

BANKRUPTCY REPORT

Bankruptcy report number 5 of the Bankruptcy Trustees of

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

12 March 2010

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 the creditors' meeting and any distribution, is also provided in "Notices to Noteholders". The Bankruptcy Trustees will 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 quarterly public reports. Both the notices and the public reports are available on www.lehmanbrotherstreasury.com.

Key items:

- 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 third quarter of 2010.
- The Bankruptcy Trustees are party to the Cross-Border Insolvency Protocol and have participated in the third meeting with official representatives that are also party to this Protocol on 14 and 15 January 2010 in New York. The Report of Activities of the official representatives and other participating affiliates to the Cross-Border Insolvency Protocol is attached to this report as **Annex 1**.
- 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.
- The Bankruptcy Trustees have received reactions from Noteholders with respect to the provisional valuation principles set out in the fourth public report and continue discussions with Noteholders on this subject.

Company details	:	Lehman Brothers Treasury Co. B.V.
Bankruptcy number	:	08.0494-F
Date of 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	:	1 October 2009 - 28 February 2010
Hours spent in period under review:	:	1,920.6
Hours spent - total	:	10,466.9

0. Preliminary comments

- 0.1 This is the fifth public report of the Bankruptcy Trustees. This report covers the period of 1 October 2009 through 28 February 2010. The Bankruptcy Trustees emphasise that the information in this report - in particular the financial data - is subject to further investigation. At a later stage it may turn out that a major part of this information needs to be adjusted. 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 Lehman Brothers Holdings Inc. ("LBHI"), the holding company of the worldwide operating Lehman Brothers group of companies (the "**Lehman Brothers Group**").

1.2. Activities LBT

1.2.1. *Introduction*

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 private 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 revenues of the Notes to LBHI.

- 1.2.2. LBT hedged the risks related to these derivative market elements by entering into swaps under ISDA-agreements with other entities of the Lehman Brothers Group. Documentation that has been made available to the Bankruptcy Trustees shows that the derivative market elements in the Notes, contrary to what was intended and perhaps by mistake, were not always fully hedged. At a later stage, the Bankruptcy Trustees will form their definitive views on the hedging strategy applied by LBT.

1.2.3. Subsequent to the request for additional accounting information made by the Bankruptcy Trustees with Lehman Brothers (International) Europe ("**LBIE**"), a meeting was held in London with representatives of LBIE and the Bankruptcy Trustees expect receiving this information in the coming weeks.

1.3. Financial information

1.3.1. *Accounting*

As a result of the multitude and diversity of the Notes that LBT has issued, the bookkeeping of LBT is complicated and operationally interwoven with the accounting systems of the Lehman Brothers Group.

As set out in the previous reports, LBIE performed a number of important duties for LBT, including various administrative duties.

LBIE and Lehman Brothers Limited ("**LBL**") have their respective corporate seat in London and have been in administration (insolvency proceedings under English law) since 15 September 2008. Four partners of PricewaterhouseCoopers in England have been appointed as joint administrators for these entities, as well as a number of other U.K. based Lehman Brothers Group companies (the "**Joint Administrators**").

1.3.2. *Available financial information / Global close*

The global close of the accounts of the Lehman Brothers Group as at 15 September 2008 (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.

1.3.3. *Meetings within the scope of the Protocol*

On 14 and 15 January 2010 the third official meeting was held between the official representatives that joined the *Cross-Border Insolvency Protocol* (the "**Protocol**") and other participating representatives (jointly: the "**Protocol-parties**").

The Bankruptcy Trustees refer to **Annex 1** for the Report of Activities of the Protocol-parties since the first Protocol meeting in London on 16 and 17 July 2009 until the third meeting in New York on 14 and 15 January 2010 (the "**Report**").

The fourth official Protocol meeting will be held in Hong Kong from 20 to 23 April 2010.

The Procedures Committee continues to hold regular conference calls to monitor the progress in the process and to address specific issues.

1.3.4. *Swaps*

As stated before, in principle LBT covered the risks related to the derivative elements embedded in the Notes by entering into swap agreements with other Lehman Brothers Group entities. Some of the ISDA-agreements, including the agreement with Lehman Brothers Finance S.A. ("**LBF**"), contain 'automatic early termination clauses' which provide for the automatic termination of the ISDA-agreement upon the occurrence of certain events of default. As regards to other ISDA-agreements the Bankruptcy Trustees have received termination notices. The Bankruptcy Trustees refer to the overview on page 7 of the third report for the (provisional) status of the ISDA-agreements entered into by LBT.

During the last reporting period significant work has been done with respect to the reconciliation of inter-company trade balances. Within the framework of the Protocol, book keeping information has been shared between LBT and the respective derivative counterparties that are party to the Protocol. Within the framework of these efforts, meetings have been held with LBF in Zürich, as well with the U.S. based swap-counterparties of LBT in New York.

The Bankruptcy Trustees note that in order to finalise the reconciliation exercises more data is needed.

As mentioned in the previous report, the Bankruptcy Trustees have reserved all rights in respect of the legal validity of the termination of the various ISDA-agreements. The Bankruptcy Trustees aim to come to a definitive view as to these terminations in the coming reporting period.

1.3.5. *Non-derivative intercompany balances*

As to the process of reconciling and agreeing inter-company balances that do not relate to derivative (or trade) positions, the Bankruptcy Trustees note that as to LBT's intercompany position with Lehman Brothers Ltd. ("**LBL**") periodic conference calls are being held with representatives of the Joint Administrators in order to reconcile the existing positions.

Agreeing on non-trading intercompany balances with Protocol-parties will be addressed in the coming months, as indicated in paragraph VII of the Report.

2. Assets

- 2.1. The balance of LBT's estate account at 31 January 2010 was EUR 7,982,446.61.

3. Debtors

- 3.1. As set out in the first report, the receivable of LBT due from LBHI is based on a loan agreement between LBT and LBHI, dated 26 May 2000 (annex III to the first report) and amounts to USD 34,782,418,198 according to the balance sheet as at 31 August 2008 and USD 32,604,207,177 according to the balance sheet as at 7 October 2008. This difference is the result of: (i) repayments made in the period between 31 August 2008 and 7 October 2008 and (ii) currency fluctuations (the USD denominated loan consists of various currencies. In this period the USD increased in value in respect of other currencies).

The Bankruptcy Trustees refer to § 3.2 of the fourth public report for an overview on the proofs of claim filed against LBHI and various other U.S. entities of the Lehman Brothers Group. 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. LBHI presented a "State of the Estate" as of November 18, 2009 which refers to an outline of a plan of reorganization to be presented by LBHI by the end of the first quarter of 2010, subject to resolution of a number of key issues. The Bankruptcy Trustees have been engaged in discussions with LBHI concerning the progress of LBHI's Chapter 11 proceeding and the enforcement and treatment of the claims filed by LBT against LBHI and LBHI's subsidiaries. The Bankruptcy Trustees expect these discussions will continue.

4. Bank / Security

- 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 30 May 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 have made preparations with respect to book keeping information needed to investigate this further at a later stage.

6. Creditors: valuation principles

6.1. Reactions to the Provisional Valuation Principles

The principles and views expressed in this paragraph may be subject to change and are therefore presented without prejudice. Reference is made to paragraph 6.4 for definitions of the capitalized terms used in this paragraph.

The Bankruptcy Trustees have presented provisional principles for the valuation of claims arising from Notes in paragraph 6 of the previous report (the "**(Provisional Valuation) Principles**") and have invited Noteholders to react to these Principles with the intention to announce definitive valuation principles in this fifth public report.

The Bankruptcy Trustees have received several detailed responses from Noteholders, representing roughly one third of the nominal amount of the outstanding Notes. These Noteholders are referred to as the "**Responding Noteholders**".

Furthermore, the Bankruptcy Trustees have had several meetings with Noteholders during which the Principles were discussed on a 'without prejudice' basis.

Many Responding Noteholders seem to agree with most Principles. However, certain Responding Noteholders have different opinions as to different key aspects of the Principles, mostly relating to Category III and IV claims as described in paragraph 6.4 of the previous report. The difference of opinions is either caused by different interpretations of the relevant provisions and

underlying principles of the Dutch Bankruptcy Act *or* from interpretations (only) serving those particular Responding Noteholders holding a specific type of Notes. As a consequence, Responding Noteholders may largely differ amongst themselves as to various key Principles.

The Bankruptcy Trustees' aim is to minimize legal proceedings preceding or following the Claims Admission Meeting by resolving the most important legal and economic issues related to the valuation of claims arising from Notes before calculating these claims.

Before announcing definitive valuation principles, further discussion with Noteholders is required. Also, since LBHI will need to value claims filed under the guarantees granted by LBHI, the Bankruptcy Trustees will further discuss valuation matters with LBHI. Therefore, a request to the Supervisory Judge to set the Claims Filing Date and a date for the Claims Admission Meeting will not be made before the third quarter of 2010.

6.2. Overview of reactions

In this paragraph the Bankruptcy Trustees summarize those (elements of the) Principles (mostly related to Category III and IV) in respect of which different views have been expressed by Responding Noteholders. The summary below is not intended to be complete or to include all reactions received from Responding Noteholders.

6.2.1. *Discount rate*

The Bankruptcy Trustees have indicated that the intended discount rates that will be used in the present value calculations of Contractual Amounts, will be the ranges of *risk-free interest rates* mentioned in paragraph 6.9 of the previous report, increased by a "*credit spread*" specific to the Lehman Brothers Group. Almost all Responding Noteholders agree with this proposed overview of *risk free rates*.

As to the proposed credit spread, the range of reactions from Responding Noteholders varies from not applying any credit spread on the one hand, to applying the credit spread applicable to LBT on the Bankruptcy Date on the other hand. Within this range, certain Responding Noteholders agreed to the Principle of using an average *credit spread*, but instead of the average *credit spread* based on market information for the period one month preceding 15 September 2008, some Responding Noteholders suggested a different period which should include a certain period immediately preceding the Bankruptcy Date.

It has also been suggested to refer to credit spreads of financial institutions comparable to Lehman Brothers Group.

6.2.2. *Contractual interest*

The Bankruptcy Trustees have indicated that in determining the present value of the claims falling into Category III, *all* future contractual payments should be taken into account and will be discounted to their present value at 8 October 2009. As such, the contractually agreed upon effective interest rate is a relevant element in the determination of the Admissible Amount, as is provided in Article 131, paragraph 3 DBA.

Certain Responding Noteholders hold the view that future contractual interest payments should not be taken into account when determining the Admissible Amount in accordance with Article 131 paragraph 3 DBA, since this would not be in line with (the principle of) Article 128 DBA, which provides that interest accruing after the Bankruptcy Date cannot be admitted.

In this respect, it is noted that various views have been expressed as to the question what type of return or yield on a Note's nominal amount will qualify as 'interest' within the meaning of Article 128 DBA. Views here vary from a strict legal interpretation of the term 'interest', being that 'interest' within the meaning of Article 128 DBA, should only include the return on a specific Note that qualifies as interest under English law (which governs the Note documentation), to a more economical approach, being that any variable component of a Note should be brought within the scope of Article 128 DBA.

6.2.3. *Determined and undetermined amount*

At the Claims Filing Date, a number of Notes will still be outstanding because these Notes will not have reached their Final Maturity Date and will not have been accelerated at that date. The Dutch Bankruptcy Act makes a distinction between claims with a determined amount (*bepaalde waarde*) and claims with an undetermined amount (*onbepaalde waarde*).

Certain Responding Noteholders are of the opinion that in accordance with the '*fixation principle*' of Dutch bankruptcy law, the distinction between an undetermined and a determined claim needs to be assessed as of the Bankruptcy Date instead of at the Claims Filing Date. As a consequence, in this view all undetermined claims that are outstanding at the Bankruptcy Date need to be estimated in accordance with Article 133 DBA and market movements that have occurred after the Bankruptcy Date should not be taken into account.

6.2.4. *Categorization*

As mentioned in paragraph 6.4.3. of the previous report, all claims arising from Notes that have matured or that have been (mandatorily) accelerated before the Claims Filing Date should be considered as *determined* and will be valued in accordance with Article 131, paragraph 2, second sentence DBA.

The Bankruptcy Trustees tentatively concluded that at the Claims Filing Date or alternatively at the Claims Admission Meeting, the *actual date* at which Notes have or will become due and payable is relevant for the categorization of claims. For example, a Note that has not matured on the Bankruptcy Date (and as such was undetermined at that date), but that becomes due and payable before the first anniversary of the bankruptcy, will be classified in Category II (see paragraph 6.4.2. of the previous report).

Certain Responding Noteholders are of the opinion that this approach violates their understanding of the fixation principle and that Notes should be valued in accordance with market data at Bankruptcy Date, thereby not taking into account post-Bankruptcy Date market movements.

6.2.5. *Valuation Date*

With respect to Article 133 DBA, the Bankruptcy Trustees have tentatively concluded that when estimating Deemed Contractual Amounts, all relevant circumstances should be taken into account. As a consequence, the appropriate date for the determination of the Deemed Contractual Amount should be 15 September 2008 for the reasons mentioned in paragraph 6.4.4. (sub-paragraph d) of the previous report.

This means that the Bankruptcy Trustees consider the market provisions prevailing at 15 September 2008 to more accurately reflect the value of the Notes for the purpose of *estimating* the Deemed Contractual Amount in accordance with Article 133 DBA than the prices quoted at the Bankruptcy Date.

This Provisional Valuation Principle therefore does not intend to "shift" the Bankruptcy Date to 15 September 2008 when estimating (undetermined) claims in accordance with Article 133 DBA. Such claims must be calculated at their value at the Bankruptcy Date, and, subsequently, in order to acknowledge the maturity dates of Notes (after the first anniversary of the Bankruptcy), the Admissible Amount is established by calculating the value of the Deemed Contractual Amount at the date of the first anniversary of the Bankruptcy (as described in paragraph 6.4.4. sub-paragraph c of the previous report).

Several Responding Noteholders indicated that all relevant market data needed for valuation purposes should be taken as of the Bankruptcy Date. In addition,

some Responding Noteholders argue that all (contractual) input parameters required to calculate the Contractual Amount, should be those derived from market data available at the Bankruptcy Date, instead of – for example, in the event of acceleration - using the data elements as of the date at which the Note becomes due and payable.

6.3. Acceleration

Validity of acceleration notices

The Bankruptcy Trustees have had several meetings with the relevant clearing agencies, in order to (amongst other topics) develop a process to verify whether (Series of) Notes have been validly accelerated. Such a process is needed since not all acceleration notices received by the Bankruptcy Trustees evidence that the required proportion of Noteholders under a specific Series of Notes has been obtained.

A list of ISIN-codes in relation to which the Bankruptcy Trustees have received a notice seeking to accelerate the corresponding Note is placed on the website www.lehmanbrotherstreasury.com. This list is regularly updated. To date, acceleration notices have been received in relation to approximately 400 Series of Notes.

6.3.1. *Pending litigation over acceleration notices*

The Conditions of many Notes provide that if holders of a Series of Notes wish to accelerate claims under the Notes (and thereby the entire Series), they must deliver notices of acceleration not only to LBT but also to LBHI as guarantor of the Notes. The Bankruptcy Trustees have received approximately 400 notices of acceleration and believe that such notices have also been delivered to LBHI. Such notices might not be valid to accelerate claims *against LBHI* because when LBHI filed its Chapter 11 petition, the U.S. Bankruptcy Code automatically imposed a stay against actions to collect claims from LBHI.

On 25 November 2009 Merrill Lynch International on behalf of itself and certain of its affiliates ("**Merrill Lynch**") filed a motion in LBHI's Chapter 11 proceeding to lift the automatic stay in order to serve notices of acceleration on LBHI in respect of certain Notes. Merrill Lynch stated that it had not filed notices of acceleration out of concern that this would violate the automatic stay.

LBHI opposed the Merrill Lynch's motion on the ground that a notice of acceleration could result in increasing claims against LBHI under the guarantees issued by LBHI in respect of the Notes held by Merrill Lynch. The Bankruptcy Trustees filed papers asking for an order that would allow all holders of Series of Notes – not only Merrill Lynch – to deliver notices of acceleration to LBHI.

At a hearing on 16 December 2009 and a status conference on 21 January 2010, U.S. Bankruptcy Judge Peck requested Merrill Lynch and LBHI to reach an agreement that would lift the stay without prejudicing LBHI. So far, LBHI and Merrill Lynch have not reached agreement. No assurance can be given that any resolution of this matter will apply to all Noteholders; any agreement or order may relate only to Merrill Lynch's motion.

If acceleration notices are considered void against LBHI, it is not clear whether the notices will nevertheless accelerate claims against LBT. The resolution of this issue depends on the interpretation of English law, which governs Notes and its Conditions. The Bankruptcy Trustees are seeking advice on this issue and expect to state their position on this issue in a future report.

6.4. Definitions

Admissible Amount	the value for which the relevant Note can be admitted in the Dutch bankruptcy proceeding of LBT. The Admissible Amount is calculated based on the Contractual Amount or the Deemed Contractual Amount
Bankruptcy Date	8 October 2008
Claims Admission Meeting	the meeting, chaired by the Supervisory Judge, in which the claims of all creditors will either be admitted (<i>erkend</i>) or disputed (<i>betwist</i>) by the Bankruptcy Trustees
Claims Filing Date	the date for filing of claims in the bankruptcy of LBT as set by the Supervisory Judge in accordance with Article 108 of the Dutch Bankruptcy Act
Conditions	the terms and conditions of the Notes, which are contained in the respective prospectuses in relation to the Programs
Contractual Amount	the amount that would be payable to a Noteholder under the relevant Conditions of a Note, such as the Final Redemption Amount, the Early Redemption Amount or the Mandatory Early Redemption Amount
DBA	Dutch Bankruptcy Act (<i>Faillissementswet</i>)

Deemed Contractual Amount	With respect to undetermined claims arising from Notes, the estimated amount of the claim at the Bankruptcy Date
Early Redemption Amount	the amount payable to a Noteholder on the Early Redemption Date as specified in the relevant prospectus and/or the applicable Final Terms
Early Redemption Date	the date on which Notes become due and payable at their Early Redemption Amount as a result of an acceleration
Final Maturity Date	the maturity date of the Notes on which the Notes will be redeemed at their Final Redemption Amount. In the Conditions and Final Terms, this date can also be defined as "Maturity Date"
Final Redemption Amount	the amount payable on the Final Maturity Date as specified in the relevant prospectus and/or the applicable Final Terms
Final Terms	a separate document in relation to each issue of a Series of Notes, amending and finalizing the Conditions
Mandatory Early Redemption Amount	the amount payable upon the occurrence of certain 'triggering events" (as further specified under 'mandatory early redemption events' in the relevant Final Terms)
Mandatory Early Redemption Date	the date on which certain Notes will be automatically redeemed at their Mandatory Early Redemption Amount
Notes	notes and certificates issued by LBT under the Programs
Noteholders	institutional and private investors that hold Notes
Programs	the USD 100,000,000,000 Euro Medium Term Note Program ("EMTN Program"), the USD 4,000,000,000 German Note Issuance Program, the (Swiss) Certificates Program and the (Italian)

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.

	Inflation Linked Notes Program
(Provisional Valuation) Principles	the provisional valuation principles set out in paragraph 6 of the fourth public report
Responding Noteholders	a Noteholder or group of Noteholders that reacted in writing to the Provisional Valuation Principles
Series of Notes	the entirety of Notes of a single issuance of Notes, which may comprise of one or more tranches issued on different issue dates. The Notes of each Series of Notes are subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different tranches

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.

7.2. Provision of information

This public report as well as the previous and next reports are 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, with the exception of paragraph 6, of which the English text is decisive. The public reports are also available for inspection at the Amsterdam District Court.

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

Other creditors than holders of Notes who believe that they have a claim against LBT are requested to submit those claims in writing, provided with underlying documents, to:

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

Amsterdam, 11 March 2010

Rutger J. Schimmelpenninck
bankruptcy trustee

Frédéric Verhoeven
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