
Hughes Hubbard & Reed

Lehman Team Prevails in UK Supreme Court Decision

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Jim Giddens, the Trustee for Lehman Brothers Inc. (LBI), the US broker-dealer of Lehman Brothers, scored a major victory when the British Supreme Court ruled that billions of dollars in customer accounts that weren't properly separated belong to LBI customers.

The Feb. 29, 2012 landmark decision caps a three-year battle for Giddens and affirms an appellate-court ruling that customers whose money LBIE, the Lehman Brothers European broker-dealer, failed to properly segregate could claim from a protected pool of some \$2 billion in cash the European unit had set aside in segregated accounts.

Lord Justice John Dyson issued a 75-page ruling that stated "all client money is subject to a trust that arises upon receipt of the money." While firms are legally required to separate customer money from their own, LBIE failed to do this "on a truly spectacular scale."

Giddens said he was pleased with the ruling, which supports the "Trustee's Securities Investor Protection Act mandate to protect customer property and make LBI's customers and other creditors whole to the greatest extent."

"Property that should have been segregated for US customers of the failed broker-dealer belongs to those customers whether it was properly segregated or not," he said in a statement. Giddens added that "substantial progress has been made toward marshaling billions of dollars in assets for the LBI estate," and that he "continues to move toward formalizing the distribution process for assets under control of the estate."

Giddens controls more than \$23 billion in assets to repay LBI's customers and creditors. His team has transferred over 110 thousand customer accounts with a value of more than \$92 million out of LBI since the broker-dealer collapsed in 2008.

The Trustee is represented by Jim Kobak, Chris Kiplok and a large team within Hughes Hubbard & Reed. In

connection with UK matters, Bill Maguire, Michael Salzman, John Hoyns, Neil Oxford, Jason Benton and many others assisted the Trustee.

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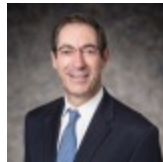
James W. Giddens



James B. Kobak, Jr.



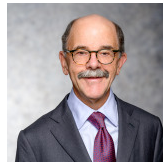
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