

LIQUIDATION REPORT

report number **8** of the liquidators of

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

20 September 2019

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 are provided in "Notices to Noteholders". The Liquidators distribute these notices through the electronic communication channels of the clearing systems to the UBO; (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").

Introductory remarks:

- The Composition Plan became effective on 3 April 2013 (the "**Effective Date**"). As a result, the bankruptcy of LBT ended. The Composition Plan is available on the LBT Website. On the Effective Date, LBT was placed in voluntary liquidation, and LBT's former bankruptcy trustees were appointed as liquidators (the "**Liquidators**");
- Except as explicitly provided otherwise, definitions and abbreviations in this report are used in the same manner as in the previous bankruptcy reports and liquidation reports (together: the "**Previous Reports**"), in the Composition Plan, and in the Information Notice as published on the LBT Website.
- As announced in LBT's press release of 14 December 2018 and described in more detail in the Information Notice on the LBT Website and in LBT's 7th public report dated 24 January 2019, LBT planned a Partial Wind-Down of the estate. As described in these documents, LBT determined that a simplification of the existing note structure for certain Qualified Noteholders combined with a final distribution to other creditors, funded in large part by a sale of a *pro rata* portion of the LBHI Receivable, was appropriate and in the best interests of LBT's creditors.
- As a result of the Partial Wind Down (i) the LBHI Receivable was reduced from USD 34.5 billion to USD 19.6 billion, (ii) LBT's claim pool was reduced from a total admissible amount of EUR 24.8 billion to a total admissible amount of EUR 14.1 billion, and (iii) LBT's note structure was simplified from more than 3,700 outstanding series in twenty different currencies to a single series in a single currency (USD).

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.

- “Qualified Noteholders” that held “Eligible Notes” had the option to retain their note investment by electing to receive Substitute Notes. On 15 March 2019, LBT also entered into a partial release agreement with LBSF and LBHI, former affiliates of LBT. Under this agreement, these former affiliates received an in-kind distribution of their portion of the LBHI Receivable. The Final Distribution to creditors that did not receive Substitute Notes was made in May 2019. After payment of the Final Distribution, the Cash-Out Other Ordinary Claims were fully extinguished and the Cash-Out Notes were cancelled. Holders of Substitute Notes received the First Distribution on their Substitute Notes in May 2019. From now on, LBT will only make distributions on the Substitute Notes.

Overview of distributions:

- The following tables give an overview of the distributions made (i) by LBHI to LBT on its allowed claim against LBHI; (ii) by LBT on the Outstanding Series of Notes and on Acknowledged Other Ordinary Claims (collectively: “**Acknowledged Claims**”), excluding distributions on Substitute Notes, and (iii) by LBT on the Substitute Notes. These tables should be read in conjunction with the Distribution Agreement as discussed in paragraph 4.2. of the third liquidation report. The Distribution Agreement was terminated prior to the 15th distribution by LBT. Also for this reason a separate 15th distribution was made to LBHI and LBSF.

(Gross)¹ distributions made by LBHI to LBT

No	Date	Distribution Amount	Distribution Percentage²
1	2012/04/17	USD 1,596,483,463.32	4.6%
2	2012/10/01	USD 1,076,240,312.44	3.1%
3	2013/04/04	USD 1,358,358,934.96	3.9%
4	2013/10/03	USD 1,611,299,027.64	4.7%
5	2014/04/03	USD 1,749,359,054.28	5.1%
6	2014/10/02	USD 1,335,515,471.88	3.9%

¹ The gross distributions are payments paid by LBHI before adjustments such as withholdings, as were in place for Distribution 5 up to and including Distribution 16 as a result of the Distribution Agreement. Please see page 2 of this report.

² The distribution percentage is based on LBT’s allowed class 4A claim against LBHI of USD 34,548,000,000 for distribution 1 up to and including distribution 16. As from distribution 17, the distribution percentage is based on LBT’s allowed class 4A claim against LBHI of USD 19,626,452,736. The total aggregate Class 4A Distribution Percentage is 36.8%.

7	2015/04/02	USD 895,892,517.36	2.6%
8	2015/10/01	USD 683,524,579.44	2.0%
9	2016/03/31	USD 189,567,639.84	0.5%
10	2016/06/16	USD 282,435,427.68	0.8%
11	2016/10/06	USD 496,529,383.68	1.4%
12	2017/04/06	USD 378,205,593.00	1.1%
13	2017/10/05	USD 241,950,008.40	0.7%
14	2017/12/07	USD 344,316,768.84	1.0%
15	2018/04/05	USD 138,957,929.16	0.4%
16	2018/10/04	USD 214,805,299.32	0.6%
17 ³	2019/04/04	USD 27,465,125.92	0.1%
18 ⁴	2019/07/18	USD 49,694,289.59	0.3%
Total		USD 12,670,600,826.75	

(Gross)⁵ distributions by LBT on the Acknowledged Claims (excluding Substitute Notes)

No	Date	Gross Distribution Amount	Distribution Percentage ⁶
1	2013/05/08	USD 3,947,176,931.43	12.2%
2	2013/10/24	USD 1,611,127,815.78	4.7%
3	2014/04/28	USD 1,735,103,503.28	5.1%
4	2014/10/28	USD 1,328,877,952.67	4.2%
5	2015/04/27	USD 906,764,649.52	3.4%
6	2015/10/29	USD 690,080,299.42	2.5%

³ Because of the Partial Wind-Down, the distribution amount mentioned for Distribution 17 only reflects the part related to LBT's allowed class 4A claim against LBHI of USD 19,626,452,736.

⁴ As from distribution 18, the distribution amount is based on LBT's allowed class 4A claim against LBHI of USD 19,626,452,736.

⁵ The gross distributions are payments paid by LBHI before adjustments such as withholdings, as were in place for Distribution 3 up to and including Distribution 14 as a result of the Distribution Agreement. Please see page 2 of this report.

⁶ Distributions by LBT are – before any applicable FX conversion – made in US dollars while the Acknowledged Claims are denominated in Euros. The amounts distributed on Acknowledged Claims expressed as percentages are based on the distribution amount translated into Euros at the date of distribution divided by the Acknowledged Claim amount at the date of distribution relating to the amount distributed.

No	Date	Gross Distribution Amount	Distribution Percentage ⁶
7	2016/04/28	USD 192,801,698.50	0.7%
8	2016/07/14	USD 282,048,653.61	1.0%
9	2016/11/29	USD 497,864,660.44	1.9%
10	2017/05/04	USD 377,963,485.48	1.4%
11	2017/10/23	USD 241,820,707.25	0.8%
12	2018/01/16	USD 345,426,888.10	1.1%
13	2018/05/02	USD 132,466,569.54	0.4%
14	2018/10/23	USD 214,074,413.13	0.8%
Subtotal		USD 12,503,598,228.16	40.2%
15: Final Distribution to holder of Cash-Out Claims	2019/05/02	USD 187,026,995.97 ⁷	2.2093%
15: Final Distribution to LBSF and on claims assigned to LBHI	2019/05/02	USD 8,496,620.62	0.237%

Distributions by LBT on the Substitute Notes

No	Date	Distribution Amount	Distribution Percentage ⁸
1	2019/05/02	USD 7,461,940.97	0.0380%
2	2019/07/30	USD 49,694,290.00	0.2529%
Total		USD 57,156,230.97	0.2909%

To date, total distributions made by LBT as of the date of this report amount to USD 12,756,278,075.72.

⁷ Of this amount, USD 1,311,473 was withheld for operational reasons and will be distributed at a later date.

⁸ Distributions by LBT are made in US dollars. Distribution Amounts expressed as percentages are based on the Aggregate Nominal Amount of Substitute Notes on issue of USD 19,648,952,905.

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Company details	:	Lehman Brothers Treasury Co. B.V. in liquidation
Relevant court decision dates	:	(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 August 2018 – 31 August 2019
Hours spent in period under review	:	2,071
Hours spent since Effective Date	:	14,487.1

0. Preliminary comments

- 0.1 This is the eighth report of the Liquidators and it should be read in conjunction with the Previous Reports. This report covers the period from 1 August 2018 through 31 August 2019.
- 0.2 On 3 April 2013, the Composition Plan became effective. As a result, LBT emerged from bankruptcy and was placed in voluntary liquidation (*vereffening*). The (former) bankruptcy trustees of LBT were appointed as Liquidators by Stichting Lehman Brothers Treasury Co. (the "**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 LBHI, the holding company of the worldwide operating Lehman Brothers group of companies (the "**Lehman Brothers Group**"). Since 28 February 2012, the Stichting has been the sole shareholder of LBT. From 3 April 2013, the board of the Stichting consists of Mr H.P. de Haan, Mr. J.L.R.A. Huydecoper and Mr. M.H. Reuchlin.

1.2. Activities of 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

The 2018 financial statements

The Liquidators have filed the financial statements of LBT for the period 1 January 2018 – 31 December 2018 with the Chamber of Commerce. These financial statements were audited by an independent auditor and approved by the shareholder of LBT (the Stichting). The 2018 financial statements are attached to this report as Annex I.

Current state of affairs

The Liquidators refer to the Statement of Receipts and Payments from 1 January 2019 to 30 June 2019 attached to this report as Annex II.

Detailed cash flow statement - Partial Wind-Down

Because of the Partial Wind-Down, the Liquidators have also prepared a detailed cash flow statement for the sixth month period ended 30 June 2019. This cash flow statement provides further information on the results of the Partial Wind-Down and is attached to this report as Annex III.

1.4. Partial Wind-Down

As announced in LBT's press release of 14 December 2018 and described in more detail in the Information Notice on the LBT Website and in LBT's 7th public report dated 24 January 2019, LBT planned and executed a Partial Wind-Down of the estate. As described in these documents, LBT determined that a simplification of the existing note structure for certain Qualified Noteholders combined with a final distribution to other creditors, funded in large part by a sale of a *pro rata* portion of the LBHI Receivable, was appropriate and in the best interests of LBT's creditors.

The Partial Wind-Down consisted of:

- a. a solicitation process that allowed Qualified Noteholders to elect to receive Substitute Notes on account of all or a portion of their Eligible Notes;
- b. a sales process for a *pro rata* portion of the LBHI Receivable and a last and final cash distribution to LBT's creditors (including Noteholders) that did not or could not make an election to receive Substitute Notes;

- c. an in-kind distribution to LBT's former affiliates (including LBHI). This allowed these entities to receive their *pro-rata* entitlement to the LBHI Receivable; and
- d. the cancellation of all outstanding Notes issued by LBT with the exception of the Substitute Notes and the extinguishment of the Other Ordinary Claims.

On 2 May 2019, LBT made a Final Distribution to holders of Cash-Out Claims and to its former affiliates, as well as a first distribution on the Substitute Notes. On or about 25 April 2019, all Cash-Out Notes were blocked by the relevant Clearing System before payment of the Final Distribution.

After payment of the Final Distribution, the Cash-Out Other Ordinary Claims were fully extinguished and the Cash-Out Notes were cancelled.⁹ The cancellation of Cash-Out Notes was an administrative settlement, whereby such Cash-Out Notes were deregistered, or otherwise removed, from the Clearing Systems.

On 18 June 2019, LBT announced the successful completion of the Partial Wind-Down. As a result of the Partial Wind Down (i) the LBHI Receivable was reduced from USD 34.5 billion to USD 19.6 billion, (ii) LBT's claim pool was reduced from an admissible amount of EUR 24.8 billion to EUR 14.1 billion, and (iii) LBT's note structure was simplified from more than 3,700 outstanding series in twenty different currencies to a single series (the Substitute Notes, denominated in USD). As from the Partial Wind-Down, LBT made and will only make distributions on the Substitute Notes.

2. Assets

2.1. Assets

LBT's main asset is its allowed class 4A intercompany receivable against LBHI (the "**LBHI Receivable**") of USD 34,548,000,000 (before the Partial Wind-Down). In March 2019, as part of the Partial Wind-Down, LBT sold approximately 30.3% of the LBT Receivable for a consideration of USD 179,472,166. Part of the LBHI Receivable was distributed to LBSF and LBHI in fulfilment of their residual claim against LBT. The amount of the LBT Receivable retained by LBT is now USD 19,626,452,736. With respect to the (gross) distributions that LBT received from LBHI on the LBT Receivable, reference is made to the overview on page 2 and page 3 of this report.

⁹ A small number of notes are still in the process of being cancelled.

2.2. Estate accounts and cash-management

The Liquidators refer to the Statement of Receipts and Payments from 1 January 2019 to 30 June 2019 and to the detailed cash flow statement – Partial Wind-Down, attached to this liquidation report as Annex II and Annex III.

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 is a member of the Plan Trust. The Plan Trust has certain rights and duties under the Plan of reorganisation of LBHI. The Plan Trust meets twice a year with the LBHI board.

4. **LBT Distributions**

4.1. Distributions made by LBT

To date, LBT has made 14 regular distributions on Acknowledged Claims. LBT has made also a fifteenth distribution – as part of the Partial Wind-Down – which was LBT's Final Distribution to Cash-Out Creditors and LBT's former affiliates. As from the Partial Wind-Down, LBT made and will only make distributions on the Substitute Notes. Since the completion of the Partial Wind-Down, LBT has made two distributions on the Substitute Notes. An overview of these distributions is set out on pages 3 and 4 of this report.

With respect to the distributions made by LBT, reference is made to the ISIN-by-ISIN distribution reports available on the LBT Website.¹⁰ These reports state the distribution amount paid on each ISIN as well as on each Other Ordinary Claim at each distribution. As a result of the Partial Wind-Down, the distributions on the Substitute Notes will only be on a single ISIN (XS1932636159). As from the Partial Wind-Down, only the distribution reports for the abovementioned ISIN will be made available on the LBT Website.

4.2. Manifest Error proceedings

With regard to the last Manifest Error proceeding, the Amsterdam district court dismissed the Noteholder's claims. The Noteholder appealed against the decision of the Amsterdam district court. On 21 June 2019, the Amsterdam court

¹⁰ <http://lehmanbrotherstresury.com/general.html?p=9>

of appeal ruled partially in the Noteholder's favour, and LBT and the Noteholder subsequently reached a full and final settlement of this matter.

No more Manifest Error proceedings are pending before a court.

4.3. Way forward

As announced in the press release dated 18 June 2019 (available on the LBT Website), LBT announced that it is exploring options to facilitate the final wind-down of LBT in the near future, including an in-kind distribution to holders of substitute notes of their pro-rata share of the remaining LBHI Receivable of approximately USD 19.6 billion held by LBT against LBHI. In this context, LBT has asked its paying agent to collate information concerning the holders of substitute notes through a voluntary disclosure request via the clearing systems. The outcome provides useful information for the further wind-down of LBT.

5. Provisions of information

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

Amsterdam, 20 September 2019

Rutger J. Schimmelpenninck
liquidator

Frédéric Verhoeven
liquidator