

LEHMAN BROTHERS LIMITED (IN ADMINISTRATION)

EMPLOYMENT RELATED CLAIMS - FREQUENTLY ASKED QUESTIONS

1) Who can make a claim?

You may be eligible to make a claim against Lehman Brothers Limited (in administration) (the "Company") if you were last employed by this company during your employment with the Lehman Brothers Group.

Claims are expected to be limited to employees who voluntarily left service with the Company or were made redundant in the second half of 2008.

You will not be able to make a claim against the Company if your employment transferred under the TUPE Regulations to one of the following companies:

- Nomura International Plc
- Neuberger Berman Europe Limited (previously Lehman Brothers Asset Management (Europe) Limited)
- Lehman Brothers International (Europe) (in administration)
- LBHI Services Limited
- REPE Capital Partners LLP
- Canary Wharf Management Limited
- PMP Buildings Management Limited
- Trilantic Capital Partners LLP
- Lehman Brothers Asset Management France
- AMS Decisions Advisers LLP
- Baxter Storey Limited

2) What can I claim? What typical claims are the Administrators likely to accept against the Company?

You may make a claim for contractual amounts due to you under your employment with the Company. These may include the following:

Type	When
Wages/unpaid salary (including contractual maternity and paternity pay etc)	For unpaid wages/salaries earned up to the date of the appointment of the Administrators, 15 September 2008
Notice Pay	If you are made redundant you may make a damages claim in respect of your salary/ other payments and benefits due for the period of your contractual notice, or if higher, statutory notice) to a maximum of 12 weeks. You should be aware that, as a damages claim, any earnings that you received from a new employer for what should have been your notice period may reduce the allowable claim together with any statutory notice pay you may have received directly from the Redundancy Payments Office (see question 4 for further details).
Holiday Pay	For holiday accrued but not taken for 2008 up to the date of the appointment of the administrators on 15 September 2008. If you left employment after September 2008 it is anticipated that you will have been paid holiday accrued from September 2008 to the date of your termination and/or you would have taken the remaining holiday due to you.
Bonus Award	If you have a contractual right to a bonus award (e.g. evidenced by a written commitment from the Company and this award has not been forfeited under the terms of the award following the termination of your employment and is not discretionary.
Other contractual commitments	If evidenced by a written commitment that the award will be made by the Company (i.e., is not discretionary) and this award has not been forfeited under the terms of the award following the termination of your employment.

3) What typical claims will the Administrators not accept?

Type	Why
Statutory Maternity Pay	If you were entitled to maternity pay after leaving the Company you should have claimed a payment directly from HM Revenue & Customs.
Contingent Stock Awards (known as CSAs, RSUs, REAs, "Deferred Stock" etc) or Stock Options	<p>These awards were granted to you by Lehman Brothers Holdings Inc. You should refer to these claims directly to Lehman Brothers Holdings Inc.</p> <p>For all questions related to these claims, including claims that you may have already made against Lehman Brothers Holdings Inc, please contact (001) (866) 879-0688 or access their web site at http://dm.epiq11.com/LBH/Project/.</p>
Lehman Brothers Partnership Account 2000/2001	Please see the comments above in respect of the Contingent Stock Awards.
Lehman Brothers Partnerships (Private Equity Investments)	If you invested in one or more of these partnerships, please contact your private equity fund(s) directly or, if not known, contact Lehman Brothers Holdings Inc's Private Equity Relations on (001) 646-285-9449 or by email at pe_ir@lehmanholdings.com .
Statutory Redundancy Pay	Statutory redundancy payments must be claimed via the Redundancy Payments Office within 6 months of the termination of your employment. If you have not already received your statutory redundancy pay you will now not be eligible to make a claim.
Other Redundancy Pay/termination payments in respect of termination /compromise agreements	You will not be eligible for any claim for redundancy pay or any termination payments unless this is evidenced by an individual agreement negotiated and signed with the Company prior to 15 September 2008. Employees did not have any contractual entitlement in relation to a redundancy payment under the standard terms of employment with the Company.
Defined Contributions benefits under the Lehman Brothers Pension Scheme	<p>Contributions would have been paid into the Lehman Brothers Pension Scheme through to the end of August 2008. No further contributions became due following the administration of the Company in September 2008.</p> <p>You should contact the Scheme's administrators, Fidelity, on 08457 234 235 (or +44 1737 838 585 from outside the UK) for information regarding the status of any accrued Defined Contributions relating to your membership of the Scheme.</p>
Defined Benefit entitlements under the Lehman Brothers Pension Scheme	<p>The Lehman Brothers Pension Scheme entering an assessment period for the Pension Protection Fund following the administration of the Company in September 2008.</p> <p>The trustees of the Scheme have made, on behalf of members of the Scheme, the appropriate claim against the Company.</p> <p>You should contact the Scheme's administrators, Fidelity, on 0845 356 3333 (or +44 1325 744 755 from outside the UK) from outside the UK) for information regarding the status of any accrued Defined Benefits relating to your membership of the Scheme.</p>
Professional Fees for reviewing and submitting your claim	You will have no contractual rights to make a claim for such fees. Any claim accepted/ agreed must have been for a contractual entitlement promised to you by the Company prior to the date of the administration.

4) Is there anything else I need to know about making a claim? What are the different categories of employment related claims?

There are different categories of claim that are settled in accordance with UK Insolvency Law rules. Your claim may be “Preferential” or “Unsecured” and certain payments are payable through the Insolvency Service’s Redundancy Payments Office.

The different categories are set out below:

Payments payable through the Redundancy Payments Office

Statutory Payment Type	Basis	Limit
Redundancy Pay	Based on age, number of years of complete service and weekly pay	Maximum of 20 years service and 30 weeks payment of £330 per week - Now out of time if not already claimed
Notice Pay	Based on the number of years of complete service	Maximum of 12 weeks notice of £330 per week
Holiday Pay	Holidays accrued and not taken or paid at termination of employment	Based on a maximum pay at £330 per week for a maximum of 6 weeks
Wages owed	Wages accrued and holidays taken but not paid at termination of employment	Maximum of 8 weeks pay at £330 per week

If you think you have a claim for statutory notice, holiday and/or wages owed and have not made a claim through the Redundancy Payments Office please contact the Employee Claims team at employee.claims@lbia-eu.com.

Preferential Claims against the Company

Payment Type	Basis	Limit
Holiday Pay	Holidays accrued and not taken	Based on actual salary, less amount paid via the Redundancy Payment Office. Wholly preferential.
Wages owed	Wages accrued and holidays taken but not paid at termination of employment	Wages owed for the last 4 months prior to 15 September 2008 (less any amount paid via the Redundancy Payment Office). Preferential element limited to £800 in total including amounts paid via the Redundancy Payments Office (balance is unsecured).

Unsecured Claims against the Company

All other contractual claims arising out of your employment with the Company after deducting

- payments which have been paid by the Redundancy Payments Office; and
- payments in respect of Preferential Claims against the Company.

5) When will I be paid for any accepted/agreed claims against the Company?

This depends on the category of the claim. See question 4 for details of the different claim categories.

Statutory Payments payable through the Redundancy Payments Office

These claims have already been paid by the Redundancy Payments Office.

If you think you have a claim for statutory notice, holiday and/or wages owed and have not made a claim through the Redundancy Payments Office please contact the Employee Claims team on employee.claims@lbia-eu.com

Preferential Claims against the Company

- The Joint Administrators of the Company have declared a dividend of 100 pence in the pound to preferential creditors who have proved their debts in the administration. This means that all agreed preferential claims will be paid in full.
- If you think you have a preferential dividend and this has not been agreed, or it has been agreed but you have not received payment, please contact the Employee Claims team on employee.claims@lbia-eu.com.

Unsecured Claims against the Company

The Joint Administrators have given notice, pursuant to Rule 2.95 of the Insolvency Rules 1986, of their intention to declare a first and interim dividend to unsecured creditors of LBL no later than two months from the last date for proving, being 31 October 2014.

- The Joint Administrators have informed creditors that they should be aware that the Company is a shareholder of Lehman Brothers International (Europe) (in administration) ("LBIE"), an unlimited company. The Company is therefore potentially liable in respect of the shortfall to creditors of the LBIE estate. This relationship could have a significant impact on funds available to other unsecured creditors of LBL.

6) I understand that Lehman Brothers International (Europe) (in Administration) and/or Lehman Brothers Europe Limited (in Administration) have paid dividends to unsecured creditors. Can I make a claim against either of these companies?

Employees in the United Kingdom were typically employed by Lehman Brothers Limited (in administration).

You can only make a claim for any employment related claims against your employer, Lehman Brothers Limited (in administration). See also question 3 in relation to any claims in respect of the Contingent Stock Award Program and/or Lehman Brothers Partnership Account 2000/2001.

If you had an employment contract with another Lehman Brothers Group company you will need to contact that company directly for details relating to their claims procedure.

7) I do not have a claim against Lehman Brothers Limited (in administration) and I do not wish to receive any further correspondence from Lehman Brothers Limited (in administration) regarding claims. What should I do?

You should complete and return the Confirmation of Nil Claim Form (if provided) and return it to Lehman Brothers Limited.

8) How can I make a claim against the Company? When is the deadline for my claim?

To make a claim against the Company please complete an Employment Related Statement of Claim form and send it, in the reply-paid envelope (if provided), together with any relevant supporting documents to prove your claim, or to the following address:

Lehman Brothers Limited (In administration)
HR Department - Employee Claims
24th Floor
25 Canada Square
London
E14 5LQ

Claims can also be sent by email to employee.claims@lbia-eu.com.

For guidance on how to complete the Employment Related Statement of Claim please see the attached Guide to Completion of the Employment Related Statement of Claim for ex-employees of Lehman Brothers Limited (in administration).

9) When will I hear from the administrators in respect of my claim against the Company?

You will initially receive an email confirming receipt of your claim. Therefore please ensure that you provide a valid email address.

The administrators will firstly collect and analyse all claims against the Company and then commence communication with individuals to agree and accept/admit valid claims.

You will be contacted in due course in respect of your claim. Please ensure that, going forward, you provide details of any changes to your contact details (including your address, telephone number and email address) by emailing them to employee.claims@lbia-eu.com.

In the meantime further information on the progress of the administration, including access to the 6 monthly progress reports, is available via the following link.

<http://www.pwc.co.uk/business-recovery/administrations/lehman/lbl-in-administration.jhtml>

Update for first interim dividend – December 2014

10) I have received a payment from the Administrators in December 2014 but it is not for the full amount of my admitted unsecured claim. Why is that?

On 15 December 2014, the Administrators declared a dividend of 1.66p in the pound. Any creditor with an admitted unsecured claim should have received 1.66% of the amount owed to them (less income tax withholding and National Insurance contributions where appropriate). Note that if you have an admitted claim but have not provided bank details, you need to do so in order to receive payment.

When an Administrator makes a payment to unsecured creditors, he must pay the same percentage to every creditor with an admitted claim, regardless of the size of their claim (the *pari passu* principle). The Administrator calculates the amount of money which he has available to make a payment to creditors by looking at the cash he is holding and taking into account estimated future costs of the Administration and making provision for any claims which he has not yet formally agreed.

In this case, the Administrators calculated that there were sufficient funds available at this time to pay each admitted creditor 1.66% of the amount of their admitted claim.

11) You say that you have only paid a dividend of 1.66% on admitted claims. Why did I receive payment of 100% of the holiday pay I was owed?

The dividend of 1.66p in the pound is for claims which rank as unsecured. Claims for holiday pay (and also the first £800 of unpaid wages) are classed as preferential claims. These must be paid out in full before any unsecured claims can be paid. The Administrators have paid all agreed preferential claims (ie. claims for holiday pay and the first £800 of wage arrears) in full.

12) I have an admitted unsecured claim and I received the first interim distribution payable in December 2014. Will I get any more money and if so when

The Administrators expect to pay further distributions to creditors in due course, as further assets are realised and as provisions made for claims not yet resolved can be released. In particular, progress in resolving the "Waterfall" issue could have a material impact. Please see the Administrators' progress reports at <http://www.pwc.co.uk/business-recovery/administrations/lehman/lbl-in-administration.jhtml> for further details of the Waterfall issue. The position will be kept under review and the Administrators will look to make further distributions to creditors when practicable, but the amount and timing of further distributions is uncertain at this time.

13) I have an admitted unsecured claim and I received the first interim distribution payable in December 2014. Why has it taken so long for any payment to be made to me?

To pay a dividend, the Administrators need to have realised sufficient assets and to be able to quantify the liabilities of the Company.

Most of the Company's assets are balances due from other Lehman Brothers' group companies. Many of these have taken and in some cases continue to take a long time to realise, because the relevant companies are insolvent and have had to progress their estates to the point where they can pay dividends before the Company received any cash, which it can in turn use to pay its creditors.

Also, the Company is the registered holder of one share in Lehman Brothers International (Europe) (in administration) ("LBIE"), an unlimited company. The Company is therefore potentially liable for **the whole** of the deficiency in LBIE, which is insolvent and in administration. LBIE's Administrators have made very good progress in dealing with LBIE's very large estate, but even now have calculated the Company's liability for the deficiency at £10bn, and have claimed that amount. Although LBIE is paying its unsecured creditors in full, it has yet to pay interest for post-Administration periods, 'non-provable' debts or subordinated debts.

The Company's Administrators have not agreed this claim, but must provide for it in full when declaring the dividend until the claim is reduced or finally resolved.

If the Company's first dividend had been declared earlier, there would have been less cash available to the Company, and LBIE's Administrators would have made a very much larger claim, as they would have been less advanced in progressing LBIE's estate, less certain of the outcome, and would have taken a more prudent view of the outcome.

The Company's Administrators would have had to provide in full for this larger claim, from a smaller amount of cash. It would then not have been viable to pay the resulting dividend to those creditors with smaller claims.

Update March 2015

14) Am I entitled to interest on my admitted claim?

The insolvency legislation sets out the order in which the Administrators must pay different types of claim, for example that claims for holiday pay and the first £800 of unpaid wages are classed as preferential claims and must be paid in full before any unsecured claims can be paid.

The legislation sets out that interest may be paid on admitted claims only after all unsecured claims have been paid in full. Currently, the Administrators are unable to provide an estimate of the likely total dividend which will be paid to unsecured creditors, due to material outstanding issues. However, in the event that unsecured creditors are paid in full and there are funds available to pay interest on admitted claims, the Administrators will contact creditors in this regard. Creditors need take no action as regards interest claims at this time.

15) How will any dividends paid to me on my agreed claim be taxed?

The Administrators will apply the appropriate UK tax withholding on any dividends as and when paid to you.

The tax withholding will depend on the nature of the claim admitted by the administrators and the tax withholding rates in effect at the time that each dividend is paid. See the link to the summary of the expected tax treatment and tax withholding obligations of employment related claims.

When you receive a dividend payment, you will also be provided with a payslip confirming the gross dividend and the tax withholding applied. It will be your responsibility to report the income and pay any additional taxes to HM Revenue & Customs (or any relevant other tax authorities) as required.

16) I have been approached by a third party who wants to purchase my claim. Is this allowed?

Yes, this is allowed. It is commonplace for debt traders to purchase creditor claims in large insolvencies. Typically, you will sign an agreement with the debt trader to assign your claim, in return for a payment. Future dividends will then be paid directly to the debt trader.

The Administrators are aware of some activity by debt traders in acquiring admitted claims in LBL. The Administrators are aware anecdotally of the level at which some claims may have traded but do not have either direct knowledge or independent information to confirm or deny the accuracy of these “market rumours” and cannot give any assurances in that respect. Any rumoured market price for admitted claims in LBL should not be assumed to reflect the Administrators’ view as regards the outcome for LBL’s unsecured creditors.

The Administrators cannot and do not comment on whether you should sell your admitted claim or at what price or when. Should you be approached to sell your claim, you may wish to take your own independent advice on this.

Should you choose to sell your claim, in order for the Administrators to update their records and acknowledge the assignment of the claim to the third party, you will need to send written confirmation directly to the Administrators confirming that the claim has been assigned and that future dividends should be paid to the third party.

17) Have you/will you disclose information about my claim to a third party?

Except where obliged to do so by law, the Administrators will not disclose any information regarding any claim you may have, admitted or otherwise, to a third party without your written consent. If you give consent for information to be disclosed, you can withdraw this at any time.

18) What are the tax consequences if I sell my claim to a third party?

Any dividends paid on the claim will be subject to appropriate UK tax withholding and reported to HM Revenue & Customs in your name as and when the dividend is paid. See question titled “How will any dividends arising from my agreed claim be taxed?” for further details regarding UK tax withholding.

The net amount of the dividend payment (i.e. after UK tax withholding) will then be paid to the third party to whom you have sold your claim.

You will be provided with a payslip confirming the gross dividend and the tax withholding applied. It will be your responsibility to report the income and pay any additional taxes to HM Revenue & Customs (or any relevant other tax authorities) as required.

The Administrators cannot comment on how the proceeds you receive from the sale of your claim to a third party itself should be treated for tax purposes. You should seek your own independent tax advice for further details.