

4 August, 2009

Lehman Brothers Affiliates Agree Multilateral Cooperation

Aim to Reduce Costs and Litigation, Maximise Recoveries for Creditors.

Representatives of the Lehman Brothers Group of Companies ("affiliates")*, who earlier this year agreed a Global Cross-Border Insolvency Protocol ("Lehman Protocol") to enhance cooperation between the various Lehman entities, have held their first meeting to discuss ways to reduce potentially costly litigation and administrative expense.

The Lehman Protocol was devised in order to facilitate multilateral cooperation between affiliates, to ensure that the many and complex inter-company proceedings are dealt with speedily, and to enhance the recoveries of creditors. The Lehman Protocol currently counts 13 signatories representing over 26 proceedings worldwide. It is supported by all the major affiliates, with the exception of Lehman Brothers International (Europe).

A key objective of this first meeting was to agree a timeline to establish a process for agreeing all trading and non-trading inter-company balances. A Procedures Committee was established at the meeting to facilitate that process.

Lehman Brothers Holdings Inc (LBHI) also agreed to seek approval from the US Bankruptcy court for an extension of the bar date for filing proofs of debts - from 22 September to 2 November 2009 - for signatories to the Lehman Protocol. This will benefit Lehman affiliates who face a significant challenge in having to deal with vast categories of claims.

Edward Middleton, Head of Restructuring of KPMG in Hong Kong and co-chair of the meeting, said: "The Lehman companies owe each other many billions of dollars arising out of some highly complex trading and financing structures operating across borders. How we value and quantify these claims is very complicated.

"There is a real commitment on the part of office holders around the world to achieve as much as we possibly can through a collaborative approach. If we can meet the objectives that we have now set ourselves, and keep to the aggressive timetable to which we have committed, then creditors will see a direct benefit in terms of significant savings in professional fees."

Rutger Schimmelpenninck, the Dutch Trustee for Lehman Brothers Treasury Co. B.V. and also co-chair of the meeting, commented:

"This is a major step towards expediting value for creditors of the Lehman Brothers estates worldwide currently in administration. In an unprecedented initiative, 43 representatives from most of the 13 major affiliates worldwide attended the meetings on July 16th and 17th to work through a number of complex issues by way of a multilateral framework that delivers speed and openness and aims to reduce time and costs.



"The group agreed a great deal in a short time and has committed to a framework and a timetable to continue to advance the key objectives of an efficient and transparent process."

Daniel Ehrmann, Managing Director of Alvarez & Marsal, the firm acting as restructuring officers of LBHI and its affiliates, commented: "This was an extremely productive meeting and is testimony to the affiliates' determination to resolve the Lehman bankruptcy proceedings by adopting a collective will and pragmatic approach. The Lehman Protocol has morphed from a mere aspirational statement of intentions to a cooperation framework that is holding its adherents to measurable and tangible goals."

The second meeting of the global representatives will take place in mid October.

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Notes to Editors

* "Affiliates" are the representatives of the Lehman Brothers Group of Companies who are signatories to the Lehman Protocol. This group consists of administrators, liquidators, receivers, trustees, and restructuring advisers.

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