
Hughes Hubbard & Reed

Lehman Team Wins Approval to Begin Payout to Senior Creditors

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Hughes Hubbard & Reed's Lehman team won bankruptcy court approval to fully refund holders of all allowed secured and priority claims against Lehman Brothers Inc. (LBI) and to allocate an additional \$1 billion to the LBI general estate.

On June 19, U.S. Bankruptcy Judge Shelley C. Chapman said LBI trustee Jim Giddens could create a reserve account in the amount of approximately \$612 million for the secured and priority claims asserted against the LBI estate.

"With former LBI customer claims paid in full, the orderly administration and wind-down of the general estate continues to move forward," Giddens said in a statement.

Earlier this month, the Internal Revenue Service objected to Giddens' request, saying the trustee's motion jeopardized its \$400 million tax claim against LBI's estate. The Hughes Hubbard team agreed to a change in the proposed order approving the motion that satisfied the IRS. Judge Chapman said she would approve the reserve account after the new proposed order is submitted.

According to a Dow Jones report, Jason Benton said in court that, with more than \$5 billion allocated to the LBI general estate, a request to establish reserves and make an interim distribution on unsecured claims should be filed in the next few days.

"Simply put, we have billions of dollars to give out and we'd like to start doing that," Benton was quoted as saying.

As trustee, Giddens has returned more than \$105 billion to more than 110,000 individual customers, the largest distribution to customers in bankruptcy history.

In addition to Benton, Giddens is represented by an Hughes Hubbard team led by Jim Kobak and Chris Kiplok. Meghan Gragg, Greg Farrell, Eleni Theodosiou and Dina Hoffer also assisted in this matter.

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James W. Giddens



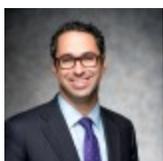
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