

## **Lehman Brothers Holdings Plc**

### **Estimated Outcome Statement as at March 2024**

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 with the high recovery estimate being dependent upon additional recoveries derived from LBIE’s remaining assets and certain litigation matters.

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.

*For a description of LBIE’s remaining asset recoveries and litigations, see pages 4 and 5 of LBIE’s 31st Progress Report: [LBIE’s 31st progress report dated 12 April 2024](#).*

**“Base” case** - 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 future realisations in LBIE, as well as expected future costs, of the relevant Lehman estates. The Base case illustrates a further recovery for LBH subordinated creditors of c.£132m (in addition to the distributions totalling c.£187.2m made to LBH’s subordinated creditors in November and December 2023).

**“High” case** - This is equivalent to the Base case but adjusted by an assumption of additional recoveries from LBIE’s remaining assets and certain litigation matters, and lower overall costs and expenses. For the avoidance of doubt, this case does not assume the most optimistic possible outcome in relation to each remaining recovery or litigation matter, hence the eventual outcome could be materially higher than presented in this case as noted above. The High case illustrates a further recovery for LBH subordinated creditors of c.£327m (in addition to the distributions totalling c.£187.2m made to LBH’s subordinated creditors in November and December 2023).

Available for LBH subordinated creditors as at March 2024	Base £'m	High £'m
Current cash balances <i>Note 1</i>		
LBHI2	148	148
LBL	59	59
LBH	36	36
Other	18	18
LBHI2 estimated retained future recoveries from LBIE <i>Note 2</i>	35	196
<b>Available cash and future recoveries</b>	<b>296</b>	<b>457</b>
Estimated professional fees (including legal costs and expenses) and other estate costs and expenses	(80)	(46)
Senior unsecured creditors' claims (including outstanding statutory interest) <i>Note 3</i>	(84)	(84)
<b>Available for LBH subordinated creditors as at March 2024 <i>Note 4</i></b>	<b>132</b>	<b>327</b>

Comparison to previous Estimated Outcome Statement		
Available for LBH subordinated creditors as at March 2024 (see above)	132	327
Add back: distribution since previous update		
Nov-23: Distribution to LBGP	172	172
Dec-23: Distribution to LBHI	15	15
<b>Total</b>	<b>319</b>	<b>514</b>
Previous EOS - Available for LBH subordinated creditors as at June 2023	233	490
<b>Increase / (decrease) in outcome</b>	<b>86</b>	<b>24</b>

**Note:**

1. All cash balances are as at 31 March 2024 and are stated in pounds sterling, adjusting for the conversion of any remaining foreign currency balances. Other estates' balances include Eldon Street Holdings Limited and Lehman Brothers (PTG) Limited (both in Administration), Thayer Properties Limited (in Liquidation) and MBAM Investor Limited.
2. Amounts include recoveries from LBIE after deduction for costs and expenses, and after taking account of the Wentworth 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.
4. As described more fully in the LBH Administrators' 31st Progress Report dated 12 April 2024, the Framework Agreement, which became effective on 8 October 2023, sets out a structure under which LBH will make payments to LBGP and LBHI of funds available for subordinated creditors. In summary:
  - 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:
    1. Tier X funds have been distributed in full (which is now the case);
    2. There has been a final adjudication or settlement of Priority Legal Issue 1; and

3. The unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full, if necessary adjusted for the resolution of the Partial Discharge Issue.

### **Important notice:**

The estimated financial outcome has been prepared on the basis of certain simplifying assumptions and has been presented in a summarised form. As actual recoveries are largely dependent on the ultimate outcome of various ongoing litigations, 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 heavily dependent on the outcome of various material litigations - there is a wide range of possible outcomes in this respect, including those assumed for the purposes of the Base and High cases but also more optimistic possible outcomes which could result in recoveries to LBH's subordinated creditors materially exceeding the High case outcome;
- the quantum of expense liabilities in various UK Lehman estates; and
- the duration of the administrations.

In addition, the LBH administrators note that certain matters may take a number of years to resolve and may adversely impact on the quantum and timing of interim distributions. No indication can be given, at this stage, as to the timing of any further payments or distributions from LBH, nor when the LBH administration will be concluded.

### **Assumptions**

In these illustrative outcomes, the administrators of LBH, having already paid the principal claims of the unsubordinated creditors of LBH in full, and on the basis of the assumptions below, calculate that outstanding statutory interest due to unsubordinated creditors would be paid in full, and that there would be a partial distribution to LBH's subordinated creditors.

Whilst creditors are cautioned against relying on these estimates, the administrators of LBH believe that the information in the announcement gives a fair description of possible financial outcomes for LBH's stakeholders and the main issues which are likely to bear upon that eventual outcome, on the basis of certain assumptions and the information available to the administrators at the date of this announcement.

The assumptions supporting this analysis include (but are not limited to);

1. The availability of cash that passes from LBIE to LBHI2 via the Wentworth structure, and which is retained by LBHI2 for onward distribution to LBH as its subordinated creditor;
2. The LBH administrators' view of the outcome of certain of LBIE's pending material litigation;
3. Current and future expense liabilities across the UK Lehman group; and
4. In order to achieve the High case outcome of c.£327m, there would need to be an additional c.£221m net recovery at LBIE (post tax and reserves), which, along with other adjustments, would result in an uplift of c.£195m in the outcome for LBH's subordinated creditors (compared with the Base case).

There are no circumstances where ECAPS holders should expect to receive recoveries directly from LBH under any guarantee claim.