

Financial report 2017

Lehman Brothers Treasury Co B.V. in
liquidation

Amsterdam, The Netherlands

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date **15 MAY 2018**

Belonging to letter nr. *AA.18-0937* date *15.05.2018*
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Report of the liquidators

Report of the liquidators

This report of the liquidators of Lehman Brothers Treasury Co. B.V. in liquidation ("the Company" or "LBT") covers the year 2017.

LBT was a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, an entity fully owned by Lehman Brothers Holdings Inc. ("LBHI"), the holding company of the worldwide operating Lehman Brothers group of companies. 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. LBT was declared bankrupt by the Amsterdam District Court on 8 October 2008 with the appointment of Rutger Schimmelpenninck and, on 13 October 2009, Frédéric Verhoeven as bankruptcy trustees.

On 10 December 2012, LBT offered a composition plan to its creditors ("Composition Plan"). After approval by its creditors, the Amsterdam District Court confirmed (*gehomologeerd*) the Composition Plan on 22 March 2013. On 3 April 2013, the Composition Plan became effective. As a result, the bankruptcy of LBT ended. Subsequently, on 3 April 2013, LBT was put in voluntary liquidation, and the former bankruptcy trustees of LBT were appointed as liquidators of LBT by Stichting Lehman Brothers Treasury Co ("Stichting").

Since 28 February 2012, Stichting has been the sole shareholder of LBT. Stichting supervises the implementation and execution of the Composition Plan. In accordance with the Composition Plan, distributions from LBT to noteholders as well as other creditors are limited to their pro rata share (based on allowed claims) of cash received by LBT from LBHI or otherwise arising in the liquidation.

The Composition Plan sets out the allowed claims which are currently estimated at EUR 24,783,012,448. While the allowed claims are defined in the Composition Plan, the finalised valuation of some of these allowed claims is still being determined. The distribution on allowed claims is on a pro rata basis.

LBHI entered into a voluntary US Chapter 11 proceeding on 15 September 2008. LBT has an intercompany claim against LBHI arising from loans made by LBT to LBHI; these loans were made with the proceeds of the notes issued. In the LBHI US Chapter 11 proceedings, the intercompany claim due to LBT, was allowed for an amount of USD 34,548,000,000 in the Third Amended Plan, which was confirmed in December 2011. As at 31 December 2017, LBT received gross distributions from LBHI on this allowed claim. These gross distributions can be specified as follows:

<i>Date</i>	<i>Amount in USD</i>	<i>Distribution percentage of claim</i>
Pre-Composition Plan	2,672,711,773	7.7
2013	2,969,669,941	8.6
2014	3,084,874,526	8.9
2015	1,579,417,097	4.6
2016	968,532,451	2.8
2017	964,472,370	2.8
<i>Total</i>	<u>12,239,678,158</u>	<u>35.4</u>

In addition to the distributions noted above, LBT received a further gross distribution on 6 April 2018 of USD 138,957,929.

Since 3 April 2013, LBT approved and paid eleven distributions under the Composition Plan on the Outstanding Series of Notes and on Acknowledged Other Ordinary Claims (as defined in and accordance with the Composition Plan). The gross distributions (before adjustments such as withholdings) paid were as follows:

<i>Date*</i>	<i>Amount in USD</i>	<i>Distribution percentage of claims**</i>
Distributions paid in 2013	5,553,514,754	16.8
23 January 2014	4,789,993	0.0
28 April 2014	1,735,103,503	5.1
28 October 2014	1,328,877,953	4.0
27 April 2015	894,777,123	3.4
29 September 2015	11,987,527	0.0
29 October 2015	690,080,299	2.5
28 April 2016	192,801,699	0.7
14 July 2016	282,048,653	1.0
29 November 2016	497,855,341	1.9
2 May 2017	377,972,805	1.4
23 October 2017	<u>241,990,563</u>	<u>0.8</u>
	11,811,800,213	37.6

* NOTE: LBT made eleven approved distributions. Distributions are made in various currencies in accordance with the respective currency of the Outstanding Note. Due to operational matters on some Outstanding Notes, the payment on these Outstanding Notes may occur after the distributions' main payment date.

**NOTE: The distribution percentage of claims calculated is based on the foreign exchange rates at the date of distribution.

In addition to the distributions noted in the above table, a twelfth distribution of gross USD 343,989,891 was approved and paid on 16 January 2018 and a thirteenth distribution of gross USD 132,466,570 was approved and paid on 2 May 2018. Further distributions will be made in accordance with the Composition Plan.

Amsterdam, The Netherlands, 15 May 2018
The Liquidators of LBT

R.J. Schimmelpenninck

F. Verhoeven

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Financial statements

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Balance sheet

(after appropriation of result)

Assets (in thousands)	Note	31 December 2017		31 December 2016	
		USD	USD	USD	USD
<i>Non-current assets</i>					
Receivables from former affiliated companies	6.		1,242,054		1,705,760
<i>Current assets</i>					
Receivables					
Taxes	7.	117		177	
Other debtors, prepayments and accrued income	8.	<u>0</u>		<u>345</u>	
			117		522
Cash and cash equivalents	9.		335,008		28,604
Total Assets			<u>1,577,179</u>		<u>1,734,886</u>

Shareholders' equity and Liabilities

(in thousands)	Note	31 December 2017		31 December 2016	
		USD	USD	USD	USD
Shareholders' equity					
Ordinary share capital	11.	2,396		2,111	
Other reserves	12.	<u>(2,396)</u>		<u>(2,111)</u>	
			0		0
Liabilities					
<i>Non-current liabilities</i>					
Claims payable	13.	1,557,299		1,721,245	
Administration cost provision	14.	<u>19,880</u>		<u>13,641</u>	
			1,577,179		1,734,886
Total Shareholders' equity and Liabilities			<u>1,577,179</u>		<u>1,734,886</u>

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Income statement for the period

(in thousands)	Note	1 January to 31 December 2017		1 January to 31 December 2016	
		USD	USD	USD	USD
Interest and similar income	15.		164		172
Net changes in value of assets and liabilities	16.	164		172	
Total operating expenses			164		172
Operating profit/(loss)			0		0
Result from ordinary activities before taxation			0		0
Income tax expense			0		0
Profit/(loss) after taxation			0		0

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Cash flow statement for the period

(in thousands)	1 January to 31 December 2017		1 January to 31 December 2016	
	USD	USD	USD	USD
<i>Receipts for the period:</i>				
Distributions received from LBHI	854,891		858,540	
Interest received on current and deposit accounts	228		259	
Tax refund received	209		224	
Total Receipts		855,328		859,023
<i>Payments for the period:</i>				
Distributions to creditors	(549,332)		(862,713)	
Professional fees and interest expense (including any applicable value added taxes)	(1,392)		(2,896)	
Total Payments		(550,724)		(865,609)
Cash flow from operating activities		304,604		(6,586)
Exchange losses on cash and cash equivalents		1,800		(457)
Net increase/(decrease) in cash and cash equivalents		<u>306,404</u>		<u>(7,043)</u>
Movements in cash and cash equivalents consist of:				
Balance as at start of period		28,604		35,647
Movements during the period		306,404		(7,043)
Balance as at 31 December (note 9)		<u>335,008</u>		<u>28,604</u>

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Notes to the balance sheet, income statement and cash flow statement

1. General observations

1.1. Activities

Lehman Brothers Treasury Co B.V. (in liquidation) was incorporated in the Netherlands (with registration number 33267322 with the Chamber of Commerce and Industry of Amsterdam) as a private limited company on 8 March 1995. The Company was incorporated for the financing of the business activities of the Lehman Brothers Group.

The Company was a wholly-owned subsidiary of Lehman Brothers UK Holdings (Delaware) Inc, which company in turn was fully owned by LBHI, the holding company of the worldwide operating Lehman Brothers Group. All outstanding shares in the Company were transferred to Stichting Lehman Brothers Treasury on 28 February 2012.

The Company was declared bankrupt by the Amsterdam District Court on 8 October 2008. In the Dutch proceedings, a Composition Plan was approved by the required majority of creditors, and subsequently confirmed by the Amsterdam District Court wherein – inter alia – the Composition Plan defined each noteholder's ("Noteholders") and creditor's allowed claim that was agreed on a binding basis. In accordance with the Composition Plan, distributions from LBT to Noteholders and other creditors are limited to their respective pro rata share (based on allowed claims) of cash received by LBT from LBHI or otherwise arising in the liquidation. LBT has made 11 distributions to date and future distributions are expected to occur in the coming years periodically as cash becomes available to LBT.

Following the confirmation of the Composition Plan, the Company emerged from bankruptcy and was put into voluntary liquidation on 3 April 2013. On that date, the Composition Plan became effective.

1.2. Registered office, legal form and registration number at the chamber of commerce

LBT has its registered office at Schiphol Boulevard 231, 1118 BH, Amsterdam, The Netherlands and is registered at the chamber of commerce under number 33267322.

2. General policies

2.1. General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting in the Netherlands.

These financial statements have been prepared on a liquidation basis. Accordingly, assets have been valued at their net realisable value and liabilities at the best estimate of the amounts to be paid (see note 1.1). The balance sheet, income statement and cash flow statement include references to the notes.

2.2. Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires the Liquidators to exercise judgement in the process of applying the Company's accounting policies. If necessary for the purposes of providing the view required under Section 362, subsection 1, Book 2 of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2.3. Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous reporting period.

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2.4. Foreign currencies

2.4.1. Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in US dollars, which is the functional and presentation currency of LBT.

2.4.2. Transactions, assets and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

2.5. Accounting policies for the cash flow statement

The cash flow statement has been prepared using the direct method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents except for deposits with a maturity over three months. All cash flows during the year relate to cash flows from operating activities. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

3. Accounting policies for the balance sheet

3.1. Receivables from former affiliated companies

The claims receivable is recognised at net realisable value. The net realisable value is determined based on a quoted price provided by an investment banker for a comparable class of LBHI debt. This quoted price is then adjusted for differences in class features by considering LBHI's ratio of recovery amongst its different classes of claims.

The ultimate recovery of the Company's receivable from LBHI is not known with certainty and is subject to change. LBHI is currently in liquidation and its ability to distribute funds is difficult to estimate. Distributions from LBHI depend on many unpredictable factors which include the settlement of remaining disputes (including litigation) and the receipt by LBHI of funds from its affiliates. See LBHI's website for more information.

3.2. Receivables

Receivables are recognised at net realisable value.

3.3. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

3.4. Claims payable

Liabilities are recognised at the Liquidators' best estimate of the amount required to contractually settle the liabilities in accordance with the provisions of the Composition Plan with no regard to LBT's own credit risk. On the basis of the release by the LBT creditors by virtue of the Composition Plan of any claim beyond the cash LBT shall receive (i.e. Available Cash as defined in the Composition Plan), claims payable is measured as equivalent to the net realisable value of the Company's claim on LBHI (reported as the receivable from former affiliated companies) less the claims administration cost provision and plus any interest income.

3.5. Administration costs provision

As the Company is in liquidation, the Liquidators have estimated the administration costs that will be required during the liquidation period to cover the costs of liquidating the Company. The estimate of the costs to be incurred includes Liquidator fees, legal fees, accounting fees, audit fees, banking related fees and other costs. This provision is measured on a non-discounted, best estimates basis which is updated back to the balance sheet date.

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reporting date. See note 14.

4. Accounting policies for the income statement

4.1. Result

The net results of the Company are determined as the difference between the income from assets, changes in claims payable and changes in the administration cost provision for the period.

4.2. Exchange rate differences

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur.

4.3. Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest bearing instruments. For all interest bearing financial instruments, interest income or interest expense is recognised on an accrual basis.

4.4. Changes in value of assets and liabilities

Changes in value of assets and liabilities comprise the unrealised result on the receivable from former affiliated companies, changes in the payable to LBT creditors under the Composition Plan and unrealised currency exchange results.

4.5. Income tax expense

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

Given the liquidation of the Company, it is currently estimated that there will be no corporate income tax liability in respect of 2017.

5. Financial instruments and risk management

5.1. Currency risk

The Company mainly operates in the Netherlands. The Company's main asset is denominated in US dollars (the Company's functional currency) but most of the Company's operating expenses are denominated in euros. The Company's liabilities to Noteholders and creditors under the Composition Plan are settled in US dollars.

Given the terms of the Composition Plan, the Company does not bear any significant currency risk. In general, distributions received (note 6) by the Company are received in US dollars and distributions paid (note 13) by the Company are made in US dollars.

5.2. Credit risk

The Company is exposed to credit risk on its assets (receivables). The Company has a concentration of credit risk, as the greatest part of the receivable is due from one single party (LBHI). The Company has credit risk as most of its cash and cash equivalents are on deposit at two large international banks. The Company has an euro bank account to mitigate the currency risk on the future operating expenses.

Given the terms of the Composition Plan, the Company does not bear the ultimate credit risk. Any credit related losses will impact the Available Cash (as defined in the Composition Plan) which effectively transfers the credit loss to the Noteholders and creditors under the Composition Plan.

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5.3. Liquidity risk

LBT uses several banks.

Given the terms of the Composition Plan, Claims Payable creditors are only entitled to receive payments if the Company has Available Cash (as defined in the Composition Plan). If the Liquidators determine that the Company has insufficient Available Cash for a distribution to the Claims Payable creditors then no such payments will be made at that time to the Claims Payable creditors.

Creditors arising from transactions after the Company's emergence from bankruptcy proceedings are not subject to the Composition Plan.

6. Receivables from former affiliated companies

The movements can be specified as follows:

	<u>2017</u>	<u>2016</u>
(in thousands)	USD	USD
Balance as at beginning of period	1,705,760	2,065,884
Gross distributions received from LBHI during the period	(964,472)	(968,532)
Change in estimated value of receivable	500,766	608,408
Balance as at 31 December	<u>1,242,054</u>	<u>1,705,760</u>

LBHI entered into a voluntary US Chapter 11 proceeding on 15 September 2008. The Company has an intercompany claim against LBHI. In the LBHI US Chapter 11 proceedings, the LBT Intercompany claim due was agreed at an amount of USD 34,548,000,000 ("Admitted LBHI Amount") in the Third Amended Plan, which was confirmed in December 2011.

As of 31 December 2017, cumulative distributions received from LBHI amount to USD 12,239,678,158 (2016: USD 11,275,205,788) which represents approximately 35.4% (2016: 32.6%) of the Admitted LBHI Amount.

While the Company receives distributions from LBHI, LBHI and its affiliates are Ordinary Creditors of LBT under the Composition Plan. As such, a portion of the distribution that LBT receives from LBHI is ultimately redistributed to LBHI and its affiliates when LBT makes distributions. In order to minimize the delays in distribution caused by this circularity, an agreement ("Distribution Agreement") was reached with LBHI and its affiliates for LBHI to withhold 90% of LBHI and its affiliates' expected share in the resulting LBT distribution ("Withheld Amounts"). As a result of this Distribution Agreement, the gross distributions deemed to be received from LBHI is higher than the actual cash receipt due to the Withheld Amounts. The subsequent LBT distribution to its creditors (see note 13) is also reduced by the Withheld Amounts.

The balance as at 31 December 2017 represents the estimated value of future distributions to be received from LBHI based on market prices obtained for comparable classes of LBHI debt which are traded, adjusted for differences in class features by considering LBHI's ratio of recovery amongst its different classes of claims; this represents an estimated further 3.6% of the Admitted LBHI Amount. The change in the value of the LBHI receivable reflects the increase in the market prices for LBHI claims observed during the period.

The exact timing and amount of distributions in the future from LBHI is unknown; however, an indeterminable portion of the receivable is expected to be received within 12 months after the balance sheet date (see note 22).

7. Taxes

	<u>2017</u>	<u>2016</u>
(in thousands)	USD	USD
Receivable for value added tax paid	<u>117</u>	<u>177</u>

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8. Other debtors, prepayments and accrued income

	<u>2017</u>	<u>2016</u>
(in thousands)	USD	USD
Prepaid expenses	<u>0</u>	<u>345</u>

9. Cash and cash equivalents

As of 31 December 2017, the Company retained USD 14,500,401 (2016: USD 13,475,070) for Withheld ISINs and disputed claims and another USD 15,418,787 (2016: USD 15,447,000) for the Provision for Administration Costs. See note 22 for a cash distribution subsequent to the balance sheet date.

Cash at banks and in hand also include a short-term deposit of USD 305,201,347 which matured on 4 January 2018.

10. Shareholders' equity

	<u>Share capital</u>	<u>Other reserves</u>	<u>Total</u>
(in thousands)	USD	USD	USD
Balance as at 1 January 2017	2,111	(2,111)	0
Movements			
Exchange differences	285	(285)	0
Balance as at 31 December 2017	<u>2,396</u>	<u>(2,396)</u>	<u>0</u>

11. Share capital

The authorised share capital of LBT amounts to EUR 3,405,000 divided into 7,500 ordinary shares of EUR 454. Issued share capital consists of 4,406 ordinary shares. The share capital has been converted to US Dollars at year-end at a rate of 1.1977 (2016: 1.0555).

12. Other reserves

Since the company is in liquidation and the share capital is not expected to be repaid to the shareholder, other reserves have been created to reduce the share capital to nil.

13. Claims payable

	<u>2017</u>	<u>2016</u>
(in thousands)	USD	USD
Payable to creditors under the Composition Plan	<u>1,557,299</u>	<u>1,721,245</u>

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The movements can be specified as follows:

(in thousands)	<u>2017</u>	<u>2016</u>
	USD	USD
Balance as at beginning of period	1,721,245	2,085,447
Gross distributions made	(658,913)	(972,706)
Changes in value of claims payable	494,967	608,504
Balance as at 31 December	<u>1,557,299</u>	<u>1,721,245</u>

Distributions are subject to a Distribution Agreement with LBHI and its affiliates (see note 6).

The amount of the payable to creditors and the timing of payments is unknown as it is based on factors such as distributions from LBHI (see note 6). An indeterminable portion of the payable is expected to be paid more than 12 months after the balance sheet date (see note 22).

Claims payable includes a provision for withheld ISINs and disputed claims.

14. Administration cost provision

The movements can be specified as follows:

(in thousands)	<u>2017</u>	<u>2016</u>
	USD	USD
Balance as at beginning of period	13,641	16,259
Costs paid during the period	(1,328)	(2,221)
Increase of provision due to change in estimate	5,989	0
Currency translation result	1,578	(397)
Balance as at 31 December	<u>19,880</u>	<u>13,641</u>

The administration cost provision is affected by the foreign exchange rate between US Dollars and euros as most of the administration costs are denominated in euros whereas the Company's functional and presentational currency is US Dollars.

The administration cost provision has increased due to potential higher costs, related to professional services associated with potential strategic liquidation activities.

(in thousands)	<u>2017</u>	<u>2016</u>
	USD	USD
Liquidator & legal related fees paid to Liquidator's law firm	601	765
Insurance, Distribution and other professional services	641	1,416
Supervisory Board related payments (see note 19)	86	40
Fees paid during the period	<u>1,328</u>	<u>2,221</u>
Total Administration Cost payments during the period	<u>1,328</u>	<u>2,221</u>

For the year ended 31 December 2017, administrative costs payments reflect the cost of two distributions (2016: three distributions).

The payments in respect of administrative costs are expected to be made over the liquidation period of the Company. An indeterminable portion of these administrative costs will be paid more than 12 months after the balance sheet date.

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15. Interest and similar income

	<u>1 January to 31 December 2017</u>	<u>1 January to 31 December 2016</u>
(in thousands)	USD	USD
Interest income on cash and deposit accounts	<u>164</u>	<u>172</u>

16. Changes in value of assets and liabilities

	<u>1 January to 31 December 2017</u>	<u>1 January to 31 December 2016</u>
(in thousands)	USD	USD
Currency exchange and other results	354	268
Change in value of administration cost provision	(5,989)	0
Revaluation of receivable from former affiliated companies	500,766	608,408
Change in value of claims payable	<u>(494,967)</u>	<u>(608,504)</u>
	<u>164</u>	<u>172</u>

17. Audit fees

The following audit fees relate to the reporting period:

	<u>1 January to 31 December 2017</u>	<u>1 January to 31 December 2016</u>
(in thousands)	USD	USD
Audit of the financial statements	<u>35</u>	<u>35</u>

These fees relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

18. Average number of employees

During the period 1 January 2017 to 31 December 2017, no employees were employed (1 January 2016 to 31 December 2016: none).

19. Related party transactions

The Company paid during the year charges on behalf of its sole shareholder, Stichting Lehman Brothers Treasury Co., totalling USD 77,667 (2016: USD 40,007). These charges relate to remuneration and out of pocket expenses of the sole shareholder and represent amounts invoiced and paid (cash basis) during the year.

20. Liquidators' remuneration

During the year ended 31 December 2017 and 2016, the Liquidators were not paid any direct compensation from LBT. The Liquidators are a partner and a former partner in a law firm which were paid (cash basis) during the period fees for legal assistance and administration of the Company of USD 496,452 (2016: USD 764,540). The former partner is no longer a partner since he reached his retirement age but continues to be a liquidator.

21. Contingencies

As described in note 1, LBT has been put in liquidation based on the court-approved Composition Plan. Creditors of LBT that filed claims which were disputed by the bankruptcy trustees of LBT and by LBT itself at the claims admission meeting were referred to the Amsterdam district court for claim referral proceedings. The next court hearing is scheduled for October 2018.

As at 31 December 2017, one disputed claim regarding the value of the Admissible Amounts of an ISIN (XS0331053719) recorded in the Composition Plan is outstanding (a "Manifest Error" claim). The counterparty (that holds the Note in question) claims that the Admissible Amount of the Note should be increased by EUR 6,330,663. Subsequent to the original filing, the plaintiff increased its claim, seeking to have its Admissible Amount fixed at EUR 22,667,134. The court dismissed both the original claim and the increase of claim. The

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plaintiff has appealed these dismissals. As at 31 December 2017, the court has not yet ruled on the plaintiff's appeals.

As described in note 3.5, any increase or decrease in the Admissible Amount for these Manifest Error claims and disputed claims will not affect the recorded Claims Payable balance as the liability balance is determined based on the net realisable value of the claim against LBHI. Any change in these Manifest Error claims or other disputed claims may affect the allocation of the pro rata entitlement to Available Cash of each creditor under the Composition Plan, but not the total amount available for distribution to creditors as described in the Composition Plan.

22. Events occurring after the balance sheet date

A twelfth distribution of gross USD 343,989,891 was approved and paid on 16 January 2018. LBT approved and paid a catch up distribution for a Withheld ISIN for an amount of USD 1,436,997 in March 2018. A thirteenth distribution of gross USD 132,466,570 was approved and paid on 2 May 2018.

Amsterdam, The Netherlands, 15 May 2018
Lehman Brothers Treasury Co B.V. in liquidation

The Liquidators

R.J. Schimmelpenninck

F. Verhoeven

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Independent auditor's report

To: the shareholder of Lehman Brothers Treasury Co. B.V. *in liquidation*

A. Report on the audit of the financial statements 2017

Our opinion

We have audited the financial statements 2017 of Lehman Brothers Treasury B.V. *in liquidation* ('LBT' or the 'Company'), based in Amsterdam.

WE HAVE AUDITED	OUR OPINION
The financial statements which comprise: 1. the balance sheet as at 31 December 2017; 2. the profit and loss account for 2017; 3. the cashflow statement for 2017; and 4. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed financial statements give a true and fair view of the financial position of Lehman Brothers Treasury Co. B.V. <i>in liquidation</i> as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Lehman Brothers Treasury B.V. *in liquidation* in accordance with the "Wet toezicht accountantsorganisaties" (Wta), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at \$16.7 million. The materiality has been calculated as 1% of the average total assets over the last three years which is the primary consideration of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the liquidators that misstatements in excess of 5% of the applied materiality, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the liquidators. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF RECEIVABLE FROM FORMER AFFILIATED COMPANIES	OUR AUDIT APPROACH
<p>The company has recognised a claim against Lehman Brothers Holdings Inc. ('LBHI') in the financial statements amounting to \$1.2 billion as at 31 December 2017 based on the estimated net realizable value.</p> <p>The liquidators have described the uncertainty regarding the estimated recoverability of the claim against LBHI in note 1.1, note 3.1 and note 6 to the financial statements. This also results in an uncertainty regarding the claims payable, as described in note 13, as this liability is estimated at the amount as equivalent to the net realizable value of the claim against LBHI less the administration cost provision and plus any interest income. The actual recoverability of the claim against LBHI may be at variance with the estimated value of the claim against LBHI and related liability. The claim against LBHI is valued based on a quoted price of comparable class of LBHI debt provided by an investment banker.</p> <p>We draw attention to these notes to the financial statements, which describe the uncertainty relating to the valuation of this claim against LBHI and the related liability.</p>	<p>As part of our audit procedures, we challenged the liquidators' assumptions used in the valuation model for the claim against LBHI, described in note 1.1, note 3.1 and note 6 to the financial statements, including a quoted price of comparable class of LBHI debt and the adjustment made for the differences in class features.</p> <p>We tested the consistent application of the valuation model in comparison to prior years and reviewed the appropriateness and mathematical accuracy of the calculations made in the valuation model.</p> <p>Furthermore, we have compared the pricing information used in the valuation model with other available pricing information.</p> <p>We also considered the appropriateness of the related disclosures in the financial statements to determine if these disclosures appropriately describe the inherent degree of subjectivity in the estimates.</p>

We considered the valuation of the claim against LBHI to be a key audit matter due to the magnitude of this balance, together with the judgements required to be made when assessing the valuation of this claim against LBHI.	
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The basis for preparation of the financial statements

On 3 April 2013, the company emerged from bankruptcy and was put into voluntary liquidation (refer to note 1.1 to the financial statements). Following these conditions the financial statements have been prepared on a liquidation basis. Accordingly, assets have been valued at their net realizable value. Our opinion is not qualified in respect of this matter.

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- ▶ The report of the liquidators; and
- ▶ the other information on page 16.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- ▶ is consistent with the financial statements and contains no material deficiencies;
- ▶ includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Liquidators are responsible for the preparation of the report of the liquidators and the other information on page 16 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the liquidators as auditor of Lehman Brothers Treasury Co B.V. *in liquidation* on 12 February 2014 as of the audit for year 2013 and have operated as statutory auditor ever since that financial year.

D. Description of responsibilities for the financial statements

Responsibilities of liquidators for the financial statements

The liquidators are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the liquidators are responsible for such internal control as liquidators determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, liquidator is responsible for assessing the company's ability to continue as a going concern. The Company was declared bankrupt by the Amsterdam District Court on 8 October 2008 and was put into voluntary liquidation on 3 April 2013. Based on the financial reporting framework mentioned, the liquidators should prepare the financial statements on liquidation basis. As part of our audit of the financial statements, we concur with the liquidators' use of the liquidation basis of accounting in the preparation of the financial statements.

The liquidators are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by liquidators.

- ▶ Concluding on the appropriateness of liquidators' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the liquidators regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

From the matters communicated with the liquidators, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Amsterdam, 15 May 2018

For and on behalf of BDO Audit & Assurance B.V.,



drs. H.W. Opentij RA

For identification purposes:

