

LIQUIDATION REPORT

report number 1 of the liquidators of

Lehman Brothers Treasury Co. B.V. in liquidation ("LBT")

24 September 2013

The Liquidators communicate in two ways with holders of notes and certificates issued by LBT (jointly: "Noteholders"): (i) important information with respect to the distributions made by LBT will be provided in "Notices to Noteholders". The Liquidators will also send these notices through the electronic communication channels of the clearing systems; (ii) information about the progress of the liquidation will be made public by the Liquidators by issuing liquidation reports. Both the notices and the liquidation reports are available on www.lehmanbrotherstreasury.com (the "LBT Website").

Key items:

- As per 3 April 2013 the Composition Plan has become effective (the "**Effective Date**"). As a result, the bankruptcy of LBT ended. On the Effective Date, LBT was put in voluntary liquidation. The former bankruptcy trustees of LBT were appointed as liquidators of LBT (the "**Liquidators**").
- As of the Effective Date, Stichting Lehman Brothers Treasury Co. ("**Stichting**"), LBT's sole shareholder, supervises the implementation and execution of the Composition Plan.
- On 4 April 2013 LBT received a third distribution of LBHI of USD 1,358,358,935 on its allowed claim against LBHI.
- Starting on 8 May 2013, LBT made a first distribution under the Composition Plan on the Outstanding Series of Notes and on Acknowledged Other Ordinary Claims. The distribution percentage was 12.1% and the total amount paid USD 3,903,303,591. With respect to 20 ISINs distributions were withheld due to operational review (the "**Withheld ISINs**").
- On 2 July 2013 LBT made distributions on 7 of the Withheld ISINs totalling USD 27,318,095. Further distributions on 10 of the Withheld ISINs were made on 7 August 2013 totalling USD 15,983,803.

Nothing in this report should be deemed or construed as an admission of liability or claims, or as a waiver of any rights, claims or defenses.

Company details	: Lehman Brothers Treasury Co. B.V. in <i>liquidation</i>
Bankruptcy number	: F. 13/08/494
Date of court decision	: (Provisional suspension of payments: 19 September 2008)
	: Bankruptcy: 8 October 2008
Effective Date Composition Plan	: 3 April 2013 (end of bankruptcy: 2 April 2013)
Liquidators	: Rutger J. Schimmelpenninck and Frédéric Verhoeven
Period under review	: 2 March 2013 – 31 August 2013
Hours spent in period under review	
2 March 2013 – 2 April 2013	: 825.6
3 April 2013 – 31 August 2013	: 1,331.1
Hours spent since Effective Date	: 1,331.1

0. Preliminary comments

- 0.1 This is the first report of the Liquidators and should be read in conjunction with the previous bankruptcy reports. This report covers the period from 2 March 2013 through 31 August 2013. Definitions and abbreviations in this report are used in the same manner as in the previous bankruptcy reports and in the Composition Plan.
- 0.2 As per 3 April 2013 the Composition Plan became effective. As a result, LBT emerged from bankruptcy and was put in voluntary liquidation under Dutch law (*vereffening*). The (former) bankruptcy trustees of LBT were appointed as liquidators of LBT by Stichting.

1. Statement of affairs

1.1. Management and organisation

LBT was a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, an entity fully owned by Lehman Brothers Holdings Inc. ("**LBHI**"), the holding company of the worldwide operating Lehman Brothers group of companies (the "**Lehman Brothers Group**"). Since 28 February 2012, Stichting is the sole shareholder of LBT. As per 3 April 2013, the board of Stichting consists of Mr H.P. de Haan, Mr. J.L.R.A. Huydecoper and Mr. M.H. Reuchlin.

1.2. Activities LBT

LBT was incorporated for the financing of the business activities of the Lehman Brothers Group by issuing financial instruments, in particular "**(structured) Notes**" to institutional and retail investors.

1.3. Financial information

1.3.1. *Current state of affairs*

The Liquidators refer to the financial report attached to this report as Annex I. This report contains an overview of all receipts and payments received or made by (the estate of) LBT from 22 February 2013 up to 30 June 2013.

1.4 Lehman Brothers cross-border insolvency protocol

Activities with respect to protocol meetings have been limited in the past period to a meeting by conference call on 29 July 2013. At this meeting, the protocol parties mainly discussed the status of the extended liens proceedings.

2. **Assets**

2.1. Assets

LBT's main asset is an allowed claim against LBHI of USD 34,548,000,000. To date, LBT received three distributions from LBHI totalling USD 4,031,082,676.

Further distributions from LBHI are expected in October 2013.

2.2. Estate accounts and cash-management

Liquidators refer to the financial report attached to this liquidation report as Annex I.

3. Debtors

3.1. U.S. Debtors

The Bankruptcy Trustees refer to the previous bankruptcy reports and to the Settlement Agreement executed with the U.S. Debtors (Annex I to the tenth bankruptcy report and available on the LBT Website).

As stated in the previous bankruptcy reports, Rutger Schimmelpenninck was appointed member of the Plan Trust. The Plan Trust has certain rights and duties under the Plan of reorganisation of LBHI.

4. LBT Distributions / Composition Plan

4.1. Post-Effective Date governance

As provided for in article 6.5. of the Composition Plan, the articles of association of both LBT and Stichting were amended per the Effective Date for the purpose of fulfillment by LBT of its obligations under the Composition Plan. At that date, the Bankruptcy Trustees resigned as directors of Stichting and were replaced by the current board members. The main task of the board of Stichting is to supervise the Liquidators.

The Liquidators refer in this respect to the amended articles of association of LBT (attached to this report as Annex II) and Stichting (attached to this report as Annex III) respectively. Drafts of these amended articles were already published as Annex IV and V to the fifteenth bankruptcy report.

4.2. Composition Plan amendments

LBT has made a limited number of non-material amendments to the Composition Plan. These changes were communicated in the fifteenth bankruptcy report. In addition, following resolved discussions related to Manifest Error Notifications, a limited number of amendments have been made. These amendments are attached to this report as Annex IV.

A Composition Plan that incorporates all non-material amendments to date will be made available on the LBT Website shortly. With respect to these changes explicit reference is made to clause 5.1. of the Composition Plan and paragraph XI of the Consent Solicitation Memorandum.

4.3. Distributions LBT

On 8 May 2013, LBT commenced to make a first distribution on the Outstanding

Series of Notes and on Acknowledged Other Ordinary Claims of 12.1% (total amount USD 3,903,303,591). Reference is made to the ISIN-by-ISIN distribution report available on the LBT Website.¹ This report states the distribution amount paid on each ISIN as well as on each Other Ordinary Claim.

With respect to 20 ISINs distributions were withheld due to operational review. This operational review was, with respect to the majority of the Withheld ISINs, required because a difference existed between the outstanding positions in the books of LBT and the outstanding positions in the books of the relevant ICSDs.

On 2 July 2013 LBT made distributions on 7 Withheld ISINs² totalling USD 27,318,095. Further distributions on 10 Withheld ISINs³ were made on 7 August 2013 totalling USD 15,983,803.

4.4. Extended Liens / London proceedings

Reference is made to the previous bankruptcy reports. In the judgment of the High Court of London handed down on 2 November 2012, Mr Justice Briggs concluded that LBIE owes no obligations to other Lehman Brothers Group entities arising from the extended lien provisions and that other Lehman Brothers Group entities have no rights directly to enforce such provisions against LBIE. Several parties lodged an appeal to this judgement. On 17 May 2013 all appeals were dismissed. The judgement of 2 November 2012 is, therefore, final. The administrators of LBIE have proceeded with releasing the assets previously withheld.

4.5. Extended Liens / Hong Kong proceedings

Reference is made to the previous bankruptcy reports. On 2 July 2013 the liquidators of Lehman Brothers Securities Asia Limited *in liquidation* ("LBSAL") filed an amended application for directions. In the amended application, the liquidators of LBSAL express their views on the enforceability and scope of the liens. The views of the liquidators of LBSAL are in line with the judgement of Mr Justice Briggs in the case of LBIE's Extended Liens. The Liquidators understand that an order by the Hong Kong Court providing for directions on the

¹ <http://www.lehmanbrotherstreasury.com/pdf/english/130508%20distribution%20incl%20outstanding%20nominals.pdf>.

² US52519VAP13; US52519VAQ95; US52519VAR78; US52519VAS51; US52519VAU08; US52519VAW63; and US52521XAC20.

³ CH0027120630; CH0027120671; CH0027120713; CH0027120820; CH0027120994; DE000A0LU6X5; DE000A0S1160; XS0263871674; XS0272783530; and XS0282452621.

enforceability and scope of the liens could be expected soon. Following the order, it is expected that the assets will be released to LBSAL's clients. The Liquidators engaged local counsel to monitor and safeguard the position of LBT.

5. Provisions of information

This report as well as the previous bankruptcy reports are available on the LBT Website.

Amsterdam, 24 September 2013

Rutger J. Schimmelpenninck
liquidator

Frédéric Verhoeven
liquidator