG (In re LIBOR-Based Financial Instruments Antitrust Litigation)*, MDL No. 11-md-2262 (NRB), Case No. 12-cv-1025 (NRB) (S.D.N.Y. 2012)	$69 million
LIBOR Green Pond (Non-Defendant OTC) Litigation *33-35 Green Pond Road Assocs. v. Bank of America Corp. (In re LIBOR-Based Financial Instruments Antitrust Litigation)*, MDL No. 11-md-2262 (NRB), Case No. 12-cv-5822 (NRB) (S.D.N.Y. 2012)	$22 million
London Silver Fixing, Ltd., Antitrust Litigation *In re: London Silver Fixing, Ltd., Antitrust Litigation*, No. 1:14-md-02573 (S.D.N.Y. 2014)	$38 million
Commodity Exchange – Gold Futures and Options Trading Litigation *In re: Commodity Exchange, Inc., Gold Futures and Options Trading Litigation*, No. 14-mc-2548 (VEC) (S.D.N.Y. 2014)	$152 million
SSA Bonds Antitrust Litigation *In re: SSA Bonds Antitrust Litigation*, No. 16-cv-3711 (ER) (S.D.N.Y. 2016)	$95.5 million

18. The Trustee intends to submit claims in subsequently finalized settlements with any remaining defendants in the litigations described above. In addition to filing supplemental claims, the Trustee is actively monitoring for other antitrust settlements in which the LBI estate could potentially participate.

19. The Trustee does not estimate claim magnitudes or the expected distributions that the LBI estate might receive from these securities and antitrust class action litigations, including final or supplemental distributions on already recognized claims. All such claim magnitudes and recoveries are contingent and unliquidated and are therefore speculative. Several variables—including the total recognized loss of the class as a whole in relation to the settlement amount, the number of claimants to file valid proofs of claim and collect on their distributions, and the magnitude of LBI's allowed claim, if any—will impact the materiality of LBI's recoveries, if any.

20. Further information regarding these and other contingent estate assets is available in the Contingent Asset Annex to the Twenty-Fifth Interim Report. The Trustee does not estimate the expected recoveries with respect to these efforts. All recoveries, if any, are contingent, speculative, and may be *de minimis* or even zero. The Liquidation Balance sheet reflects zero value for these assets.

Additional Recoveries

21. During the Report Period, the Trustee recovered approximately $44,000 in LBI unclaimed property from certain states. The Trustee anticipates receiving LBI's annual distribution of unclaimed property from the New York State Office of Unclaimed Funds in the second quarter of 2022. The Trustee also continues to pursue LBI's claims for the return of unclaimed property with the seven other states and anticipates filing additional claims for unclaimed property with additional states in the coming weeks.

22. The Trustee's professionals continue to engage in targeted outreach to certain major banks, depositories, mutual fund groups, and proxy agents requesting that they conduct a final sweep of their accounts and transfer to the Trustee any and all LBI or predecessor firm property. During the Report Period, the Trustee recovered approximately $129,000 from US Bank as a result of this ongoing initiative.

23. The Trustee and LBIE jointly own a $230 million judgment against Saad Trading, Contracting, and Financial Services Co. ("Saad" and the "Saad Notes"). Saad is subject to an insolvency proceeding in the Kingdom of Saudi Arabia. LBIE's professionals continue to work with the Saad trustee on a recommendation to the Saudi court regarding treatment of the Saad Notes. Whether the judgment pertaining to the Saad Notes will be recognized by the Saudi court and in what amount is not yet known. Likewise, the magnitude and treatment of other claims against Saad and its available assets (if any) to satisfy such claims are all unknown. A recovery on the Saad Notes (if any) will be shared with LBIE, net of LBIE's related administrative costs.

V. ESTATE CLOSURE PREPARATIONS

24. During the Report Period, the Trustee significantly advanced his plan to close the estate upon the resolution of the sole remaining claims litigation and related adversary proceeding. Concurrently with this Report, the Trustee has filed motions providing for the disposition of all LBI estate assets. Preparations for the final abandonment plan and the Final Report and Account continue with targeted completion dates in June and July, respectively.

Data Abandonment

25. To date, the Trustee has effected numerous Court orders related to the abandonment or other disposition of LBI data and documents. Most recently, during the Report Period, the Court entered an order authorizing the abandonment of LBI's contractual right to acquire from Barclays Capital Inc. thirty-six (36) terabytes of data containing Lehman legacy records (ECF No. 15322). Overall, these initiatives, along with consolidating nearly all LBI data and documents maintained by the Trustee with Deloitte & Touche LLP, have resulted in over $3.8 million of cost-savings for the LBI estate each year.

26. As a further step in this process, during the Report Period, the Trustee's professionals continued to evaluate pre- and post-filing date documents and data maintained by the LBI estate. In connection with this review, the professionals advanced the Trustee's final data abandonment plan. The plan will form the basis of the final data abandonment motion to be filed with the Court in June 2022. The final disposition of all LBI data and related LBI contractual rights maintained by the Trustee is critical component of the Trustee's closure plan.

Post-Closing Trust

27. Concurrently with the filing of this Report, the Trustee has filed a motion seeking authority to create the Liquidating Trust following his determination that doing so is in the best interest of LBI's general creditors. During the Report Period, HHR finalized for the proposed trust agreement, the proposed trust order and prepared motion papers seeking Court authority for implementation of the trust.

Final Report and Account

28. During the Report Period, the Trustee's professionals continued to prepare the Trustee's Final Report and Account. The Final Report and Account will provide a final statement to the Court on the milestones achieved during this seminal liquidation. The Final Realization Report, which will be attached as an appendix to the Final Report and Account, will provide a complete assessment of how LBI's Filing Date assets were marshalled and administered through the liquidation for the benefit of LBI's customers and creditors and will describe the progress made since the filing of the Preliminary Realization Report in February 2015 (ECF No. 11363). The Final Report and Account may include further appendices, as the Trustee determines necessary and appropriate. The Trustee plans to file the Final Report and Account with the Court in July 2022.

VI. ESTATE ADMINISTRATION

Banking and Cash Management

29. The Trustee's professionals monitor estate assets and have established weekly, monthly, and ad hoc processes for this purpose. These professionals rely on established controls for the payment and journaling of all expenses, including recording payment instructions and supporting documentation, reviewing time-entry diaries, and assessing the reasonableness of rates and bills for services performed. Accounting functions include reconciling cash balances on a regular basis, generating financial information for tax reporting, processing journal entries to record transactions related to cash movements authorized by the Trustee, and providing the Trustee with point-in-time information regarding the assets under his control.

30. The Trustee maintains the LBI estate's cash assets at MUFG Union Bank, N.A. ("Union Bank"). Interest received in the Report Period totals approximately $231,000. These interest earnings correlate with the current interest rate provided by Union Bank on the LBI's estate's cash balances.

Expenses

31. During the Report Period, the estate incurred administrative expenses of approximately $7 million. Approximately $3 million in administrative expenses remain accrued but unpaid. The Trustee has been paying administrative expenses in accordance with this Court's orders, the Bankruptcy Code, and SIPA. Administrative expenses disbursed totaled approximately $7 million during the Report Period. In keeping with the SIPA statute, the services and fees of all professionals were closely reviewed by SIPC and the Trustee throughout the Report Period. There remain only three professional service providers to the Trustee: Hughes Hubbard & Reed LLP; Deloitte & Touche LLP; and Epiq Corporate Restructuring LLC.

VII. TAX MATTERS

32. The Trustee's tax professionals continue to: (i) advise the Trustee in complying with LBI's income tax filings; (ii) respond to tax-related information requests from various tax authorities; and (iii) coordinate all tax withholding and reporting requirements with respect to LBI and the Trustee, including any withholding and reporting that may be required with respect to distributions made by the Trustee.

VIII. CONCLUSION

The foregoing Report represents a summary of the status of this proceeding and the material events that have occurred from October 1, 2021 through March 31, 2022.

Dated: New York, New York
April 28, 2022

Respectfully submitted,

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