

### LEHMAN REACHES \$38 BILLION DEAL WITH EUROPEAN UNIT

*This update was prepared by Patterson attorneys Dan Lowenthal, David Dykhouse, Brian Guiney and Craig Dent.*

The Trustee overseeing the liquidation under the Securities Investor Protection Act ("SIPA") of Lehman Brothers Inc. ("Lehman") in the U.S. and the Joint Administrator of Lehman Brothers International (Europe) ("LB Europe") in the U.K. have reached an agreement in principle to resolve \$38 billion in asserted claims among Lehman, LB Europe and subsidiaries and affiliates. The agreement is subject to definitive documentation and approval by the Bankruptcy Court in New York and the English High Court. The parties set December 15, 2012 as the deadline to reach a final agreement.

LB Europe will receive allowed claims in Lehman's U.S. case, including an allowed customer claim of about \$7.5 billion, a net equity customer claim of \$500 million, a \$4 billion general property claim and approximately \$600 million in post-filing income earned by the Lehman estate. The maximum recoveries received by each of the estates from the other will be capped, and Lehman's \$13.8 billion claim against LB Europe will be eliminated. The Lehman Trustee expects the settlement to expedite Lehman's distributions to former customers.

The October 5, 2012 announcement of the deal came two days after the Lehman Trustee disclosed the terms of a settlement with Lehman Brothers Finance AG ("LB Finance"), a former Lehman affiliate, that reduced LB Finance's \$6 billion claim to \$550 million.

The SIPA liquidation case was filed on September 19, 2008, four days after Lehman Brothers Holdings Inc. filed for Chapter 11 protection in the United States Bankruptcy Court for the Southern District of New York. LB Europe is Lehman's largest customer claimant in the SIPA case. The parties have been litigating the ownership of customer funds and amounts exchanged in connection with proprietary trading between the parties.

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