

BANKRUPTCY REPORT

Bankruptcy report number **9** of the Bankruptcy Trustees of
Lehman Brothers Treasury Co. B.V. ("LBT")

July 22, 2011

The Bankruptcy Trustees communicate in two ways with holders of notes and certificates issued by LBT (jointly: "Noteholders"): (i) information the Bankruptcy Trustees are obliged to provide to Noteholders pursuant to the Dutch Bankruptcy Act, e.g. about the filing of claims, the date of creditors' meetings and any distribution, is also provided in "Notices to Noteholders". The Bankruptcy Trustees will also send these notices through the electronic communication channels of the clearing systems; (ii) information about the progress of the bankruptcy will be made public by the Bankruptcy Trustees by issuing public reports. Both the notices and the public reports are available on www.lehmanbrotherstreasury.com.

Key items:

- On July 1, 2011, Lehman Brothers Holdings Inc. ("**LBHI**") and its affiliated U.S. debtors, filed the Second Amended Joint Chapter 11 Plan with the U.S. Bankruptcy Court for the Southern District of New York (the "**Second Amended Plan**") and a related Disclosure Statement;
- The filing of the Second Amended Plan was preceded by intensive negotiations between LBHI and numerous representatives of creditors, including representatives of the proponents of the two previously filed alternative plans, holders of LBT Notes and the Bankruptcy Trustees;
- The Second Amended Plan provides with respect to LBT - *inter alia* - for the allowance of LBT's intercompany claim as an Allowed Senior Affiliate Claim for an amount of USD 34,548,000,000;
- **The treatment of LBT's intercompany claim in the Second Amended Plan is acceptable to the Bankruptcy Trustees. Subject to reaching a settlement agreement with LBHI and certain of its U.S. affiliates that settles certain other outstanding matters - beside the treatment of LBT's claims under the Second Amended Plan - the Bankruptcy Trustees intend to vote in favour**

of the Second Amended Plan (as currently filed). The Bankruptcy Trustees refer to § 3.2 of this report;

- In the last weeks, the Bankruptcy Trustees and their advisors have made significant progress in their discussions with key Noteholder groups with respect to the valuation of Noteholders' claims against the LBT estate;
- The Bankruptcy Trustees intend to propose final valuation principles as well as a description of the envisaged implementation of these principles in the LBT bankruptcy proceedings in an upcoming report;
- The Bankruptcy Trustees are parties to the Cross-Border Insolvency Protocol and have, since the previous report, participated in meetings with official representatives that are party to this protocol on April 29, 2011 and June 1, 2011;
- The Bankruptcy Trustees explicitly refer Noteholders to the website of LBHI (www.lehman-docket.com) for detailed information regarding the Chapter 11 proceedings of LBHI and its affiliated U.S. debtors;
- The Bankruptcy Trustees do not intend to request the Amsterdam District Court to set dates for the filing of claims and for the claims admission meeting before the beginning of 2012.

Company details	: Lehman Brothers Treasury Co. B.V.
Bankruptcy number	: 08.0494-F
Date of court decision	: (Provisional suspension of payments: 19 September 2008) : Bankruptcy: 8 October 2008
Bankruptcy trustees	: Rutger J. Schimmelpenninck and Frédéric Verhoeven
Supervisory judge	: Ms. W.A.H. Melissen
Company activities	: The objective of LBT in accordance with its articles of association was - briefly summarised - the financing of companies of the Lehman Brothers Group, by borrowing, lending and raising monies and participating in all kinds of financial transactions, including the issuance of financial instruments.

Period under review : **April 1, 2011 – June 30, 2011**
Hours spent in period under review: 1,208.3
Hours spent - total : 16,159.7

0. Preliminary comments

- 0.1 This is the ninth public report of the Bankruptcy Trustees. This report covers the period from April 1, 2011 through June 30, 2011. Certain key developments that have occurred since June 30, 2011 are also included in this report. The Bankruptcy Trustees emphasise that all information in this report is subject to further investigation and may change significantly. This report should be read in conjunction with the previous reports. Definitions and abbreviations in this report are used in the same manner as in the previous reports.
- 0.2 The cross-border financial and legal aspects of the LBT bankruptcy are complicated. In this report, the Bankruptcy Trustees present the current state of affairs in a simplified manner in accordance with the guidelines for bankruptcy reporting applicable in the Netherlands.

1. Statement of affairs

1.1. Management and organisation

LBT is a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, which company in turn is fully owned by LBHI, the holding company of the worldwide operating Lehman Brothers group of companies (the "**Lehman Brothers Group**").

1.2. Activities LBT

- 1.2.1. 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. The characteristics of these Notes vary from relatively simple to very complex. In most cases – if not in all – the principal of the loan as well as the amount of the return are linked to movements of (embedded) derivative market elements. LBT on-lent the proceeds of the Notes to LBHI.
- 1.2.2. LBT hedged the risks related to these derivative market elements by entering into swap agreements under ISDA-master agreements with other entities of the Lehman Brothers Group.

1.3. Financial information

1.3.1. *Global close*

The global close of the accounts of the Lehman Brothers Group as of September 12, 2008 COB (as described in more detail in § 1.3 of the first report) was finalised in January 2009. The Bankruptcy Trustees refer to the previous reports with respect to the global close. The global close balance sheet of LBT as of September 12, 2008 COB is available on the LBT website.

1.3.2. *Swaps*

The Bankruptcy Trustees refer to the previous reports, and specifically to the overview on page 7 of the third report as well as to § 1.3.3 of the sixth report, with respect to the Bankruptcy Trustees' conditional conclusions on the respective termination dates of the various ISDA-agreements.

In the last reporting period, the Bankruptcy Trustees have had constructive discussions with representatives of Lehman Brothers Finance S.A. ("**LBF**") with respect to the USD 3,816,016,451.61 claim LBF filed in the bankruptcy of LBT. The Bankruptcy Trustees aim to agree guidelines with LBF on the reconciliation of the (thousands of) trade positions that exist between LBF and LBT, as well as on the appropriate valuation approach.

The Bankruptcy Trustees continue to make progress with Lehman Brothers Special Finance ("**LBSF**") in assessing the claim filed by LBSF of USD 1,014,490,346. The claim filed by LBSF, one of the U.S. Debtors under the Second Amended Plan, is also discussed within the context of the negotiations surrounding this plan.

1.4 Lehman Brothers cross-border insolvency protocol

1.4.1. *Meetings within the scope of the Protocol*

The official meetings held between the official representatives that joined the *Cross-Border Insolvency Protocol* (the "**Protocol**") and other participating representatives (jointly: the "**Protocol Parties**") during the last reporting period, focussed mostly on the developments related to the U.S. Chapter 11 process. Representatives of the non-consolidation plan proponents that filed a competing Chapter 11 plan on April 25, 2011, gave a presentation to the Protocol Parties at the Protocol-meeting in New York held on April 29, 2011, and a subsequent presentation at the meeting in London on June 1, 2011. At the latter meeting, representatives of the *Ad Hoc Group of Lehman Brothers Creditors* gave an

update on the Chapter 11 plan it filed on December 15, 2010 (which competing plan was subsequently amended on April 27, 2011).

Contrary to the Bankruptcy Trustees and certain other participants' expectations, the (intercompany) settlement guidelines mentioned in the previous report, have not formally been agreed upon at the Protocol-meeting that took place in New York on April 29, 2011.

The next Protocol meeting is scheduled for July 27, 2011 in New York.

1.5 Plan Discovery Procedures

- 1.5.1 On April 14, 2011 the U.S. Bankruptcy Court for the Southern District of New York (the "**U.S. Bankruptcy Court**") entered an order establishing procedures in connection with discovery related to plan confirmation issues (the "**Discovery Protocol Order**"). The Discovery Protocol Order governed nearly all discovery in connection with the confirmation of a Chapter 11 plan related to LBHI and its U.S. affiliates (the "**U.S. Debtors**"). The Bankruptcy Trustees are currently a participant in these procedures and decided to join group 9 - a subset of the foreign affiliates of the U.S. Debtors, who are coordinating on discovery.

Under the Discovery Protocol Order, document requests have been served on all of the participants, among others the Bankruptcy Trustees. The Bankruptcy Trustees were preparing responses on the received requests. Prior to the filing of the Second Amended Plan on July 1, 2011, (which as noted below, is the result of negotiations with the various constituencies, including the Ad Hoc Group and the non-consolidation plan proponents), the parties expected there to be extensive discovery over plan confirmation issues.

As a result of the filing of the Second Amended Plan, on July 6, 2011, the U.S. Debtors filed a motion with the U.S. Bankruptcy Court seeking (i) approval of an order among the U.S. Debtors, the Ad Hoc Group and substantially all of the non-consolidation plan proponents regarding abeyance of prosecution of the alternative chapter 11 plans and (ii) a stay of related discovery under the Discovery Protocol Order. On July 21, 2011 the U.S. Bankruptcy Court entered an order approving the motion. The order provides that implementation of the Discovery Protocol Order and all proceeding thereunder are stayed pending further order of the U.S. Bankruptcy Court. The order does, however, reserve the rights of any party in interest (other than a party to the stipulation) to seek discovery in accordance with applicable U.S. Rules, so long as a party seeking discovery first confers with the party on which a discovery request is to be

served and subject to any additional requirements or procedures agreed to or ordered by the U.S. Bankruptcy Court.

2. Assets

- 2.1. The balance of LBT's estate accounts at June 30, 2011 amounted to EUR 3,774,173.

3. Debtors

- 3.1. As set out in the first report, the intercompany receivable of LBT due from LBHI is based on a loan agreement between LBT and LBHI, dated May 26, 2000 (annex III to the first report) and amounts to USD 34,785,914,041 (US GAAP) according to the balance sheet as at August 31, 2008 and USD 32,722,319,290 (Dutch GAAP) according to the balance sheet as at October 7, 2008. This difference is the result of: (i) repayments made in the period between August 31, 2008 and October 7, 2008 and (ii) currency fluctuations (the intercompany loan consists of various currencies, and during this period the USD increased in value in respect of other currencies). LBT's intercompany claim against LBHI as at September 12, 2008 COB amounts to USD 33,248,905,850 (US GAAP).

The Bankruptcy Trustees refer to § 3.2 of the fourth public report for an overview of the proofs of claim filed by LBT against LBHI and certain of its U.S. affiliates. The proofs of claim with the respective addenda submitted by the Bankruptcy Trustees are available on LBHI's website (www.lehman-docket.com).

3.2. Treatment of LBT claims in the Second Amended Plan

The Second Amended Plan is the result of intense negotiations between LBHI (and its U.S. affiliates) and various creditor constituencies, including, amongst others, the Ad Hoc Group, the non-consolidation plan proponents, the Bankruptcy Trustees and various holders of LBT Notes.

LBHI and its U.S. affiliates estimate that the Second Amended Plan is supported by creditors representing over USD 100 billion in total claims. These creditors include a significant number of holders of LBT Notes that have claims against LBHI under the guarantees issued by LBHI under the various note programs.

The Second Amended Plan appears to have struck a balance between the interests of the various large creditor groups, thereby reducing the risk of protracted and expensive litigation.

The Second Amended Plan provides for the allowance of LBT's intercompany claim as a senior claim (in accordance with LBHI's subordinated indentures) for an amount of USD 34,548,000,000. The Second Amended Plan places LBT's intercompany claim in Class 4A (Senior Affiliate Claims).

Under the Second Amended Plan, LBHI may, to the extent applicable, assert certain set-off rights against intercompany claims, assert rights of reimbursement arising out of payment on guaranties and withhold distributions on an intercompany claim to an affiliate that is not controlled by LBHI or its U.S. affiliates, if such "Non-Controlled Affiliate" is itself obligated to another Non-Controlled Affiliate who is refusing to honor its obligations to LBHI. In response to demands from the Bankruptcy Trustees, LBT's intercompany claim cannot be made subject to such rights.

All other claims filed by the Bankruptcy Trustees against LBHI are disallowed under the Second Amended Plan.

Bearing in mind the treatment of LBT's claim initially provided for by LBHI in its first Chapter 11 plan of April 2010 (wherein LBT's claim was allowed for 50% as a non-senior claim) and the conditions imposed in the subsequently filed January (2011) Plan, the Bankruptcy Trustees hold the view that the treatment of LBT's claims in the Second Amended Plan is acceptable, subject to the final negotiation and approval of a settlement agreement. Most of the concerns that the Bankruptcy Trustees expressed with respect to the January Plan (see § 3 of the previous report), have been addressed in the Second Amended Plan.

Subject to reaching a settlement agreement with LBHI and certain of its U.S. affiliates that settles certain other outstanding matters - beside the treatment of LBT's claims under the Second Amended Plan - the Bankruptcy Trustees intend to vote in favour of the Second Amended Plan (as currently filed).

The settlement agreement is subject to the approval of the Supervisory Judge. The Bankruptcy Trustees intend to put the settlement agreement forward for approval by the Supervisory Judge, assuming that a definitive agreement will be reached and documented.

Given that LBHI has set August 30, 2011 as the date for the confirmation hearing related to the disclosure statement (as part of the Second Amended Plan) before the U.S. Bankruptcy Court for the Southern District of New York, if an agreement is to be reached on a final settlement agreement, the Bankruptcy Trustees expect this to happen in the coming weeks.

4. Bank / Security rights

- 4.1. Claim from bank(s)
See previous reports.

5. Lawfulness

- 5.1. Accounting obligation
The Bankruptcy Trustees will give their view on the accounts and the accounting obligation at a later stage.
- 5.2. Filing of annual accounts
According to the Commercial Register the most recent annual accounts of LBT (for 2007) were timely filed on May 30, 2008.
- 5.3. Auditor's report
The annual accounts of LBT for 2007 have been provided with an unqualified auditors' report.
- 5.4. Management
At a later stage, the Bankruptcy Trustees will further investigate the fulfilment of the duties of the board of directors (under the articles of association) or any de facto director.
- 5.5. Fraudulent acts (*Paulianus handelen*)
The Bankruptcy Trustees are investigating cash transfers that have occurred in the period preceding LBT's bankruptcy. The Bankruptcy Trustees note that within the context of the Second Amended Plan and the settlement agreement that is currently being negotiated with LBHI and its U.S. affiliates (see § 3.1 above), LBHI is requesting a release from LBT from any claims resulting from – to the extent applicable – fraudulent acts.

6. Creditors

- 6.1. Provisional Valuation Principles
The principles and views expressed in this paragraph may be subject to change and are therefore presented without prejudice. Reference is explicitly made to § 6.4 of the fifth report for definitions of the capitalized terms used in this paragraph.

Discussions with Responding Noteholders with respect to the valuation of claims have intensified during the last reporting period. The Bankruptcy Trustees are exploring the possibilities to further define the Provisional Valuation Principles

published in the fourth and fifth public report and to seek solutions for the different views that exist with respect to the key (economic) elements of the Provisional Valuation Principles. As stated in the previous report, the Bankruptcy Trustees aim to reach to an understanding with key Noteholder groups when developing a claims valuation methodology that is fair, practical and consistent. The Bankruptcy Trustees will strive to present final valuation principles in an upcoming report.

6.2. Acceleration

In the past reporting period, the Bankruptcy Trustees have identified on the LBT website which (series of) Notes appear to have been validly accelerated on the LBT website (www.lehmanbrotherstreasury.com, accessible by clicking "financial information" and "LBT ISIN-code check"). The list of (series of) Notes that are identified as appearing to be validly accelerated is not exhaustive and this list is being updated from time to time, following the provision of more information from Noteholders or Noteholders' representatives that have sent acceleration notices.

The Bankruptcy Trustees explicitly note that the identification of a (series) of Note as appearing to be validly accelerated, does not lead to an irrevocable admittance of a claim resulting from such acceleration by the Bankruptcy Trustees. An accelerated claim can still be subject to dispute by (other) Noteholders. The Bankruptcy Trustees furthermore refer to the LBT website for a further explanation of the acceleration status of the series of Notes.

The allowance and valuation of accelerated claims is furthermore conditioned on the claims valuation procedure that the Bankruptcy Trustees are currently striving to develop.

6.3. Taiwan Taipei court proceedings

Reference is made to the previous reports. In the case against Chinatrust Commercial Bank ("**Chinatrust**"), the Bankruptcy Trustees filed a defense brief with the Taipei High Court on May 27, 2011. To date, the Taipei High Court has not rendered a decision on its jurisdiction. The next hearing in the Chinatrust case is scheduled for August 1, 2011.

A similar proceeding has been initiated in Taiwan by First Commercial Bank Ltd. ("**FCB**") against LBT and other Lehman Brothers Group entities. The hearing referred to in the previous report, has been rescheduled to June 15, 2011. No decision is rendered as to the jurisdiction of the Taiwan court in these proceedings. The next hearing is planned for August 17, 2011.

7. Miscellaneous**7.1. Timing**

The winding-up of the bankruptcy of LBT largely depends on the completion of the Chapter 11 proceedings of LBHI. The Bankruptcy Trustees intend to publish the next public report in October 2011.

7.2. Provision of information

This public report as well as the previous and next reports are and will be available on www.lehmanbrotherstreasury.com. The original version in Dutch is also available on this website.

In the event of any difference between the Dutch version and the English translation, the Dutch text prevails. The public reports are also available for inspection at the Amsterdam District Court.

Creditors who are holders of a Note issued by LBT, which Note has been provided with an ISIN code that is included on the list of ISIN codes (which list is part of LBT's balance sheet as of August 31, 2008, annex I to the first report), are requested to read the notice of December 22, 2008 (available on the LBT website) and to wait for further information from the Bankruptcy Trustees on the filing of claims in the bankruptcy.

Creditors who believe that they have a claim against LBT (other than claims arising under the Notes), are requested to submit those claims in writing, provided with underlying documents, to:

Houthoff Buruma
Attn. Frédéric Verhoeven
PO Box 75505
NL-1070 AM Amsterdam
the Netherlands

Creditors that are not yet included in the mailing list, can request to be included by sending an email to info.lbtreasurybv@houthoff.com. Creditors that are on the mailing list will receive a notification when a report is made available on the website.

Amsterdam, July 22, 2011

Rutger J. Schimmelpenninck
bankruptcy trustee

Frédéric Verhoeven
bankruptcy trustee