

BANKRUPTCY REPORT

Bankruptcy report number **8** of the Bankruptcy Trustees of
Lehman Brothers Treasury Co. B.V. ("LBT")

April 28, 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 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 January 25, 2011 Lehman Brothers Holdings Inc. ("**LBHI**") and its affiliated U.S. debtors filed an Amended Joint Chapter 11 plan with the U.S. Bankruptcy Court for the Southern District of New York (the "**January Plan**") and related Disclosure Statement;
- The January Plan provides for a full, albeit conditional, allowance of the LBT intercompany claim filed by the Bankruptcy Trustees in the Chapter 11 proceedings of LBHI. The conditions imposed by LBHI on the allowance of the intercompany claim and on possible future distributions, are not acceptable to the Bankruptcy Trustees. The Bankruptcy Trustees are currently negotiating with LBHI and certain key Noteholder groups with respect to the treatment of LBT's intercompany claim in the January Plan;
- The Bankruptcy Trustees and their advisors are having constructive discussions with key Noteholder groups to explore the possibilities to come to an efficient approach with respect to the valuation of Noteholders' claims in the LBT estate;
- 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 January 26 and 27, 2011 and March 23, 2011;

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.

- On April 25, 2011 a group of creditors of mainly U.S. subsidiaries of LBHI (the *non-consolidation plan proponents*) filed a Chapter 11 plan based on non-substantive consolidation of the Lehman Brothers Group;
 - 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 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 end of 2011.
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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	:	January 1, 2011 – March 31, 2011
Hours spent in period under review:		1.064,2
Hours spent - total	:	14.484,4

0. Preliminary comments

- 0.1 This is the eighth public report of the Bankruptcy Trustees. This report covers the period of January 1st, 2011 through March 31st, 2011. Key developments

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that have occurred since the first quarter of 2011 are also included. 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.

1.3.3. *Swaps*

As stated in previous reports, in principle LBT hedged the risks related to the derivative elements embedded in the Notes by entering into swap agreements with other Lehman Brothers Group entities. The Bankruptcy Trustees specifically refer to the overview on page 7 of the third report for the (provisional) status of the ISDA-agreements entered into by LBT, as well as to § 1.3.3 of the sixth report with respect to the Bankruptcy Trustees' conditional conclusions with respect to the respective termination dates of the various ISDA-agreements.

Lehman Brothers Finance S.A. ("**LBF**") has filed a claim of USD 3,816,016,451.61 on the basis of the ISDA-agreement existing between LBT and LBF. This claim amount appears to be based on the information derived from the global close balance sheet, thereby suggesting September 12, 2008 as the appropriate valuation date. To date, LBF has provided no substantiation of its claim. The Bankruptcy Trustees intend to intensify the bilateral discussions with LBF with respect to the reconciliation of the trade positions between LBF and LBT and the appropriate valuation approach.

In the past reporting period, the Bankruptcy Trustees have made progress with Lehman Brothers Special Finance ("**LBSF**") in assessing the claim filed by LBSF of USD 1,014,490,346. This claim is stated to be LBSF's position against LBT as of December 12, 2008, which is the date of the termination notice sent by LBSF to LBT. Information has been exchanged between LBSF and the Bankruptcy Trustees and a meeting has been held in New York. The Bankruptcy Trustees and its financial advisors have started work assessing a first sample of the valuations provided by LBSF.

The Bankruptcy Trustees assess the trade positions of LBT with its affiliates against the background of the termination provisions of the applicable ISDA agreement. The (intercompany) settlement guidelines that are being finalised within the Protocol-meeting intend to provide a framework for the reconciliation and valuation of inter-company derivative claims.

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 mainly on the *Amended Joint Chapter 11 Plan of LBHI and its affiliated*

debtors filed on January 25, 2011 and the disclosure statement of the same date (the "**January Plan**").

At the Protocol meeting of January 27, 2011, representatives of the Ad Hoc Group of Lehman Brothers Creditors were given the opportunity to present the Chapter 11 plan filed on December 15, 2011.

The Protocol Parties also discussed the Plan Discovery Procedures (see § 1.5 below) at the Protocol meeting held in March 2011.

The non-U.S. Protocol Parties intend to prepare a joint statement to LBHI in response to the January Plan. This joint statement will be discussed at the next Protocol meeting in New York on April 29, 2011. The Protocol Parties will also extend an invitation to representatives of the *non-consolidation plan proponents* that filed a Chapter 11 plan and disclosure statement on April 25, 2011.

As mentioned in § 1.3.3 above, the settlement guidelines will also be addressed at the next protocol meeting.

1.5 Plan Discovery Procedures

- 1.5.1 On 14 April 2011, the United States Bankruptcy Court for the Southern District of New York entered an *Order establishing schedule and procedures in connection with discovery related to Plan confirmation and other issues* (the "**Plan Discovery Procedures**"). The Plan Discovery Procedures will govern all discovery in connection with the confirmation of any Chapter 11 plan related to LBHI and its U.S. affiliates.

The Bankruptcy Trustees expect that the Chapter 11 plan confirmation process will involve the resolution of many factual and legal issues that may involve matters related to LBT and the allowance of LBT's intercompany claim against LBHI. The Bankruptcy Trustees will participate in Plan Discovery in order to obtain access to factual information that might be necessary to support LBT's intercompany claim, to the extent needed. The Bankruptcy Trustees have obtained the approval from the Supervisory Judge to participate in Plan Discovery.

2. **Assets**

- 2.1. The balance of LBT's estate accounts at March 31, 2011 amounted to EUR 5.808.585,02.

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 34,782,418,198 according to the balance sheet as at August 31, 2008 and USD 32,604,207,177 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 USD denominated loan consists of various currencies. In 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.

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 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. The January Plan states that, provided that certain conditions are met, LBT's intercompany claim against LBHI shall be allowed for the net amount owed by LBHI to LBT as recorded on the books and records of LBHI as of September 14, 2008. In this respect the January Plan has departed from the LBT claim treatment proposed in LBHI's (previous) Plan, in which LBT's intercompany claim was made subject to a 50% reduction.

The January Plan, however, does not recognize the intercompany claim's status as senior debt under LBHI's subordinated indentures, whilst in its January Plan LBHI seems to have acknowledged the senior status of certain other claims, which was not the case in its (previous) Plan.

The Bankruptcy Trustees currently do not support the January Plan and have communicated their concerns with certain specific conditions of the January Plan to LBHI.

In particular, the LBT Trustees advised LBHI that they object to the January Plan's failure to recognize the seniority of LBT's intercompany claims.

In addition, the Bankruptcy Trustees cannot support the condition mentioned in the January Plan that allows LBHI to withhold distributions on LBT's intercompany claim, as long as LBF (or any other affiliate) does not allow claims filed by LBHI against LBF. The allowance of LBHI's claim against LBF, whether through settlement or litigation, is beyond the Bankruptcy Trustees' control and

therefore not acceptable as a condition for the allowance of LBT's intercompany claim against LBHI.

The January Plan also states that the proposed treatment of LBT's intercompany claim is conditioned on having the methodology for the valuation of Noteholders' claims in the (Dutch) bankruptcy of LBT consistent with the methodologies LBHI has proposed for the valuation of Noteholders' claims (filed under the third party guarantees) against LBHI. In this respect, simultaneous with its January Plan, LBHI has filed an amended LBHI Valuation Memorandum (the "**January LBHI Valuation Memorandum**") as well as an amended "ISIN-by-ISIN" breakdown of the maximum allowable claims against LBHI per Note issuance series. The Bankruptcy Trustees refer to the seventh report for more information regarding the LBHI Valuation Memorandum.

Whilst certain Noteholders would support the use of the valuation methodologies used in the January LBHI Valuation Memorandum for the valuation of claims arising under the Notes against LBT, the Bankruptcy Trustees cannot make the allowance of LBT's intercompany claim against LBHI dependent on the application under Dutch law of the principles contained in the January LBHI Valuation Memorandum for the valuation of Noteholders' claims against LBT.

The Bankruptcy Trustees are having ongoing discussions with LBHI with respect to the January Plan. These discussions remain confidential.

As stated in the seventh report, any settlement with LBHI with respect to the allowance of LBT's intercompany claim must be conditioned upon the approval of the supervisory judge. When the Bankruptcy Trustees intend to put any settlement with LBHI before the supervisory judge for approval, such intent will be communicated to creditors via a notification on the website and by means of an email notification to those included on the mailing list.

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 (*Paulianeus handelen*)

The Bankruptcy Trustees are investigating cash transfers that have occurred in the period preceding LBT's bankruptcy.

6. Creditors

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 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. In these discussions, the January LBHI Valuation Memorandum as well as the Provisional Valuation Principles published in the fourth and fifth public report are taken into consideration. The Bankruptcy Trustees aim to come to a principal understanding with the key Noteholder groups given the importance of developing a claims valuation methodology that is fair and consistent but that can also be implemented in the most efficient manner, given the extreme complexities involved in the valuation of claims under the Notes.

6.2. Acceleration

In the past reporting period, the Bankruptcy Trustees have assessed the notices (and any additional information in respect of these notices) sent by Noteholders or Noteholders' representatives to the Bankruptcy Trustees and/or LBT with a view to accelerate (series of) Notes.

The Bankruptcy Trustees will identify on the LBT website on or around May 20, 2011 which (series of) Notes appear to have been validly accelerated. Given that the Bankruptcy Trustees expect to be making further information requests to a limited number of Noteholders, the Bankruptcy Trustees note that the list of (series of) Notes that will be identified as appearing to be validly accelerated will not be exhaustive.

The Bankruptcy Trustees also explicitly note that the identification of a (series of) Notes as appearing to be validly accelerated, does not lead to an irrevocable admittance of the validity of such notice and/or of a claim resulting from such acceleration by the Bankruptcy Trustees. An accelerated claim can still be subject to dispute by (other) Noteholders.

The allowance and valuation of accelerated claims is furthermore conditioned on the claims allowance and valuation procedure that the Bankruptcy Trustees are currently striving to develop in consultation with key Noteholder groups.

6.3. Direct Rights

Upon review of the EMTN Note Program documentation, it appears that so-called “direct rights” might have come and might come into existence where it regards series of notes issued under the EMTN Note Program which have – inter alia – been validly accelerated and/or matured in accordance with the relevant conditions. At the request of the Bankruptcy Trustees, Euroclear Banking Brussels A.S./N.V., Clearstream Banking S.A. Luxembourg and SIX SIS Ltd. have confirmed that they will continue to provide their services with respect to all outstanding notes under the EMTN Note Program and/or “direct rights”, regardless of whether or not the series of notes have been validly accelerated and/or matured.

6.4. Taiwan Taipei court proceedings

Reference is made to the previous reports. Chinatrust Commercial Bank has filed its statement of appeal against the decision rendered in first instance with the Taipei High Court on March 2, 2011. Subsequently, Chinatrust was requested by the High Court to provide further written submissions, after which the Bankruptcy Trustees filed a statement of defense.

A similar proceeding has been initiated in Taiwan by First Commercial Bank Ltd. (“FCB”) against LBT and other Lehman Brothers Group entities. At the court hearing in first instance on March 30, further briefs were submitted by FCB who is (in its capacity as holder of Notes) arguing – amongst other things – a damage

claim against LBT. No decision as to the jurisdiction has been made by the court in first instance. A next hearing is planned on May 11, 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 July 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**

Amsterdam, April 28, 2011

Rutger J. Schimmelpenninck
bankruptcy trustee

Frédéric Verhoeven
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