

Lehman Brothers International (Europe) (in administration)

**Lehman Brothers International
(Europe) (in administration)**
25 Canada Square
London
E14 5LQ

To all creditors who have proved their debt

Our reference: LBIE/PDC/EJM

26 November 2012

Dear Sirs

Lehman Brothers International (Europe) (in administration) ("LBIE") Notice of declaration of a dividend – Rule 2.98 Insolvency Rules 1986

As you are aware, on 15 September 2008 Lehman Brothers International (Europe) ("LBIE") entered into administration by order of the High Court Chancery Division of England and Wales. On the Administration Date, Anthony Victor Lomas and Steven Anthony Pearson were appointed as joint administrators of LBIE; on 30 November 2009 Derek Anthony Howell and on 2 November 2011 Paul David Copley and Russell Downs were also appointed as joint administrators (together the "Joint Administrators") of LBIE.

First interim dividend

Notice is hereby given, pursuant to Rule 2.98 of the Insolvency Rules 1986, that the Joint Administrators are now in a position to declare a first and interim dividend of 25.2 pence in the pound (the "**First Interim Dividend**") to all unsecured creditors whose claims have been admitted for dividend purposes.

In respect of the first interim distribution, we confirm that the total amount being distributed in relation to this dividend is £1.611bn.

In determining such amount, we have made provisions totalling:

- c.£25.6bn for unsettled claims; and
- c.£1.5bn in respect of priority claims, future costs and expenses of the Administration.

The total amount currently held in LBIE's estate raised from the recovery or sale of assets is (before the payment of the first interim dividend) £12.7bn, of which £3.0bn is being retained as a reserve to meet potential third party and proprietary claims which are yet to be resolved.

Payment of the First Interim Dividend will be made on 30 November 2012 to creditors with admitted claims. Further details of your claim and dividend calculation, if applicable, can be obtained by accessing your user account on the Client Information Portal. Payments will be made to creditors via the Standard Settlement Instructions provided through the Client Information Portal.

Please note that distributions may be categorised by the Joint Administrators to be payments of either principal or interest. In the absence of any such categorisation, distributions shall be payments first of principal and, to the extent that the principal has been paid in full, as payments of interest. LBIE may deduct income tax at source, or apply any other withholding, deduction, levy, impost or duty where such deduction of tax is required under prevailing law in relation to payments made to creditors.

In each progress report, the Joint Administrators have included a receipts and payments account for that period. These, along with the various notes, provide details of the amounts realised from the sale of LBIE's assets and the principal payments made in the Administration, and funds retained for third party claims.

There will be further dividend payments in due course, however both the timing and quantum are uncertain for the reasons set out in the latest progress report (Joint Administrators' eighth progress report), a copy of which is available at www.pwc.co.uk/lehman.

AV Lomas, SA Pearson, DA Howell, PD Copley and R Downs were appointed as Joint Administrators of Lehman Brothers International (Europe) to manage its affairs, business and property as agents without personal liability. AV Lomas, SA Pearson, DA Howell, PD Copley and R Downs are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

AV Lomas, SA Pearson, DA Howell, PD Copley and R Downs are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

*Lehman Brothers International (Europe) registered in England and Wales with registered no. 02538254.
VAT registration no. 446 9315 28*

Lehman Brothers International (Europe) (in administration)

Small Claims Settlement Offer

Eligible claims admitted under the Small Claims Settlement Offer will receive a full and final settlement of 90.0 pence in the pound. In respect of this, we confirm that the amount being paid to settle such claims totals c.£25.3m.

Payments under the Small Claims Settlement Offer will be made on 30 November 2012. Further details, if applicable, can be obtained by accessing your user account on the Client Information Portal.

For proved debts that have yet to be admitted, no First Interim Dividend will be paid at this time, although the Joint Administrators have made a prudent reserve (as summarised above) for such unsettled claims. Any proved debts which are yet to be admitted, but which become admitted prior to 31 January 2013, will qualify for a "catch up" first dividend in February 2013.

Yours faithfully



A V Lomas
Joint Administrator

For and on behalf of **Lehman Brothers International (Europe) (in administration)**, as its agent and without personal liability

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