

Hong Kong, 23 October 2009

Lehman Brothers Asia Holdings Limited (In Liquidation) (LBAH), seeks leave to appeal in Australia

Lehman Brothers Asia Holdings Limited (In Liquidation) (LBAH), as the major creditor of Lehman Brothers Australia Limited (LBA), today sought leave to appeal against the 25 September 2009 decision of the Full Federal Court of Australia. In that decision, the Full Federal Court held that Deeds of Company Arrangements ("DOCAs") which include releases to third parties, are invalid and unenforceable.

LBAH considers the DOCA to be compliant with Part 5.3A of the Corporations Act, which provides for a flexible, non-prescriptive approach to company arrangements. LBAH's view is that the Corporations Act does not exclude the third party releases and that the DOCA was in all respects lawful and valid.

LBAH also notes that the Full Federal Court's decision is at odds with another recent Full Federal Court decision in *Opes Prime*, where third party releases in a Scheme of Arrangement were upheld.

In our view the DOCA proposed by LBAH, and voted into operation at properly convened meetings of LBA's creditors, represents a lawful, valid and reasonable commercial resolution of LBA's insolvency for all LBA's creditors, including its general creditors, who will otherwise be required to wait several years before receiving repayment of the amounts owed to them.

Your's sincerely,

Patrick Cowley,
Principal, Transactions and Restructuring, KPMG China

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