

# Lehman Brothers Treasury Co. B.V. (in liquidation)

## Partial Wind-Down Q&A

1. *With the completion of the Partial Wind-Down and the subsequent payment of the first distribution to holders of Substitute Notes, what is the composition of the remaining pool of claims and what are LBT's remaining assets?*

Following the completion of the Partial Wind-Down and the execution of a settlement and partial release agreement with LBHI and LBSF, LBT's current claims pool consists solely of Substitute Notes with a face amount of US Dollar 19,626,450,592. An overview of Substitute Notes delivered by original ISIN can be found on LBT's website at <https://www.lehmanbrotherstreasury.com/>.

LBT's claims pool was reduced from an Admissible Amount of Euro 24.8 billion to an Admissible Amount of Euro 14.1 billion, and the population of LBT's Notes was reduced from 3,797 ISINs denominated in 21 different currencies to a single ISIN denominated in US Dollars. LBT's remaining significant assets are the Retained LBHI receivable with a face value of US Dollar 19,626,452,736 and cash of US Dollar 35.5 million.

2. *With respect to LBHI's seventeenth distribution in April 2019, LBT received US Dollar 27.5 million on the Retained LBHI Receivable. Why did LBT only distribute US Dollar 7.5 million to holders of Substitute Notes?*

The amount received by LBT on the Retained LBHI Receivable was first applied to establish cash reserves, in accordance with the Solicitation Memorandum and the terms of the Substitute Notes. As a result thereof, an amount of US Dollar 7.5 million remained to be distributed to holders of Substitute Notes in May 2019.

The cash reserves of US Dollar 35.5 million established by LBT are comprised of the following elements:

<i>All amounts in US Dollar millions</i>	
Accrued Expenses	7.0
Future Expenses	19.1
Retention for Disputed Claims	9.4
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	35.5
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Accrued Expenses primarily relate to the Partial Wind-Down.

Future Expenses includes a contingency of US Dollar 5.7 million established by the Liquidators to cover any unasserted claims arising from the liquidation.

The Retention for Disputed Claims relates to a dispute with a Noteholder concerning the Admissible Amount of the Noteholder's Note. The amount of the Retention for Disputed Claims is based on the incremental cash distributions that would be payable by LBT in the event that the Noteholder is successful in its claim, increased by statutory interest and the cost of legal proceedings. The Noteholder was unsuccessful in its claim against

LBT at the court of first instance, and subsequently appealed. On 21 May 2019, the Amsterdam court of appeal ruled partially in favour of the litigating Noteholder. LBT is presently evaluating the judgement of the Amsterdam court of appeal, and its impact on the amount of cash retained by LBT in the Retention for Disputed Claims.

3. *Before the Partial Wind-Down, the LBHI Receivable held by LBT was US Dollar 34.5 billion. How was this amount reduced to US Dollar 19.6 billion as a consequence of the Partial Wind-Down?*

This amount was reduced through the Partial Wind-Down as follows:

*All amounts in US Dollar billions*

Before Partial Wind-Down	34.5
Less: sold by LBT to fund the Final Distribution to Cash-Out Claims	10.5
Less: in-kind distribution to LBHI and LBSF	<u>4.4</u>
	<u>19.6</u>

The in-kind distribution to LBHI and LBSF was made in connection with the settlement and partial release agreement referred to at question one above.

4. *How was the amount of Substitute Notes on issue to third parties determined?*

LBT issued US Dollar 19,626,450,592 (in face amount) of Substitute Notes to Noteholders who opted to receive Substitute Notes. The aggregate face amount of Substitute Notes issued to these Noteholders was determined so as to correspond closely with the face amount of the Retained LBHI Receivable.

A further US Dollar 22,502,128 of Disputed Substitute Notes were issued with regard to the Disputed Claim discussed at question three above. These Substitute Notes are held by LBT in treasury, and will be either cancelled or released to the litigating Noteholder depending upon whether or not the litigating Noteholder elects to receive Substitute Notes with respect to any agreed increase in the Admissible Amount of its Note. A further US Dollar 185 of Substitute Notes were issued by LBT to facilitate the resolution of rounding differences arising on the allocation of Substitute Notes; ultimately these Substitute Notes were not used and will be cancelled.

5. *What are the Liquidators plans concerning the release of the cash reserves?*

Over the next few months, the Liquidators will be examining further possibilities to simplify LBT, including possibilities to complete its wind-down. The Liquidators will continually evaluate the level of cash reserves to be held as these plans unfold.

All capitalised terms have the meaning ascribed to them in the Solicitation Memorandum and in the terms of the Substitute Notes.

For additional information concerning LBT and the Partial Wind-Down, please refer to LBT's website at <https://www.lehmanbrotherstreasury.com/>

**Disclaimer and Exclusion of Liability**

The Disclaimer and Exclusion of Liability appearing on the LBT website are incorporated in this Q&A by reference and apply equally to the information presented in this Q&A.