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Lehman Brothers Inc.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

LEHMAN BROTHERS INC. LIQUIDATION BALANCE SHEET
AS OF MARCH 31, 2022

All information in the Liquidation Balance Sheet is based on information available to the Trustee at this time, but this information may be incomplete and should not be relied upon. The Liquidation Balance Sheet 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 the Liquidation Balance Sheet will be updated, including corrections, if any, in future reports to the Court. The information in the Liquidation Balance Sheet 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 the Liquidation Balance Sheet are 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 the Liquidation Balance Sheet.

Lehman Brothers Inc., in Liquidation
Liquidation Balance Sheet as of March 31, 2022
(Unaudited – *Must Be Read with Accompanying Notes*)

In Millions	
Assets	
Cash and Cash Equivalents	$41
Securities	$0
Total Assets	$41
Liabilities	
General Creditor Claims:	
Secured*	-
Priority*	-
Administrative*	$0
Unsecured*	$13,235
Administrative Expense Reserve	$38
Total Liabilities	$13,273

*Net of amounts distributed. For example, the $13.235 billion of unsecured liabilities is net of the $9.375 billion distributed to general unsecured claimants as of March 31, 2022 (*see* Note 9). The total (gross) general unsecured claim liabilities were $22.610 billion as of March 31, 2022.

The information and data included herein are derived from sources available to the Trustee and his professionals at this time. All amounts are unaudited, subject to revision, and should not be relied upon.

General Notes

Note 1 – Basis of Presentation

The Trustee and his professionals have prepared this Lehman Brothers Inc. ("LBI") Liquidation Balance Sheet (the "Liquidation Balance Sheet") based on the information available to the Trustee at this time; however, such information may be incomplete and may be materially deficient. The Liquidation Balance Sheet is not meant to be relied upon as a complete description of LBI, its business, condition (financial or otherwise), results of operations, prospects, assets, or liabilities. The Trustee reserves all rights to revise the Liquidation Balance Sheet.

This Liquidation Balance Sheet should be read in conjunction with previous Interim Reports and Quarterly Reports filed with the Bankruptcy Court and included on the Trustee's website, www.lehmantrustee.com. The Liquidation Balance Sheet is not prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), and the numbers are unaudited. The Liquidation Balance Sheet does not reflect normal period-end adjustments, including accruals that were generally recorded by LBI prior to the filing of the Securities Investor Protection Act ("SIPA") proceeding in Bankruptcy Court. The Liquidation Balance Sheet does not include explanatory footnotes and other disclosures required under GAAP and is not presented in a GAAP-based SEC reporting format. The financial information herein is subject to change, and any such change may be material.

The Liquidation Balance Sheet is not audited and will not be subject to audit or review by external auditors at any time in the future. The Liquidation Balance Sheet is prepared on a cash basis and therefore does not reflect accruals or other amounts that would be found if prepared under an accrual basis format.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and interest-bearing deposits with banks.

Note 3 – Financial Systems and Control Environment

The Trustee has professionals who monitor and maintain the financial systems and control environment of the estate. Procedures, controls, and resources used to create the Liquidation Balance Sheet were modified, including a drastic reduction in resources in comparison to what was available to LBI prior to the SIPA proceeding. The Trustee's professionals rely on established controls for the payment and journaling of all expenses, which include recording payment instructions and supporting documentation, reviewing time-entry diaries, and assessing the reasonableness of rates and bills for services performed. The Trustee and his professionals are continuously reviewing the estate's accounts, and, as a result, modifications, errors, and potential misstatements might be identified. Consequently, the Trustee and his professionals may record adjustments, which may be material, in a future liquidation balance sheet.

Notes Regarding Assets

Note 4 – Asset Allocation

All estate assets reflected on the Liquidation Balance Sheet are currently under the Trustee's control and allocated to the general estate (*see* Note 5). Future recoveries will accrete to the general estate.

Note 5 – Fund of Customer Property

In consultation with the Securities Investor Protection Corporation, the Trustee closed the customer estate in December 2017 pursuant to the Court's entry of the *Order Authorizing the Allocation and Transfer of the Remaining Customer Reserve to the General Estate, Closing of the Customer Estate, and Related Relief*. (ECF No. 14467.) Total allocations of excess customer property to the general estate in this SIPA proceeding were $3.112 billion.

Note 6 – General Estate Assets

Total general estate assets are $41 million. The Trustee maintains the following general estate reserves:

(i) an administrative expense reserve in the amount of $38 million;

(ii) a Seventh Interim Distribution Fund in the amount of $5,438 solely with respect to funds not yet distributed on allowed claims;

(iii) a Final Distribution Fund in the amount of $1 million (includes (a) $21,431 attributable to holders of allowed general unsecured claims as to which payment is pending and (b) $1 million related to final distribution checks written but not tendered as of March 31, 2022);

(iv) a Voluntary Supplemental Distribution Fund in the amount of $314,948 (includes (a) $5,647 attributable to holders of allowed general unsecured claims as to which payment is pending and (b) $309,302 related to voluntary supplemental distribution checks written but not tendered as of March 31, 2022);

(v) a Secured, Administrative, and Priority Reserve in the amount of $83,866 solely with respect to unresolved claims; and

(vi) a tax-related reserve of $20,000 with respect to LBI's ongoing federal, state, and local income tax liabilities and for other administrative tax liabilities that have been assessed against LBI.

Pursuant to the *Order Approving the Voluntary Supplemental Distribution with a Record Date of November 30, 2021 and Related Procedures* (ECF No. 15305) and the *Order Authorizing a Final Distribution to Holders of Allowed General Unsecured Creditor Claims* (ECF No. 15337), on

March 2, 2022, the Trustee effectuated (i) a final distribution equal to 1.2236 percent, or approximately $276 million, for all holders of allowed general unsecured claims, and (ii) a voluntary supplemental distribution equal to 0.3224 percent, or $3.7 million, for certain holders of allowed general unsecured claims. The final, cumulative distribution rate for all general unsecured creditors with allowed claims is 41.2841 percent. General unsecured creditors with allowed claims participating in the Voluntary Supplemental Distribution received a final, cumulative distribution of 41.6065 percent in full and final satisfaction of such claims.

Note 7 – Contingent Assets

The estate owns certain contingent assets as described in the Contingent Asset Annex of the *Trustee's Twenty-Fifth Interim Report for the Period April 1, 2021 Through September 30, 2021* (ECF No. 15288) (such assets, the "Contingent Assets"). Because of their contingent characteristic, the Trustee attributes no value to the Contingent Assets on the Liquidation Balance Sheet.

Notes Regarding Liabilities

Note 8 – Customer Claims

There are no remaining disputed customer claims. Distributions on allowed customer claims are complete. The customer estate is closed.

Note 9 – General Creditor Claims

General unsecured liabilities in the amount of $13.235 billion are net of the $9.375 billion distributed to general unsecured claimants as of March 31, 2022, and consist of: (i) $13.234 billion of allowed unsecured claims (*i.e.*, the remaining 58.7159 percent on all allowed unsecured claims less the additional 0.3224 percent distributed to allowed unsecured claims participating in the Voluntary Supplemental Distribution); and (ii) reserves totaling $2 million for funds not yet distributed on allowed claims as described in Note 6.

There are no unresolved general claims. The claimants subject to the September 10, 2021 summary order issued by the Second Circuit did not exercise their appellate rights, and the order became final and non-appealable.

Note 10 – Administrative Expense Claims

A single fourth supplemental administrative expense claim was asserted in the amount of $6,831 prior to the Fourth Supplemental Administrative Expense Claim Bar Date (ECF No. 15324.). Subsequent to the report period, the claim was withdrawn. The Trustee maintains a reserve of $77,035 with respect to the previously-asserted New York City Department of Finance's administrative claim.

Note 11 – Distribution Procedures Order

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 wind down 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, 1,142 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.)

Note 12 – Subordinated Claims/Equity

Amounts do not include $15.004 billion of allowed subordinated claims under the settlement agreement with Lehman Brothers Holdings Inc. and other claims that have been subordinated or reclassified to equity, including the ESEP Claims. The Trustee does not anticipate making any distributions on account of subordinated claims or equity.