

Lehman Brothers International (Europe) (In Administration)

LBI Settlement and the Consensual Proposals to facilitate return of the Omnibus recovery

New York – 19 & 20 March 2013

London – 14 March 2013

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Agenda

- Introduction
- LBI Settlement
- The Proposals
- LBI Distribution
- Economic Outcomes
- Implementation Mechanism
- Review of Key Provisions of the Common Terms
- What you need to do
- Conclusion
- Q&A

Introduction

Introduction

Purpose of Meeting

- Explain the Administrators' approach to the LBI Distribution
- Provide context to the proposed solution (the "Proposals")
- Summarise the Proposals
- Review and consider the key terms of the Proposals
- Respond to questions on the Proposals

Introduction

Key Messages

- c.\$9bn of client cash and securities to be returned to LBIE by LBI, composition does not match underlying client portfolios
- Explored options for allocation to clients over last 6 months with the Creditors' Committee
- Proposal covers LBI distribution only – no impact on Clients' Unsecured position
- Major benefits to LBI Asset claimants:
 - Expedites asset distribution (expected to commence Q3 2013)
 - Fixes each customer's share of the LBI distribution
 - Eliminates the risk of delay and costs associated with litigation
- Positive support required from impacted clients
- Failure to support will likely result in a court-led process being initiated which would take a number of years including appeals

LBI Settlement

LBI Settlement

Key Financial Terms

- LBIE Omnibus Customer Claim
 - Cash (including post filing income) \$4.5bn
 - Securities (at 30/11/12 values) \$4.4bn
- LBI House Customer Claim \$0.5bn
- House General Estate Claim \$4.0bn
- Indemnity for Barclays claim of c\$0.8bn

Other Terms

- LBI Assign Client Money Claim to LBIE nominee
- Inbound trust claims from LBI assigned to LBIE
- Resolution of ownership of Disputed and other accounts

Conditions to Effectiveness

- US Court approval
- English Court order received
- Completion of LBHI Settlement
- 100% SIPA distribution on allowed LBI Customer Claims
- Expungement of duplicate claims

The Proposals

The Proposals

Why are the Proposals being made?

- The mix of securities and cash that will be delivered by LBI will differ materially from the individual entitlements underlying the Omnibus claim
- Legal analysis as to the nature of client entitlements to the aggregate LBI recovery is not straightforward
- Post administration performance of underlying client portfolios varies widely
- Alternative would most likely involve a court-led process, which, would be lengthy, expensive and outcome uncertain due to:
 - Unprecedented circumstances and scale of the LBI distribution
 - Complex and untested issue of both US and English law
 - Large number of underlying customers
 - Broad range of clients with a range of facts and circumstances
- Existing allocation arrangements in the CRA may not be possible to apply to the LBI distribution
- The Proposals are designed to enhance certainty and accelerate distribution

The Proposals

The Proposals in Summary

- Consensual arrangement, consistent commercial treatment of CRA signatories and others
- An orderly liquidation of securities when received from LBI
- Allocation of liquidation proceeds to underlying clients based on Best Claim concept, the higher of
 - 19/9/08 value and
 - 30/11/12 value (including accrued income and corporate actions)
- All distributions in USD cash
- If a customer's gross distributions are less than its 19/9/08 value then LBIE will recognize the shortfall as an unsecured claim subject to an aggregate cap of \$200mm
- Prudent reserving mechanism for Non Consenting Beneficiaries and disputes
- Non Consenting Beneficiaries (non CRA) will retain their existing rights but will be a minority given required high level of acceptance
- Expungement of duplicate claims, via the LBI Settlement process

The Proposals

Best Claim Mechanics: Simple Example

Customer	19/9 Value	Aggregate Market Value (30/11/12)	Best Claim	Share of LBI Distribution
A	100	130	130	39%
B	100	95	100	30%
C	100	102	102	31%
	300	327	332	100%

Assume value of LBI distribution at 30/11/12 = 316

Assume 19/9 shortfall cap of 20

Scenario	Ultimate realization of LBI Distribution
1	316 (No change to the 30/11/12 value)
2	284 (10% fall versus 30/11/12 value)
3	348 (10% increase versus 30/11/12 value)

The Proposals

Best Claim Mechanics: Simple Example

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B	100	95	100	30%
C	100	102	102	31%
	300	327	332	100%

Scenario 1: No Change in Distribution Value

Share of LBI Distribution	Recovery Rate on Best Claim	Shortfall Claim pre Cap	Shortfall Claim post Cap
124	95%	0	0
95	95%	5	5
97	95%	3	3
316	95%	8	8

Scenario 2: 10% Fall in Distribution Value

Share of LBI Distribution	Recovery Rate on Best Claim	Shortfall Claim pre Cap	Shortfall Claim post Cap
111	86%	0	0
85	86%	15	11
88	86%	12	9
284	86%	27	20

Scenario 3: 10% Increase in Recovery Value

Share of LBI Distribution	Recovery Rate on Best Claim	Shortfall Claim pre Cap	Shortfall Claim post Cap
136	105%	0	0
104	105%	0	0
108	105%	0	0
348	105%	0	0

The Proposals

Advantages of the Proposals

- Enables LBI Distribution, once received by LBIE, to be distributed to customers in timely manner taking account of their varying interests
- Best Claim methodology recognizes performance of individual client portfolios
- Provides certainty as to the nature and extent of each customer's legal entitlement to a share of the LBI Distribution
- Eliminates the risk of delay and costs associated with litigation
- Creates certainty as to the basis of any unsecured shortfall claims in respect of LBI assets
- Sets foundation for refreshing pending trades CDDs
- For customers who are also debtors of LBIE the Proposal facilitates the discharge of those liabilities
- Improves prospect of court approval for LBI Settlement Agreement

The Proposals

What happens if the Proposals are not approved?

- Increased risk that LBI Settlement Agreement is not approved by US Bankruptcy Court and, consequently:
 - Agreement lapses
 - Litigation recommences
 - Uncertainty returns regarding size and timing of any LBI distribution
 - Basis of allocation of LBI Omnibus recoveries will need to be determined at a later date
- Even if Settlement Agreement is approved and LBI Distribution is received by LBIE:
 - Absence of a broadly accepted allocation mechanism means Administrators will likely seek court guidance
 - Complex, lengthy and expensive process involving multiple interested parties and subject to appeals

LBI Distribution

LBI Distribution - Liquidation

Overview

- The LBI offer consists of cash as well as a portfolio of common stock, equity-like products and fixed income securities (the “Portfolio”)
- The Portfolio consists of circa 3,500 securities, the large majority of which are relatively small holdings of listed US securities
- It is LBIE’s intention to liquidate the Portfolio as soon as practically possible in an orderly way
- LBIE anticipates that over 75% of the equity and equity-like products will be liquidated within a relatively short timescale (less than 2 weeks) depending on market volumes at the time
- Approximately 5% of the Portfolio consists of illiquid securities (physical securities, defaulted fixed income positions) – LBIE anticipates that these securities will be sold over a longer period of time and will form a residual “tail” in the recovery
- LBIE intends to follow a liquidation strategy that adheres to a set of pre-agreed principles
- NB - LBIE may retain securities as part of its reserving strategy

LBI Distribution - Profile

Overview

Valued as at November 30th 2012	%	\$m
Cash (including post filing income)	51	4,530
Common Stock and Equity type products	40	3,597
Fixed income Securities	9	763
	100	8,890

LBI Distribution - Profile

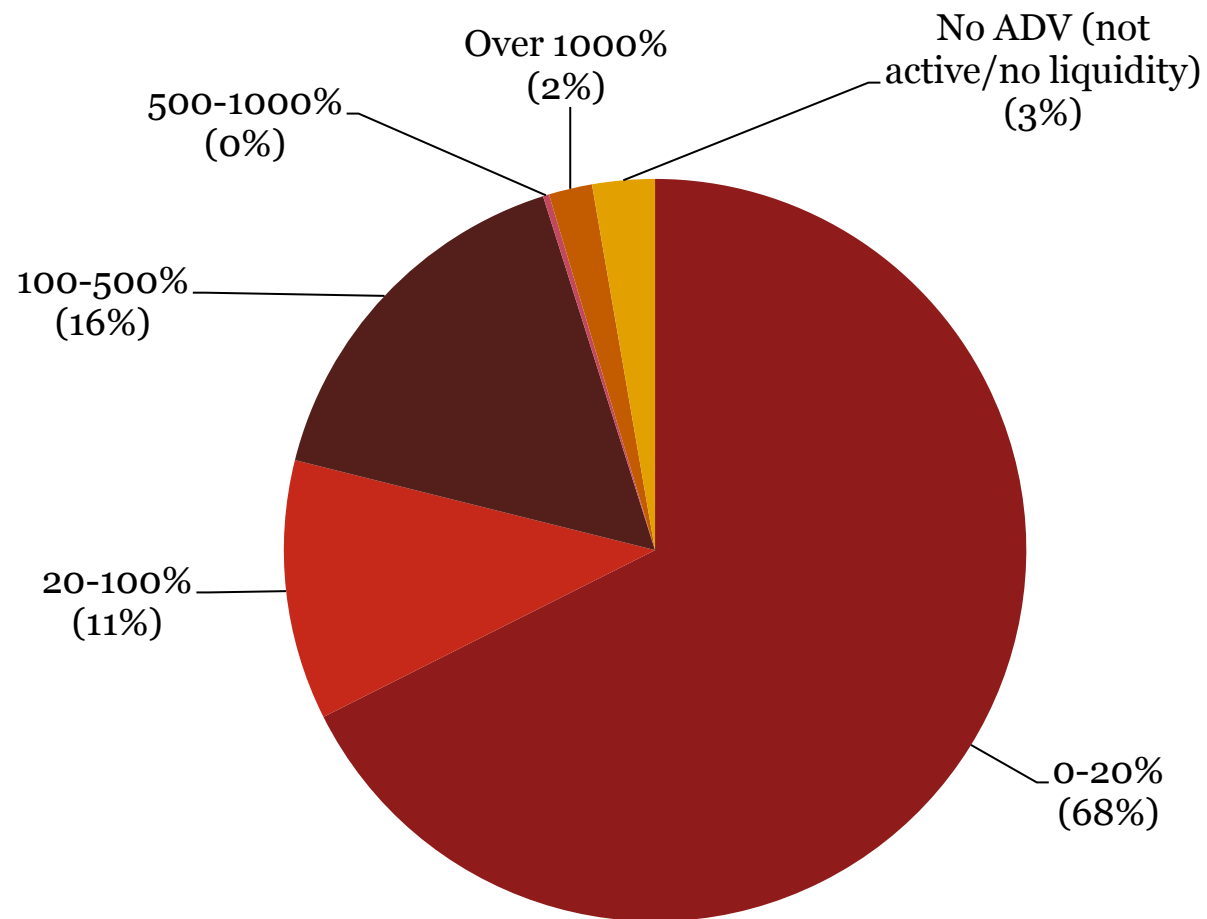
Portfolio Composition - Geography - Product

Geographic Location	30 Nov 12
	\$m
United States	3,189
Asia	163
Europe	141
Canada	59
Latin America	18
Other	27
Total	3,597

Security Type	30 Nov 12
	\$m
Common Stocks	2,794
American Depository Receipts	303
Limited Partnerships	172
Exchange Traded Products	163
Preferred Securities	85
Real Estate Investment Trust	55
Closed-End Funds	12
Other	13
Total	3,597

LBI Distribution - Profile

Average Daily Volume – Common Stock and Equity-like Products



Market Values as of 30/11/12

LBI Distribution - Profile

Portfolio Composition – Fixed Income Securities - Maturity - Ratings

Maturity Profile As at 30/11/12 (\$m)			Face Value
Maturity	US	Other	Total
Maturity past	197	42	239
Under 1 year	195	12	207
1-5 years	336	17	353
5-10 years	103	9	112
Over 10 years	226	11	237
Perpetual	1	0	1
Total	1,058	91	1,149

Rating Profile As at 30/11/12 (\$m)		
	Face Value	Market Value
AAA to A-	13	15
A+ to A-	87	105
BBB+ to BBB-	77	96
BB+ to BB-	94	97
B+ to B-	134	98
CCC+ to C	220	176
Defaulted	268	-
NA / not rated	256	176
Total	1,149	763

LBI Distribution - Liquidation

Approach to Liquidation

- LBIE intends to liquidate the Portfolio as soon as practically feasible after receipt from LBI, in compliance with the following guidelines:
 - LBIE will not speculate on the market direction at a macro, portfolio or individual security level
 - LBIE shall seek to achieve price transparency
 - LBIE shall seek to achieve best price at time of execution
 - LBIE shall seek to minimize execution costs
 - LBIE shall seek to minimize any market impact from its sales activities
- LBIE intends to tailor its liquidation processes for each asset class so as to achieve the above aims

LBI Distribution - Liquidation

Approach to Liquidation

- LBIE may choose to sell the common stock and equity like products:
 - On an agency basis against observable benchmarks
 - On a risk basis depending on price
 - Off-exchange for illiquid securities
- LBIE shall negotiate flat fees with a number of broker dealers
- For less liquid securities LBIE may seek to work on a bilateral basis with market makers or other brokers
- The fixed income portfolio will be sold on a principal basis through competitive BWICs (bids wanted in competition) so as to achieve pricing tension and transparency
- LBIE intends to split the fixed income portfolio into numerous sub portfolios based on asset class so as to achieve optimum size and generate interest
- For less liquid securities LBIE may seek quotes from Omnibus clients

LBI Distribution - Liquidation

Experience to Date

- The liquidation process will be conducted in a similar way to how LBIE has liquidated its house portfolio to date
- The LBIE team has sold circa \$4bn of equity and equity like products across approximately 12,000 individual trades worldwide
- Similarly, LBIE has recovered \$2.2bn from fixed income products
- LBIE has trading relationships across the street with a number of major brokers, dealers and market makers
- In the past year, LBIE has sold fixed income products to 17 different accounts and sold equity products on an agency basis with 10 separate counterparties

Economic Outcomes

Economic Outcomes

Estimated Client Recovery (based on 5th announcement, 27/2/13)

	Level of overall acceptance by customers (\$bn)					
	100%		90%		80%	
	Low	High	Low	High	Low	High
LBI Portfolio headline value	8.9	8.9	8.9	8.9	8.9	8.9
Provisions	(0.8)	(0.4)	(0.8)	(0.4)	(0.8)	(0.4)
Reserves for Non Consenting Beneficiaries	-	-	(1.2)	(1.0)	(2.4)	(2.0)
Available for Consenting Beneficiaries	8.1	8.5	6.9	7.5	5.7	6.5
Aggregate of Consenting Beneficiaries' Best Claims	8.7	8.7	7.8	7.8	7.0	7.0
Illustrative return as % of Best Claim	93%	97%	88%	96%	81%	92%
Overall shortfall on Best Claims	0.6	0.2	0.9	0.3	1.3	0.5

The above table should be read in conjunction with the notes on the key assumptions which were set out in the 5th announcement posted on the website on 27/2/13

- Key Outcome drivers - acceptance rates, level of disputes, market movements, provisions and tax
- 80% aggregate threshold for the Consensual Proposals

Economic Outcomes

Impact for the General Unsecured Estate

- Assets
 - House recovery of \$0.5bn + dividend on \$4bn
 - Assignment to LBIE of assets held by LBIE for LBI
 - Assignment to LBIE nominee of LBI client money claim
 - Unlocks lien recoveries
- Claims
 - Allows final resolution with clients with pending trades on a “real world” basis
 - Caps asset shortfall claims
 - Provides clarity on disputed client classification as either LBI or LBIE
- Costs
 - Provides for limited recovery of costs associated with omnibus claims
 - Avoids years of litigation, thereby reducing costs and accelerating dividend payments
 - LBI to provide assistance to resolve certain client issues

Timeline

	Feb	March				April			May
Week commencing:	25th	4th	11th	18th	25th	1st	8th	15th	
Proposals launched	◆								
Deadline for responses					◆				
Operational workshops		LONDON	NEW YORK						
Townhalls			LONDON	NEW YORK					
<u>US Court Schedule</u>									
Papers Filed	◆								
Objection deadline						◆			
Hearing								◆	
<u>UK Court Hearing</u>									◆

These timings support a first distribution in Q3 2013 of potentially 60-70% of Best Claim – per 2nd announcement (subject to disclosed assumptions)

Implementation Mechanism

Implementation Mechanism

Suite of Documents

- Information Memorandum, including letter from the Joint Administrators
- Common Terms
- Omnibus Settlement Agreement
- CRA Notice and Resolution
- Amended and Restated CRA
- Information Pack
 - 19/9 Position and Value Statement and 30/11/12 Aggregate Market Value Statement
 - Statement of Best Claim
- Voting value for CRA
- US Tax Forms

Implementation Mechanism

Summary

- Terms and conditions set out in a “Common Terms” document
- CRA signatories will vote on a resolution which, if passed, will result in an amendment to the CRA giving effect to the Common Terms
- Customers who are not signatories to the CRA are invited to participate in the Omnibus Settlement Agreement (“OSA”) which incorporates the Common Terms
- The Common Terms will become effective once certain conditions are met, in particular:
 - If the Proposals have been approved by
 - 75% of the CRA signatories with Omnibus Claims; and
 - 40% of non CRA signatories (based on value of Best Claim)
 - If the LBI Settlement Agreement becomes effective

Implementation Mechanism

CRA Omnibus Amendment Resolution Process

- CRA signatories will become bound by the Common Terms through an Extraordinary Resolution under the CRA
- The resolution amends and restates the CRA to incorporate the Common Terms
- If passed by the requisite majority the resolution will be binding upon every CRA signatory
- Voting, in accordance with the CRA:
 - Only those CRA signatories with Omnibus Claims will be entitled to vote
 - Voting values will be calculated by reference to all assets and liabilities of the relevant CRA signatories
- If the conditions to the Common Terms becoming effective are not met then the CRA amendments will not become effective
- The existing rights and obligations of CRA signatories who do not have Omnibus Claims will be preserved

Implementation Mechanism

Invitation to make an Offer under the OSA

- LBIE has invited eligible customers to make an offer to enter into the OSA
- An eligible customer is one who is not a CRA signatory but who LBIE considers has an Omnibus Claim
- LBIE at its sole discretion, will decide whether to accept any offer
- The Common Terms forming part of the OSA will become effective at the same time as the amendments to the CRA
- If the conditions to the Common Terms becoming effective are not met then the OSA will terminate

Review of Key Provisions of the Common Terms

Review of Key Provisions of the Common Terms

Summary

- Creation of New Common Term Claims
- Distributions
- Tax
- Collateralisation Election
- Dispute Resolution

Review of Key Provisions of the Common Terms

Creation of New Common Term Claims

- New proprietary claim
 - A beneficial interest in a share of the LBI Distribution based on Best Claim
 - Best Claim is higher of:
 - 19/9 value; and
 - aggregate market value (30/11/12)
- LBIE will admit as an unsecured claim:
 - Excess of 19/9 value over gross allocations
 - Subject to an aggregate cap of \$200m
- Releases and waivers of trust and unsecured claims in the LBI Distribution (but not other unsecured positions)
- Moratorium

Review of Key Provisions of the Common Terms

Distributions to Consenting Beneficiaries

- Made rateably according to Best Claims
- Prudent reserves for disputes and non-acceptors
- Potential exclusion from distribution where:
 - Best Claim is subject to dispute
 - Indebtedness to LBIE not finally ascertained
 - Unterminated contracts
 - Tax / AML documents not submitted
- LBIE will appropriate amounts which are the subject of indebtedness in its favour
- Fees and costs – lower of 1% and \$2.5m per entity

Review of Key Provisions of the Common Terms

Non Consenting Beneficiaries

- Those OSA eligible customers:
 - Who do not make an offer; or
 - Whose offer is not accepted by LBIE
- Remain entitled to whatever rights and recoveries (if any) they are entitled to in law in respect of the LBI Distribution once those claims have been agreed with LBIE or finally determined by a court
- LBIE will reserve prudently in the meantime

Review of Key Provisions of the Common Terms

Distribution Example 1

- 5 clients with differing profiles
- 1 Non Consenting Beneficiary; 1 dispute raised

Claims data	Consenting				Non NCB E	Total
	CRA A	CRA B	OSA C	Dispute D		
19/9 claims	80.0	100.0	50.0	95.0	35.0	
Best claim	100.0	100.0	100.0	100.0	100.0	500.0
Dispute notice				15.0		15.0
Reserve					35.0	35.0
Total	100.0	100.0	100.0	115.0	135.0	550.0

Available for First Distribution

LBI Recoveries		475
Less Reserves		
NCB	135	
Disputed	115	
Other	15	265
Adjusted Available Fund		210

Review of Key Provisions of the Common Terms

Distribution Example 2

Omnibus Trust	CRA A	CRA B	OSA C	Dispute D	
First distribution					
Adjusted Available Fund					210.0
Best Claim	100.0	100.0	100.0		300.0
Best Claim %	33.3%	33.3%	33.3%		100.0%
Share of Gross Distribution	70.0	70.0	70.0		210.0
Second distribution					
Available Fund					130.0
Previous distributions					210.0
Adjusted Available Fund					340.0
Best Claim	100.0	100.0	100.0	107.0	407.0
Best Claim %	24.6%	24.6%	24.6%	26.3%	100.0%
Share of Gross Distribution	83.5	83.5	83.5	89.4	340.0
Less earlier distributions	- 70.0	- 70.0	- 70.0	-	- 210.0
Share of second distribution	13.5	13.5	13.5	89.4	130.0
Final distribution					
Available Fund					25.0
Previous distributions					340.0
Adjusted Available Fund					365.0
Best Claim	100.0	100.0	100.0	107.0	407.0
Best Claim %	24.6%	24.6%	24.6%	26.3%	100.0%
Share of Gross Distribution	89.7	89.7	89.7	96.0	365.0
Less earlier distributions	- 83.5	- 83.5	- 83.5	- 89.4	- 340.0
Share of final distribution	6.1	6.1	6.1	6.6	25.0

Dispute D resolved at 107
Other reserves of 15 released
Frees up 130

Determine Non Consenting Beneficiary at 110
Frees up 25 being 135 reserve less 110

Review of Key Provisions of the Common Terms

Distribution Example 3

Final Outcome	Consenting Beneficiaries					Non consenting	
	CRA	CRA	OSA	Dispute		NCB	
	A	B	C	D		E	
Distributions							
First	70.0	70.0	70.0	-	210.0		
Second	13.5	13.5	13.5	89.4	130.0		
Final	6.1	6.1	6.1	6.6	25.0	110.0	
Total	89.7	89.7	89.7	96.0	365.0	110.0	475.0
Best Claim	100.0	100.0	100.0	107.0	407.0		
Ultimate Recovery Rate	89.7%	89.7%	89.7%	89.7%	89.7%		
Shortfall claim							
19/9 Claim	80.0	100.0	50.0	95.0			
Less distributions	- 89.7	- 89.7	- 89.7	- 96.0			
Shortfall, if any, subject to cap	-	10.3	-	-			

Simplified example: Does not cover tax, indebtedness, fees or other features

Tax - Overview

Objectives

- Secure a fair and reasonable US Withholding tax treatment for Consenting Beneficiaries
- Character and source of settlement payments for US WHT purposes are determined by reference to a particular Consenting Beneficiary's entitlement

NB – the mainstream tax treatment for Consenting Beneficiaries is out of scope

Approach

- Proactive engagement with custodians, HMRC and the IRS. Requested Letter of Determination. HMRC clearance on trust matters
- Simplify tax analysis to promote certainty
- Client tax forms

Tax – Principal Areas of Focus

Principal Area of Focus

US Withholding

- Most significant area of tax risk
- Material issues to resolve
- Operational complexity

US withholding tax

Withholding tax rate	30%
Backup withholding rate	28%

Scale of the issue

Maximum exposure	= \$9bn x 30% = \$2.7bn
Proposed outcome*	= \$634m x 30% = \$190m

Sources of Complexity

- LBIE is no longer a Qualified Intermediary – more parties involved
- LBI and LBIE insolvencies occurring on different dates → mix issue → entitlement ≠ LBI receipt
- Lack of precedent
- Legal and operational uncertainties as to which elements are income

* Aggregate income entitlement without any adjustment for exempt income / US recipients / Non Consenting Beneficiaries

Review of Key Provisions of the Common Terms

Collateralisation Election (CRA Only)

- Both the Affected Intermediary Collateralisation Election and Appropriation Deferral Election (only relevant to CRA signatories) will not apply with respect to the LBI distributions
- New LBI Appropriation Deferral Election – to avoid distributions being appropriated by LBIE to discharge Net Financial Liability (NFL) owing to LBIE, and therefore to maximise a CRA Signatory's ability to net off any 19/9 Value shortfall claim against that NFL
- LBI distributions are not paid to Signatory but constitute "LBI Deferral Cash Amount" and retained by LBIE
- Once the 19/9 shortfall claim is finally established, this can be used (in full) to reduce NFL
- Once NFL discharged, remaining LBI Deferral Cash Amount paid to Signatory

Collateralisation Election Example

Client A	
19/9 Value	100
Best Claim – Market Value	105
Unsecured debt owed to LBIE	(40)
Gross Distributions	
1 st	30
2 nd	40
Final	20
Total	90
19/9 Value	100
19/9 Shortfall	(10)

Without LBI Deferral Collateralisation Election			
	Cashflow		
	Client	LBIE	Total
1 st Distribution	0	30	30
2 nd Distribution	30	10	40
Final Distribution	20	0	20
	50	40	90
19/9 Value	100		
Gross Distribution	90		
19/9 Shortfall Claim	10		
Client A Economics			
Gross Distribution	90		
Debt cleared – paid to LBIE	40		
Client Distribution	50		
Outstanding 19/9 Shortfall Claim	10	Subject to cap	

Collateralisation Election Example

		With LBI Deferral Collateralisation Election			
Client A		Cashflow			
		Client	LBIE	Reserve	Total
19/9 Value	100	1 st Distribution	0	0	30
Best Claim – Market Value	105	2 nd Distribution	0	0	40
Unsecured debt owed to LBIE	(40)	Final Distribution	60	30	(70)
Gross Distributions			60	30	0
1 st	30		60	30	90
2 nd	40	19/9 Value		100	
Final	20	Gross Distribution		90	
Total	90	19/9 Shortfall Claim		10	
19/9 Value	100	Client A Economics			
19/9 Shortfall	(10)	Gross Distribution		90	
		Debt Outstanding	40		
		19/9 Shortfall Claim set off	(10)	Not subject to cap	
		Debt cleared – paid to LBIE		30	
		Client Distribution		60	

Review of Key Provisions of the Common Terms Dispute Resolution – what can be disputed

Under the Common Terms the following issues may be disputed:

- The accuracy of the 19/9 Value figure and/or the Aggregate Market Value figure contained in the Information Pack
- The accuracy of any Permitted Deductions or any designation or treatment as an Attributable Reserve as set out in the Notice of Distribution which has not been finally determined or agreed
- The eligibility status of the Consenting Beneficiary for receipt of a distribution as indicated on the Portal (subject to a Cut-Off Date for the purpose of an intended distribution set out in a Notice of Intended Distribution)
- Any other dispute arising out of or in relation to the interpretation and/or the parties' performance of any obligations arising under the OSA or the Common Terms

Note:

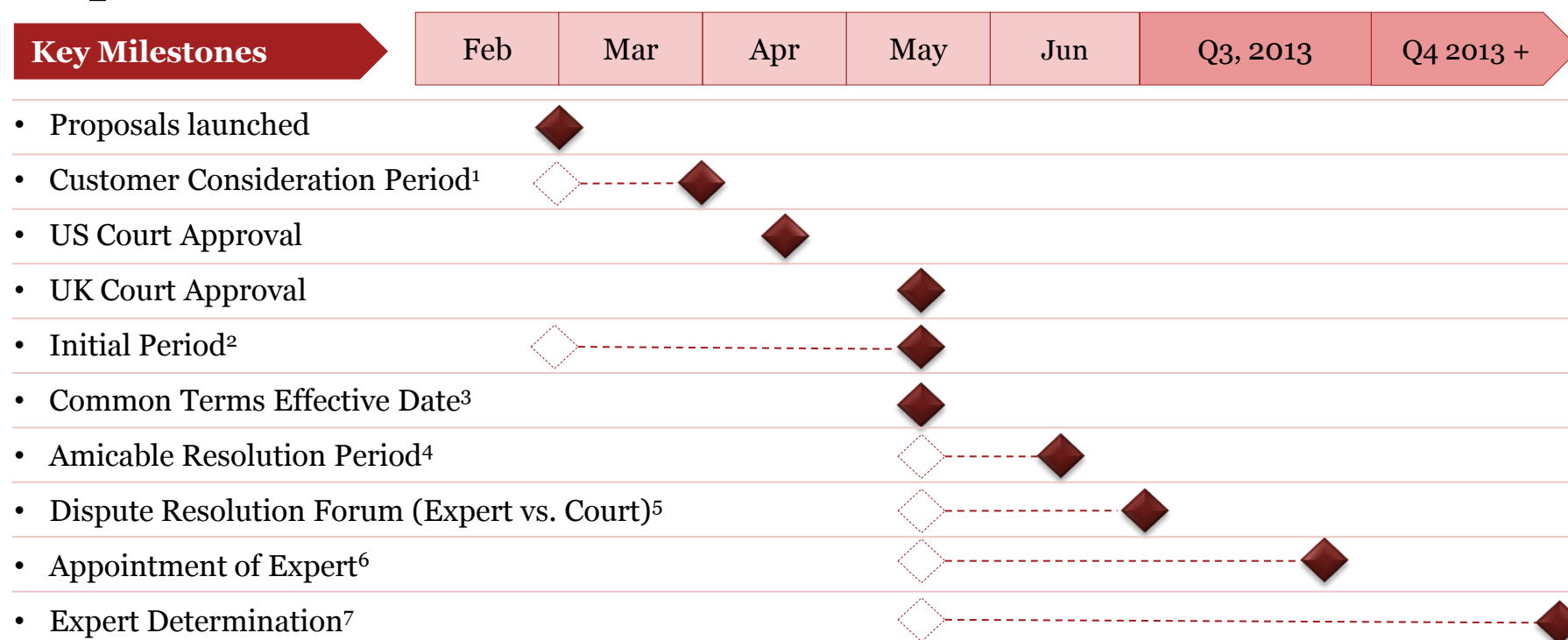
- The Consenting Beneficiary relinquishes any duplicate claim against LBI when they sign up to the Common Terms
- If the Consenting Beneficiary fails to comply with the Common Terms Dispute Resolution Mechanism (set out in Part 10 of the Common Terms) then it is deemed that the dispute has been abandoned

Review of Key Provisions of the Common Terms Dispute Resolution – what cannot be disputed

Under the Common Terms the following CANNOT be disputed:

- The amount (if any) of the 19/9 Shortfall Claim, the Net 19/9 Shortfall Claim and Capped Net 19/9 Shortfall claim
- The Reserve held by LBIE against Trust Entitlements
- The 19/9 nominal position (and by inference the rehypothecation status of assets)
- The pending trade settlement adopted by LBIE
- The corporate actions policy (although LBIE's application of the policy may be subject to dispute)
- The Information Pack of any other Consenting Beneficiaries
- All information set out in a Notice of Distribution ("NoD"), with the exception of any NoD figures which are Permitted Deductions or Attributable Payments
- Certain requirements for the Common Terms Dispute Resolution Mechanism: (i) the Common Terms Dispute Forum determined by LBIE; (ii) Consenting Beneficiary's election of Dispute Expert; and (iii) decision of the Dispute Expert

Review of Key Provisions of the Common Terms Dispute resolution - timeline



1 During this period a customer may raise a dispute (c.4 weeks)

2 This period will be used for discussion and informal dispute resolution (2 – 3 months)

3 Common terms effective date is when the LBI settlement takes full effect

4 The Amicable Resolution period is 20 business days

5 LBIE shall determine, in good faith but otherwise at its absolute discretion, the dispute resolution forum

6 LBIE shall, at a time determined in its commercially reasonable discretion, take the necessary steps to commence the dispute resolution process

7 Parties and Expert to use reasonable endeavours to ensure a determination within 60 business days of the Expert's appointment

What You Need to Do


What You Need to Do

Overview

- Read the Information Memorandum
- Read the other legal documents relevant to you and review your Information Pack
- CRA signatories who wish to approve the Resolution must do so through the Client Portal
- Non-CRA signatories who wish to participate in the Proposals must make an OSA Offer through the Client Portal
- If you are a CRA signatory, even if you choose not to approve the Resolution, if you wish to dispute your Best Claim you must do so by the date of the Resolution, i.e., 26 March 2013
- Submit appropriate US tax forms
- If you authorise a third party to make an OSA offer or approve the Resolution on your behalf, you should ensure that evidence of the third party's authority to bind you is provided through the Portal

Conclusion

Conclusion

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- Settlement represents a significant step forward, though important conditions still to be satisfied
 - The Consensual Proposal offers major benefits to LBI Asset claimants:
 - Expedites asset distribution (anticipated to commence Q3 2013)
 - Fixes each customer's share of the LBI distribution
 - Eliminates the risk of delay and costs associated with litigation
 - Positive support required from impacted clients
 - Failure to support will likely result in a UK court-led process being initiated. The entire process (including appeals) may take a number of years
 - Overall, the Proposals represent the best prospect of putting in place an arrangement with the broad level of support necessary to expedite the distribution to relevant customers

Q&A

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LBI Settlement and the Consensual Proposals to facilitate return of the Omnibus recovery

New York – 19 & 20 March 2013

London – 14 March 2013