

Lehman Brothers Treasury Announces Plans for Partial Wind-Down

Amsterdam, The Netherlands – 14 December 2018 Lehman Brothers Treasury Co. B.V. in liquidation (“LBT”) today, through its U.S. counsel Kramer Levin Naftalis & Frankel LLP, announced that LBT is planning a final cash distribution to its creditors. Professional holders of eligible notes will have the option to retain their investment by electing to receive substitute notes of one (or a few) series. Such election shall take place through a solicitation process. As a consequence, LBT will be able to reduce the number of series of notes outstanding from more than 3,700 to one or a few.

Noteholders electing to receive substitute notes will be afforded the same economic entitlement to distributions received by LBT from Lehman Brothers Holdings Inc. (“LBHI”) through the substitute notes. The substitute notes will be denominated in U.S. dollars and future distributions will be made in U.S. dollars only. Noteholders who are not professional investors, or hold notes that are not eligible for substitution, or do not elect to receive substitute notes, will receive a final cash distribution. It is expected that the solicitation process will be made available only to professional holders (e.g., QIBs or similar holders) and only with respect to notes bearing the following ISIN prefixes: XS, US, CH, DE, and AU (being the vast majority of outstanding notes).

Other ordinary creditors of LBT (i.e., LBT creditors other than noteholders) will also be given an opportunity to elect to amend their claim entitlement as creditors of LBT, meaning (amongst others) that they will receive future distributions in U.S. dollars only. If no such election is made, an “other ordinary creditor” of LBT will receive a final cash distribution.

To fund a final cash distribution, LBT will sell a pro rata portion of its allowed Class 4A intercompany claim against LBHI. The precise portion of the intercompany claim that will be sold will be determined at the conclusion of the solicitation process and will correspond to the portion of LBT creditors, by admissible claim amount, who will not remain creditors of LBT.

LBT has entered into agreements with investors holding claims against LBT, pursuant to which those creditors have agreed to elect to receive substitute notes, when properly solicited to do so. On this basis, it is expected that no more than 57% of LBT’s Class 4A Claim should be available for sale. The actual amount of LBT’s Class 4A Claim available for sale may be less than that, after giving effect to the solicitation process.

LBT is in the process of retaining Seaport Loan Products LLC as its exclusive placement agent in connection with any such sale. Deutsche Bank AG (London) has been retained as consent agent.

LBT expects to commence and finalize the solicitation and sales process in the first four months of 2019.

The foregoing is subject to further consents and authorizations and LBT retains sole discretion to abandon or otherwise discontinue any solicitation or sale process at any time. Accordingly, there can be no assurances that either the solicitation or the sale process will be conducted or consummated, or if conducted or consummated, the timing thereof. There also can be no assurance as to the amount of cash distributions, if paid, now or in the future.

LBT does not undertake to publicly update its disclosure to reflect developments in this matter.

Contact: Daniel Eggermann, Kramer Levin Naftalis & Frankel LLP
Tel: + 1-212-715-9495