

BANKRUPTCY REPORT

Bankruptcy report number 6 of the Bankruptcy Trustees of
Lehman Brothers Treasury Co. B.V. ("LBT")

30 July 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 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 quarterly public reports. Both the notices and the public reports are available on www.lehmanbrotherstresury.com.

Key items:

- LBHI and its affiliated U.S. debtors have filed a joint Chapter 11 plan with the U.S. Bankruptcy Court for the Southern District of New York which proposes a 50% reduction of the intercompany claim filed by the Bankruptcy Trustees in the Chapter 11 proceedings of LBHI. **The Bankruptcy Trustees do not agree with the proposed reduction and are discussing a better treatment of the intercompany claim with LBHI.**
- The Bankruptcy Trustees are party to the Cross-Border Insolvency Protocol and have participated in meetings with official representatives that are party to this Protocol on 22 and 23 April 2010 in Hong Kong, in London on 18 and 19 May 2010 and 16 and 17 June 2010, respectively, as well as in Berlin on 20 July 2010.
- 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 2010.

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.

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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 | : | 1 March 2010 - 30 June 2010 |
| Hours spent in period under review: | | 1,298.3 |
| Hours spent - total | : | 11,765.2 |

0. Preliminary comments

- 0.1 This is the sixth public report of the Bankruptcy Trustees. This report covers the period of 1 March 2010 through 30 June 2010. Key developments that have occurred in July 2010 are also included in this report. 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"), a 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.

1.3. Financial information

1.3.1. *Accounting / Available financial information*

As set out in the previous reports, Lehman Brothers (International) Europe ("**LBIE**") performed various administrative duties for LBT. The Bankruptcy Trustees have made a request with LBIE's Joint Administrators for additional book keeping information related to LBT. The Bankruptcy Trustees are currently negotiating an additional agreement related to the release of this information.

The Bankruptcy Trustees note that in the course of the past reporting period, additional (historical) financial information has been made available by LBHI and by Lehman Brothers Bankhaus AG.

Further historical financial data is expected from affiliated entities in the coming weeks. The Bankruptcy Trustees expect this data will provide substantial additional and necessary information with respect to the intercompany trading positions.

1.3.2. *Global close*

The global close of the accounts of the Lehman Brothers Group as of 12 September 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 12 September 2008 COB has been made available on the LBT website on 30 July 2010.

1.3.3. *Swaps*

As stated in previous reports, 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. 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.

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. Conditional upon further assessment, the Bankruptcy Trustees hold the view that the ISDA-agreement concluded between LBT and LBF, has been automatically terminated as of 19 September 2008, the date of

the provisionally granted suspension of payment procedure with respect to LBT, assuming that this suspension of payment procedure qualifies as a "Bankruptcy Event" under the respective ISDA-agreement. The same applies with respect to the ISDA-agreement with Lehman Brothers Commercial Corporation, which also appears to be automatically terminated as of 19 September 2008.

As to the ISDA-agreements in relation to which termination notices were sent by LBT's various counterparties, the Bankruptcy Trustees are informed that, subject to further assessment, the ISDA-agreement between LBT and Lehman Brothers Commodity Services Inc. has been terminated as of 12 December 2008. With respect to the ISDA agreement concluded with Lehman Brothers Special Finance, the effective termination date is unclear because of the termination notice dated 12 December 2008 not being sent to the address designated in the ISDA-agreement.

LBT has entered into derivative trades with the following entities without an ISDA-agreement being concluded between LBT and either one of those entities: Lehman Brothers Holdings Inc. UK Branch, Lehman Brothers Commodity Services Europe and Lehman Brothers Commercial Corporation Asia Ltd. ("**LBCCA**"). LBCCA has sent a notice in accordance with ISDA-standards aimed to terminate the trading relation with LBT as of 21 January 2010. The status of these trading relations is unclear.

The Bankruptcy Trustees have furthermore received a termination notice from Lehman Brothers Finance Asia Pte. Ltd. aiming to terminate the ISDA-agreement as of 13 November 2009. The termination of this agreement appears to be valid.

During the last reporting period significant work has been done with respect to the reconciliation of intercompany trade balances. Within the framework of the Protocol, the Bankruptcy Trustees will assess the value of the (terminated) ISDA-agreements. The Bankruptcy Trustees emphasise that more data is needed in order to finalise the reconciliation exercises and come to a proper valuation (see § 1.3.1).

1.4 Lehman Brothers cross-border insolvency protocol

1.4.1. *Meetings within the scope of the Protocol*

On 22 and 23 April 2010 the fourth 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**"). At this meeting representatives of LBHI presented the *Joint Chapter*

11 Plan of LBHI and its affiliated debtors dated 14 April 2010 and the disclosure statement of the same date (jointly: the "**Plan**") to the Protocol Parties.

Further Protocol meetings were held in London on 18 and 19 May 2010 and 16 and 17 June 2010. At these meetings LBHI provided explanation to the proposed treatment of intercompany (class 6 in the Plan) and affiliate guarantee claims (class 8) filed by Protocol Parties.

A joint counterproposal was prepared by the non-U.S. Protocol Parties in May – June 2010 and presented to LBHI at the June meeting in London and further discussed on 20 July 2010 in Berlin. The counter proposal addressed certain key points with respect to the Plan that are of interest to all or most of the non-U.S. Protocol Parties.

Specific issues are being dealt with in bi-lateral discussions between LBHI and various Protocol Parties, including the Bankruptcy Trustees.

It is expected that discussions between LBHI and the non U.S. Protocol Parties with respect to the counter proposal, as well as the various bilateral discussions between the various estates will continue for the coming weeks.

2. Assets

- 2.1. The balance of LBT's estate accounts at 30 June 2010 was EUR 7,741,574.27.

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 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 LBT intercompany receivable against LBHI as at 12 September 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 Plan states that LBT's intercompany claim against LBHI held by LBT shall be allowed in an aggregate amount equal to 50% of the net amount owed by LBHI to LBT as recorded on the books and records of LBHI as of 14 September 2008. The Plan furthermore does not recognize the intercompany claim's status as senior debt under LBHI's subordinated indentures.

The Bankruptcy Trustees do not agree with the proposed treatment of LBT's intercompany claims under the Plan and have engaged in negotiations with LBHI and the official committee of unsecured creditors of LBHI *et al.* with the intention to explore a possible settlement. These negotiations are continuing and remain confidential.

The Bankruptcy Trustees note that any settlement with LBHI with respect to the allowance of LBT's intercompany claim is conditional upon the approval of the supervisory judge. When and if 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

- 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

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.

Over the past period, the Bankruptcy Trustees have continued discussions with Responding Noteholders during which the Provisional Valuation Principles were discussed on a 'without prejudice' basis. Since the date of the previous report, the Bankruptcy Trustees have also received additional reactions from Noteholders.

In addition, the Bankruptcy Trustees have been seeking legal advice with respect to certain aspects of the Note structure that play a role in the valuation of claims arising from the notes, such as the interpretation under U.K. law of the "*fair market value*" concept in relation to the Early Redemption Amount of certain accelerated notes and the position of the calculation agent following the insolvency of LBT.

The Bankruptcy Trustees continue to pursue their aim 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.

The Bankruptcy Trustees are including matters related to the valuation of Noteholders' claims against LBT and against LBHI under the third-party guarantee, in the discussions with LBHI in respect of the Plan.

6.2. Acceleration

The Bankruptcy Trustees have developed in consultation with the relevant clearing agencies a process to verify whether (Series of) Notes have validly been accelerated. Noteholders that have sent an acceleration notice will be contacted in August – September with a request to provide additional information in order to assess whether the requirements for a valid acceleration notice have been met.

6.2.1. *Litigation over acceleration notices*

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.

As set forth in the previous report, 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 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.

On 22 March 2010, the United States Bankruptcy Court entered an order consensually agreed to by Merrill Lynch and LBHI (the "**Merrill Order**") authorizing Merrill Lynch to deliver notices of acceleration to LBHI for the sole purpose of accelerating Merrill Lynch's claims against LBT and providing that the delivery of such acceleration notices shall have no effect on LBHI's liabilities, if any, under the Notes and any guarantee thereof.

On 3 May 2010, LBHI filed a motion with the United States Bankruptcy Court seeking an order lifting the automatic stay with respect to acceleration notices that other Noteholders have sent, or may send in the future, for the same purpose and on the same terms and conditions as the Merrill Order, effective *nunc pro tunc* to the date of receipt by LBHI of such notices. On 17 June 2010, the United States Bankruptcy Court entered an order authorizing all holders of LBT Notes to deliver notices to LBHI with respect to the Notes, solely for the purposes of accelerating their claims against LBT and providing that the delivery of such acceleration notices shall have no effect on LBHI's liabilities, if any under the Notes and any guarantee thereof. The order is effective *nunc pro tunc* to 15 September 2008.

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.

6.3. Taiwan Taipei court proceedings

LBT has been served a writ of summons by Chinatrust Commercial Bank ("**Chinatrust**"), dated 3 June 2009. Also, other companies of the Lehman Brothers Group have been summoned to appear for the Taiwan Taipei District Court.

According to the documents served, Chinatrust has, shortly prior to LBHI's Chapter 11 filing, purchased LBT Notes and sold these in the Taiwanese market. Chinatrust states to have compensated its clients in Taiwan for losses incurred on the LBT Notes due to LBT's insolvency. Chinatrust claims that certain Lehman Brothers Group entities, including LBT, are liable for the damages incurred by Chinatrust by compensating its clients.

The Bankruptcy Trustees believe that this claim is invalid and have engaged local counsel. LBT's primary defense is that Chinatrust can only file a claim in the LBT bankruptcy process where ultimately such claim may be admitted or rejected by a Dutch court in claims admission proceedings (*renvooiprocedure*). A foreign court has no standing to decide on the validity of such claim.

A similar proceeding has been initiated in Taiwan by First Commercial Bank Ltd. against LBT and other Lehman Brothers Group entities. In this proceeding a court hearing will take place on 30 July 2010. LBT will be represented by its Taiwanese counsel and submit a first defense brief.

In the proceeding initiated by Chinatrust, LBT has not yet been (validly) summoned to be present in a court hearing

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.lehmanbrotherstresury.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 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 31 August 2008, annex I to the first report), are requested to read the notice of 22 December 2008 (available on the 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, 30 July 2010

Rutger J. Schimmelpenninck
bankruptcy trustee

Frédéric Verhoeven
bankruptcy trustee