

LIQUIDATION REPORT

report number 3 of the liquidators of

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

12 September 2014

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.lehmanbrotherstresury.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 act as liquidators of LBT (the "**Liquidators**");
- On 4 April 2014, LBT received a fifth distribution of LBHI of USD 1,550,290,632.68 on its allowed claim against LBHI;
- Starting on 28 April 2014, LBT made a third distribution in accordance with the Composition Plan on the Outstanding Series of Notes and on Acknowledged Other Ordinary Claims. The distribution percentage was 5.09% and the total net amount paid USD 1,536,035,081.69;
- In the past reporting period, LBT entered into a distribution agreement with LBHI. This agreement provides for a more efficient distribution process for both LBT and LBHI for the benefit of their respective creditors.

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	:	1 February 2014 – 31 August 2014
Hours spent in period under review	:	1,738.2
Hours spent since Effective Date	:	4,062.9

0. Preliminary comments

- 0.1 This is the third report of the Liquidators and it should be read in conjunction with the previous bankruptcy reports and liquidation reports (the "**Previous Reports**"). This report covers the period from 1 February 2014 through 31 August 2014. Except as explicitly provided otherwise, definitions and abbreviations in this report are used in the same manner as in the Previous Reports and in the Composition Plan.
- 0.2 On 3 April 2013 the Composition Plan became effective. As a result, LBT emerged from bankruptcy and was put in voluntary liquidation (*vereffening*). The (former) bankruptcy trustees of LBT were appointed as liquidators of LBT by

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Stichting Lehman Brothers Treasury Co. ("**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

Current state of affairs

The Liquidators refer to the financial report attached to this report as Annex I. This report contains an overview of receipts and payments from 1 January 2014 up to 30 June 2014.

The 2013 financial statements

The Liquidators filed the financial statements of LBT with regards to the period 3 April – 31 December 2013 with the Chamber of Commerce on 28 May 2014. These financial statements were audited by an independent auditor and approved by the shareholder of LBT (Stichting) on 19 May 2014. The 2013 financial statements are attached to this report as Annex II.

1.4 Lehman Brothers cross-border insolvency protocol

In the past period no formal meetings of the protocol members took place. The protocol members continue to keep each other informed on important matters.

2. Assets

2.1. Assets

LBT's main asset is an allowed class 4A claim against LBHI of

USD 34,548,000,000 (the "**LBT Intercompany Claim**"). On 4 April 2014, LBT received a distribution from LBHI of USD 1,550,290,632.68 on the LBT Intercompany Claim. To date, LBT has received five distributions from LBHI totalling USD 7,192,672,335.68.

2.2. Estate accounts and cash-management

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

3. **Debtors**

3.1. U.S. Debtors

The Liquidators refer to the Previous 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 Reports, Rutger J. Schimmelpenninck was appointed member of the Plan Trust. The Plan Trust has certain rights and duties under the Plan of reorganisation of LBHI. The Plan Trust meets at least twice a year with the LBHI board.

4. **LBT Distributions**

4.1. Distributions LBT

On 28 April 2014, LBT commenced making a third distribution on the Outstanding Series of Notes and on Acknowledged Other Ordinary Claims of 5.09% (total net distributed amount USD 1,536,035,081.69¹). Reference is made to the ISIN-by-ISIN distribution report available on the LBT Website.² This report states the distribution amount paid on each ISIN as well as on each Other Ordinary Claim.

With respect to the Series of Notes 52519VAD8, XS0168796570 and XS0168796653, distributions were withheld due to operational review. The Liquidators expect to have the issues that caused the withholding of distributions on these notes resolved in the coming months.

¹ Reference is made to paragraph 4.2.

² <http://lehmanbrotherstreasury.com/pdf/english/Overview%20Distribution%203%200%20for%20publication.PDF>

4.2. Distribution agreement LBHI

In the past reporting period, LBT has entered into a distribution agreement (the "**Distribution Agreement**") with LBHI, in its capacity as plan administrator (the "**LBHI Plan Administrator**") for itself, Lehman Brothers Special Financing Inc. ("**LBSF**") and Lehman Brothers Commodity Services Inc. ("**LBCS**"). The Distribution Agreement is available on the LBT Website.³

The Agreement is intended to accelerate distributions to creditors from the parties' respective estates, thereby increasing, on any given interim distribution date, the amount of distributions that would otherwise have been paid to creditors had the Distribution Agreement not been effective on such interim distribution date.

Under the Composition Plan, LBT distributes the amounts it receives on account of the LBT Intercompany Claim to the Ordinary Creditors. Those Ordinary Creditors include: (a) LBHI, which holds a USD 3.275 billion claim against LBT as assignee of Lehman Brothers Finance AG; (ii) LBSF, which holds a USD 1.023 billion claim against LBT; and (iii) LBCS, which holds a USD 43.5 million claim against LBT.

As a result of these claims, a portion of the distributions that LBT receives from LBHI on account of the LBT Intercompany Claim is ultimately redistributed to LBHI, LBSF and LBCS as Ordinary Creditors of LBT, who, in turn, make distributions to their respective creditors on their next semi-annual distribution dates.

In order to minimize the delays in distributions caused by this circularity, the Distribution Agreement provides that, on each LBHI distribution date, the Plan Administrator will withhold from the distribution to be made by LBHI to LBT on account of the LBT Intercompany Claim, an amount equal to 90% of LBHI's, LBSF's and LBCS's respective expected shares in the resulting LBT distribution (the "**Withheld Amounts**") as Ordinary Creditors of LBT, and include those Withheld Amounts in LBHI's, LBSF's and LBCS's distributions on such distribution date.

On the LBT Distribution Date (that follows the LBHI distribution date), LBT will distribute to LBHI, LBSF and LBCS an amount equal to the difference between: (i) the amount that each would otherwise have been entitled to receive had the Withheld Amounts not been withheld; and (ii) the Withheld Amounts plus the

³ <http://lehmanbrotherstreasury.com/pdf/english/LBT%20Executed%20Agreement%20March%2010%202014.PDF>

amount of interest that LBT would have earned on the Withheld Amounts during the period between the relevant LBHI distribution date and the following LBT Distribution Date at a rate equal to the rate that LBT actually earned, if any, on the distributions it actually received from LBHI on the LBHI distribution date.

The amount received by LBT from LBHI on 4 April 2014 as mentioned in paragraph 2.1. above, was the net amount after the withholding by LBHI as a result of the implementation of the Distribution Agreement.

4.3. Manifest Error proceedings

Following the unresolved Manifest Error Notifications that were filed during the bankruptcy of LBT, two proceedings are pending before the Amsterdam district court. It is not expected that the outcome of these proceedings will materially impact future distributions of LBT.

5. **Provisions of information**

This report as well as the Previous Reports are available on the LBT Website.

Amsterdam, 12 September 2014

Rutger J. Schimmelpenninck
liquidator

Frédéric Verhoeven
liquidator