

Lehman Brothers Holdings Plc (“LBH”) Estimated Outcome Statement as at 24 February 2025

Further to previous announcements, the administrators of LBH are now in a position to provide an updated estimated outcome for LBH. Please note the “Important notice” below which sets out the various assumptions on which these estimates are based and the caution with which they should be approached by stakeholders.

In the following table, and as with previous updates, illustrative outcomes have been prepared on assumed “Base” and “High” cases. The LBH administrators have used as a starting point the current cash at bank balances as provided to LBH by the other relevant estates and then applied certain assumptions concerning expected future realisations and costs of the relevant Lehman estates.

None of these figures represent extremes of outcome. Accordingly, actual recoveries to LBH’s subordinated creditors may ultimately be lower than those outlined in the “Base” case or, indeed, higher than those in the “High” case.

- The “Base” case illustrates a further recovery for LBH subordinated creditors of c.£194m (in addition to the distributions totalling c.£187.2m made to LBH’s subordinated creditors in November and December 2023).
- The “High” case illustrates a further recovery for LBH subordinated creditors of c.£221m (in addition to the distributions totalling c.£187.2m made to LBH’s subordinated creditors in November and December 2023).

Estimated funds available for LBH subordinated creditors as at 24 February 2025 (in GBP equivalent)	Note	Base £’m	High £’m
Current cash balances:			
- LBHI2		94	94
- LBL	1	5	5
- LBH		191	191
- MBAM Investor Limited (“MBAM”)		3	3
LBHI2 estimated retained future recoveries from LBIE	2	40	57
Available cash and future recoveries		333	350
Overall estimated costs and expenses (including professional fees), net of recoveries from LBH’s shareholding in MBAM		(67)	(57)
Senior unsecured creditors’ claims - outstanding statutory interest	3	(72)	(72)
Estimated funds available for LBH subordinated creditors	4	194	221

Notes:

1. All cash balances are as at 24 February 2025 and are stated in pounds sterling, adjusting for the conversion of any remaining foreign currency balances.
2. Amounts include recoveries from LBIE after deduction for costs and expenses, and after taking account of the Wentworth joint venture structure and the associated financial sharing agreement.
3. These updated estimates have been prepared using the figures previously reported as remaining due to LBH's senior unsecured creditors (as outstanding statutory interest):
 - a. Amounts due to Lehman Brothers Holdings Inc and associated companies = £48.6m
 - b. Amounts due to MBAM (subject to the Partial Discharge Issue) = £22.8m
4. As described more fully in the LBH Administrators' 32nd Progress Report dated 14 October 2024, the Framework Agreement, which became effective on 8 October 2023 was amended in October 2024. The Amended and Restated Framework Agreement amended the specific sharing formula as set out in the Framework Agreement. The revised sharing formula under which LBH will make payments to LBGP and LBHI of funds available for subordinated creditors is summarised below:
 - a. Tier X - first available funds of £187.2m - these funds have now been distributed in full; and
 - b. Tier Y - next available funds of up to £225.0m - this distribution can only take place once (i) Tier X funds have been distributed in full (which is now the case); (ii) there has been a final adjudication or settlement of Priority Legal Issue 1 (which is now the case); and (iii) the unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full.
 - i. Subject to the above conditions being met, the next £225.0m of funds available to subordinated creditors will be paid in the following proportions:
 1. 73.8% (equivalent of up to £166.05m) to LBGP; and
 2. 26.2% (equivalent of up to £58.95m) to LBHI.
 - c. Tier Z - remaining funds available to subordinated creditors - subject first to the distributions of Tiers X and Y, further distributions to LBH's subordinated creditors will be paid from any remaining funds available in the following proportions:
 - i. 40% to LBGP; and
 - ii. 60% to LBHI.

Comparison to previous estimated outcome statement

In the following table, we compare the estimated outcome with the previous update provided in December 2024. The latest estimate incorporates the outcome of the litigation between LBIE and AG Financial Products Inc. (“AGFP”) and has resulted in the range of illustrated outcomes narrowing and the “High” case reducing by c.£118m.

LBIE v. AGFP

On 14 January 2025, the State of New York, Court of Appeals handed down its decisions on pending motions and denied LBIE's motion for leave to appeal. This concluded the litigation between LBIE and AGFP. For further details please refer to LBIE's website:

<https://www.pwc.co.uk/services/business-restructuring/administrations/lehman/lehman-brothers-international-europe/ongoing-litigation.html>

	Base £'m	High £'m
Estimated funds available for LBH subordinated creditors as at 24 February 2025 (see above)	194	221
Add back: previous distributions to subordinated creditors		
- November 2023: distribution to LBGP	172	172
- December 2023: distribution to LBHI	15	15
Total	381	408
Previous estimated outcome statement - available for LBH subordinated creditors as at December 2024	345	526
Increase / (decrease) in outcome	36	(118)

Important notice

The estimated financial outcome has been prepared on the basis of certain simplifying assumptions and has been presented in a summarised form. Accordingly, the administrators of LBH caution creditors against relying on this announcement as a definitive indication of potential returns from LBH or any other Lehman affiliate estates, or as an indication of a minimum or maximum potential recovery.

There are various matters which will have a bearing on what will be the final outcome for stakeholders of the UK Lehman group. These include:

- the quantum of further payments by LBIE to LBHI2, which are dependent on the recoveries made by LBIE (largely in respect of its US tax refund claim filed with the Internal Revenue Service, as well as claims into two overseas insolvencies);
- the quantum of expense liabilities in various UK Lehman estates; and
- the duration of the administrations.

The LBH administrators are considering options to simplify the estate structure and reduce costs, which would ultimately benefit its creditors. The LBH administrators caution that certain matters may take some time to resolve and will impact on the overall duration of the administrations.