

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

LEHMAN BROTHERS UK CAPITAL FUNDING II LP ("LP II")

**EUR 250,000,000 EURO FIXED RATE GUARANTEED NON-VOTING, NON-CUMULATIVE PERPETUAL
PREFERRED SECURITIES ("LP II PREFERRED SECURITIES")**

ISIN XS0229269856

19 September 2024

Liquidation of LB GP No.1 Ltd ("the Company") and implications for parties interested in the LP II Preferred Securities

1 PRELIMINARY INFORMATION

- 1.1 THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
- 1.2 If you are in any doubt as to the action you should take, you are recommended to seek your own financial, legal, or other advice immediately from your stockbroker, bank manager, solicitor, accountant, or other appropriately authorised independent financial adviser.
- 1.3 If you have sold or otherwise transferred your entire (or any part of your) interest in the LP II Preferred Securities you should immediately forward this notice to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
- 1.4 This notice may contain certain information potentially relating to the future outlook for LP II and certain information is sourced from third parties. Any statements about the future outlook for LP II may be influenced by factors that could cause actual outcomes and results to be materially different and be out of the Joint Liquidators' control. As a result, you should not rely on any forward-looking statements. Any forward-looking statements included in this notice are made or relayed only as of the date of this notice, and except as otherwise required by law, the Joint Liquidators undertake no obligation to test, audit, confirm, publicly update, or revise any such forward-looking statements to reflect subsequent events, circumstances or otherwise.
- 1.5 REGARDING SECURITIES IN RELATION TO LP I, LP II, LP III (defined in 2.1 below): **Your particular attention is drawn to the important developments referred to in paragraphs 4.33 to 4.42 on pages 12 and 14 of this Notice. The Joint Liquidators request that any questions or comments that you may have in connection with these developments be sent to us by email by no later than 5.00pm (UK time) on 30 September 2024. Please send your emails to the email address shown in paragraph 9.1.2 on page 19 of this Notice.**

2 QUALIFICATION STATEMENT

2.1 This notice has been prepared using information obtained by (i) Matthew Robert Haw; and (ii) David Frederick Shambrook acting as the Joint Liquidators of the Company; and (ii) acting as licensed insolvency practitioners specifically in relation to winding up:

2.1.1 Lehman Brothers UK Capital Funding LP (“**LP I**”)

2.1.2 Lehman Brothers UK Capital Funding II LP (“**LP II**”)

2.1.3 Lehman Brothers UK Capital Funding III LP (“**LP III**”)

2.1.4 Lehman Brothers UK Capital Funding IV LP (“**LP IV**”)

2.1.5 Lehman Brothers UK Capital Funding V LP (“**LP V**”),

(together “**the Partnerships**” or individually a “**Partnership**” as the context requires).

2.2 Reference to the Joint Liquidators throughout this notice also includes (where the context requires) Matthew Robert Haw and David Frederick Shambrook acting as insolvency practitioners for the purpose of winding up the Partnerships. Pursuant to the order of his Honour Judge Cawson KC dated 28 May 2024, David Fredrick Shambrook was appointed as Joint Liquidator of the Company and Bruce Alexander Mackay was removed from office both with effect from 30 April 2024. This change in the Joint Liquidators of the Company was effected on account of the retirement of Bruce Alexander Mackay from RSM UK Restructuring Advisory LLP. A Notice to this effect was advertised in the London Gazette on 30 May 2024, and in accordance with the terms of the order, Bruce Alexander Mackay was released from office on 27 June 2024. The costs of the application were met by RSM UK Restructuring Advisory LLP. Paragraph 5 of the order sets out the appointment of David Frederick Shambrook alongside Matthew Robert Haw to also wind up the affairs of the Partnerships in their capacity as insolvency practitioners.

2.3 This notice provides an update regarding the progress of the liquidation of the Company and winding up of the Partnerships. This notice should not be used for any other purpose, and it cannot be relied upon to inform any investment decision in relation to any debt or financial interest in LP II and the Partnerships. We caution those parties interested in the LP II Preferred Securities and any other stakeholders who may have an interest in the winding-up of the Partnerships against using data in this notice as a basis for estimating the likelihood and/or value of any potential payment from LP II and/or any of the Partnerships.

2.4 The information set out in this notice is being distributed to all of those that are recorded as account holders in the relevant clearing system in relation to the LP II Preferred Securities (“**the Account Holders**”) at the same time. Further, a notice will be published via stock exchange announcements and Bloomberg explaining that this notice is available to Account Holders, such that the information set out in this notice does not constitute material non-public information.

- 2.5 Neither the Joint Liquidators nor their firm, RSM UK Restructuring Advisory LLP, accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this notice.
- 2.6 This notice should be read in conjunction with the previous notices to the Account Holders issued by the Joint Liquidators, copies of which are available on request. To avoid unnecessary repetition, the content of earlier reports has not been included below unless directly relevant to the current update.
- 2.7 The Joint Liquidators reserve the right to maintain confidentiality on any issue they consider could be commercially sensitive and to refrain from providing detailed commentary on any issues that may fit into this category.
- 2.8 The Joint Liquidators, on behalf of the Company and the Partnerships, reserve all rights against third parties on all matters and no conclusion should be drawn by third parties as to the Joint Liquidators' and/or the Partnerships' position or legal arguments on any such matters from information contained or not contained within this notice.

3 **BACKGROUND**

- 3.1 Bruce Alexander Mackay and Matthew Robert Haw of RSM UK Restructuring Advisory LLP were appointed as joint liquidators ("**the Joint Liquidators**") of the Company on 28 February 2017. The Joint Liquidators have issued eight earlier detailed notices to Account Holders. As explained above, David Frederick Shambrook replaced Bruce Alexander Mackay as a joint liquidator with effect from 30 April 2024. To avoid unnecessary repetition, Account Holders are referred to earlier reports for detail relating to historic matters and this report focuses on current relevant issues. Where possible, the same defined terms are used in this notice as used in earlier updates.
- 3.2 Although this specific notice is addressed and has been distributed (to the extent possible) to the Account Holders of the LP II Preferred Securities with ISIN XS0229269856 issued by LP II, this notice contains information that may be relevant to each of the Partnerships and is therefore to be read as a composite update to enable the Account Holders of Securities issued by each of the Partnerships to understand the position applicable to all of the Partnerships. Separate notices (in materially the same form) have been distributed to the Account Holders of Securities issued by each of the Partnerships.

4 **THE PARTNERSHIPS' ASSETS**

Cash held in LP III, LP IV and LP V

- 4.1 The table below summarises the cash balances held by each of the Partnerships as at 13 September 2024 after deducting cost of realisations and the payment of the distributions made to the Account Holders.

Receipts and payments summaries as at 13 September 2024

	LP I EUR	LP II EUR	LP III EUR	LP IV EUR	LP V USD
Asset Realisations					
Matured money market investment	-	-	12,820,347	10,817,135	26,729,664
Swaps settlement	-	-	-	-	2,000,000
BNYM custody account opening balance	3,661	1,082	30	-	-
Partnership Assets - Subordinated Notes	42,536,494	66,028,012	87,981,171	-	-
Initial re-balancing of costs	-	-	3,538,030	-	-
Bank Interest	8,605	13,336	261,247	8,678	1,133,402
	42,548,760	66,042,430	104,600,825	10,825,813	29,863,065
Cost of Realisation					
Funding contributed to LB GP No.1 Ltd	-	-	(6,025,563)	(1,189,875)	(3,160,263)
Payment of Tier X Reserve to GP1	(5,124,689)	(7,954,888)	(10,599,749)	-	-
Initial re-balancing of costs	(1,386,230)	(2,151,800)	-	-	-
Bank charges	-	-	(8)	(34)	(196)
Realised Fx Loss	-	-	(3,699)	-	-
	(6,510,919)	(10,106,688)	(16,629,020)	(1,189,909)	(3,160,459)
Distributions					
ECAPS Accountholders	(36,025,575)	(55,921,324)	(80,919,451)	(9,000,000)	(25,000,000)
	(36,025,575)	(55,921,324)	(80,919,451)	(9,000,000)	(25,000,000)
Current cash balances (Base currency)	€12,266	€14,419	€7,052,354	€635,905	\$1,702,606
Current cash balances (GBP equivalent)	£10,353	£12,171	£5,952,860	£536,764	\$1,301,786

Note: The future realisations of LP I, LP II and LP III will depend upon eventual recoveries from LBH in relation to the Sub-Notes claims, which are subject to ongoing litigation. Liquidation costs remain subject to re-apportionment in due course.

Fx rate GBP:EUR (Bank of England 12.09.2024) = 1.1847

Fx rate GBP:USD (Bank of England 12.09.2024) = 1.3079

Claims by LP I, LP II and LP III against Lehman Brothers Holdings Plc ("LBH")

- 4.2 Paragraphs 4.3 to 4.38 are only of direct relevance to the Account Holders of Securities issued by LP I, LP II, and LP III.
- 4.3 LBH issued subordinated loan notes to LP I, LP II, and LP III in return for the payment of the regulatory capital that had been raised by the issuance of the Securities by LP I, LP II, and LP III. These three Partnerships have a claim for payment of a dividend by LBH in relation to the subordinated notes that were issued.
- 4.4 The Joint Administrators of LBH have issued an updated estimated outcome statement for LBH dated March 2024, which is available for view on PwC's website as follows:
[Lehman Brothers Holdings PLC Update - March 2024 \(pwc.co.uk\)](https://www.pwc.co.uk/lehman-brothers-holdings-plc-update-march-2024)
- 4.5 The above link provides a narrative update relating to matters impacting the financial outcome for creditors of the LBH estate together with an updated estimated financial outcome statement and is directly relevant to the estimated value of the three Partnerships' claims for payment of a dividend by LBH in relation to the subordinated notes.
- 4.6 The updated estimated outcome statement is based upon various assumptions which are explained in the estimated statement referred to in the above link.

- 4.7 In addition to the variables relating to the value of LBH's estate (i.e. what LBH may have available to distribute) and as explained in the above link, any value to be distributed to the three Partnerships will also be impacted by the final outcome of ongoing litigation between LBH, the three Partnerships and LBHI (see 4.9 below).

Priority of subordinated claims against LB Holdings Intermediate 2 Limited ("LBHI2") and LBH

- 4.8 As explained in previous update notices, the subordinated claims of LBH against LBHI2, and of LP I, LP II, and LP III against LBH were found by the Court of Appeal to rank ahead of the respective claims of Scottish LP 3 and Lehman Brothers Holdings Inc. ("**LBHI**"). An application by LBHI to the Supreme Court for permission to appeal was not successful. The litigation that concluded in the Court of Appeal is hereinafter referred to as the "**ECAPS 1 Applications**" or "**ECAPS 1**".

March and April 2023 priority legal issues application and related Court applications

- 4.9 In March and April 2023 new directions applications were issued to seek the Court's determination on certain new areas of contention arising in relation to LBH's estate. The applications are summarised as follows:
- 4.9.1 Application notice dated 14 March 2023 between (1) The Joint Administrators of LBH and (2) the Company, (3) LBHI and (4) Deutsche Bank A.G. (London Branch) ("**DB**") whereby the Joint Administrators of LBH sought directions from the Court on the priority and payment of future distributions to the subordinated creditors of LBH (the "**ECAPS 2 Priorities Application**");
 - 4.9.2 Application notice dated 25 April 2023 between (1) the Joint Administrators of LBH and (2) the Company whereby the Joint Administrators of LBH sought directions in relation to their entitlement to pay a distribution to the Company in relation to the LBH Sub-Notes notwithstanding the failure of the Company to submit a proof of debt (the "**Distribution Application**"); and
 - 4.9.3 Application notice dated 27 April 2023 between (1) DB, (2) the Joint Administrators of LBH, (3) the Company and (4) LBHI, seeking an order that the legal issues 1,4 and 5 (as explained in the Directions Application) should be struck out on the basis of estoppel, issue estoppel and/or abuse of process (the "**Strike Out Application**").
- 4.10 The above applications are referred to as the "**ECAPS 2 Applications**" or "**ECAPS 2**" and a summary of the core aspects of the ECAPS 2 Applications is as follows.

ECAPS 2 Priorities Application: Priority legal issues as regards statutory interest

- 4.11 Whether, as argued by LBHI, the principal amount of the LBH Sub-Debt (Claim C) falls to be paid in priority to statutory interest payable on the claim in respect of the LBH Sub-Notes (Claim D), or whether, as argued by the Joint Liquidators and by DB, statutory interest payable on the LBH Sub-Notes falls to be paid in priority to the principal amount of the LBH Sub-Debt. (**“Priority Legal Issue 1”**)
- 4.12 Whether, as argued by the Joint Liquidators and DB, statutory interest payable on the claim in respect of the LBH Sub-Notes falls to be calculated by reference to the face amount of the LBH Sub-Notes, or as argued by LBHI, by reference to the discounted sum payable on that claim in accordance with Rule 14.44 of the Insolvency (England and Wales) Rules 2016. (**“Priority Legal Issue 2”**)
- 4.13 Whether, as argued by the Joint Liquidators and DB, the applicable period for the purposes of the calculation of statutory interest on the claim in respect of the LBH Sub-Notes begins with the date on which LBH entered administration, or, as argued by LBHI, on the date on which, in accordance with the subordination provisions of the LBH Sub-Notes, the holder of the LBH Sub-Notes became entitled to submit proofs of debt in LBH’s administration in respect of that claim (and, if so, what that date is). (**“Priority Legal Issue 3”**)

ECAPS 2 Priorities Application: Priority legal issues as regards the ECAPS Guarantees

- 4.14 Whether, as is argued by LBHI, clause 2.11 of the ECAPS Guarantees imposes upon the Holder (as defined therein) a trust in respect of any proceeds which have been distributed by LBH, which takes effect on receipt of those proceeds and requires such proceeds to be turned over to LBH. If so, what are the circumstances in which such trust arises and in respect of what proceeds? (**“Priority Legal Issue 4”**)
- 4.15 If LBH makes distributions on the LBH Sub-Notes but proceeds are thereafter ordered to be turned over to LBH by the Holder pursuant to clause 2.11 of the ECAPS Guarantees, what is the resultant order of priority as between the LBH Sub-Debt (Claim C) and the LBH Sub-Notes (Claim D), in respect of such sums received by LBH? (**“Priority Legal Issue 5”**)
- 4.16 LBH’s directions application dated 14 March 2023 and the accompanying witness statement of Edward John Macnamara, which provide further factual and background information to the statutory interest and ECAPS Guarantees issues, can be found on PwC’s website and the links are copied below:

[LBH – Application Notice dated 14 March 2023 \(pwc.co.uk\)](https://www.pwc.co.uk/insolvency/ecaps-2-priorities-application)

[LBH – Witness statement – 14 March 2023 – signed by Ed Macnamara \(pwc.co.uk\)](https://www.pwc.co.uk/insolvency/ecaps-2-priorities-application)

Strike Out Application

- 4.17 The Strike-Out Application, issued by DB, argued that some of the issues raised in the LBH Joint Administrators' application of 14 March 2023 had already been resolved by the ECAPS 1 Applications or that those issues should have been addressed during the ECAPS 1 proceedings.

Distribution Application

- 4.18 The circumstances which gave rise to the Distribution Application were as follows:
- 4.18.1 On 31 March 2023 the LBH Joint Administrators gave notice of their intention to declare an eighth interim distribution ("**the Dividend**") to unsecured, non-preferential creditors within two months from the last date of proving, being 28 April 2023.
 - 4.18.2 In the Dividend notice, the Joint Administrators anticipated that in addition to a further distribution being made to LBH's unsecured, non-preferential unsubordinated creditors, the amounts available for distribution would also enable a distribution to be made in respect of LBH's unsecured, non-preferential subordinated liabilities. This would mean a first distribution to the Company, as the senior subordinated creditor.
 - 4.18.3 Meanwhile, LBHI put the Joint Liquidators on notice that any dividend received from LBH should not be onward distributed by the Company for the benefit of the holders of the Securities; this being on account of LBHI's asserted position in relation to the ECAPS Guarantees, as described above.
 - 4.18.4 The Joint Liquidators of the Company opposed the Dividend because it would lead to prejudice to the holders of the Securities. This would arise from a loss of statutory interest payable by LBH on the amount of the Dividend paid to the Company, which could be held as un-distributable for some considerable time pending the final resolution of the ECAPS Guarantees position.
 - 4.18.5 The Joint Liquidators also formally opposed LBH's requirement for the Company to file proof of debt forms.
 - 4.18.6 These arguments and counterarguments ultimately resulted in the Joint Administrators of LBH filing the Distribution Application.
- 4.19 On 28 April 2023, on behalf of LPI, LP II, and LP III, the Joint Liquidators filed proof of debt forms in the LBH Administration. Given the Joint Liquidators' position that it was premature for the Company to be required to file proof of debt forms, these were filed without prejudice to the Company's position that it was in fact too early for proofs of debt to be filed.

- 4.20 On 6 June 2023 the LBH Joint Administrators postponed the Dividend pursuant to Rule 14.34(1) of the Insolvency (England and Wales) Rules 2016, pending the hearing of the Distribution Application.

ECAPS 2 Hearing

- 4.21 A final hearing in relation to the ECAPS 2 Applications was listed from Monday 9 October 2023 to Thursday 12 October 2023 (“**the ECAPS 2 Hearing**”). However, terms of settlement were agreed which substantially narrowed the outstanding areas of dispute within the estate of LBH. In summary:

4.21.1 The settlement involved the withdrawal of Priority Legal Issues 2 to 5, such that the ECAPS 2 Hearing only concerned the determination of Priority Legal Issue 1.

4.21.2 Similarly, in so far as the Strike-out Application related to any new issues other than Priority Legal Issue 1, that application was similarly withdrawn so as now to be limited only to Priority Legal Issue 1.

4.21.3 Further, the Distribution Application was withdrawn in its entirety.

- 4.22 The terms of settlement provided for distributions to be made from LBH as follows (what follows is a summary only of the relevant economic terms):

4.22.1 **Tier X** – First £187.2m of funds available for the subordinated creditors was paid as set out below (being payment in full of Tier X):

- (a) On 24 November 2023, 92% of Tier X (being £172.2m) was paid to the Company;
- (b) On 29 December 2023, the remaining 8% of Tier X (being £15.0m) was paid to LBHI.

4.22.2 **Tier Y** – next available funds up to £225m.

- (a) Distributions under Tier Y can only take place once:
 - (i) Tier X funds have been distributed in full (which is now the case as set out above);
 - (ii) There has been a final adjudication or settlement of Priority Legal Issue 1; and
 - (iii) The unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full or, if necessary, adjusted for the resolution of the Partial Discharge Issue. The Partial Discharge Issue means the application (if any) of the Court of Appeal's decision in *Re LB Holdings Intermediate 2 Ltd* [2021] EWCA Civ 1523 (i.e. the Court of

Appeal decision in ECAPS 1) to the claims of unsubordinated creditors whose claims have been admitted in the administration of LBH and who have also received payments from LBHI as guarantor of such claims. The Company and DB raised the concern that certain unsubordinated creditors of LBH may have been overpaid. This issue is not subject to litigation but investigations have been undertaken and correspondence exchanged between the Company, LBH and certain creditors of LBH that may be impacted.

- (b) If Priority Legal Issue 1 is resolved in favour of the Company, Tier Y will be distributed 94% to the Company and 6% to LBHI.
- (c) If Priority Legal Issue 1 is resolved in favour of LBHI, Tier Y will be distributed 100% to LBHI.

4.22.3 **Tier Z** – remaining funds available:

- (a) Subject first to the distributions of Tier X and Y, further distributions to LBH's subordinated creditors will be paid from any remaining funds available in the following proportions:
- (b) If Priority Legal Issue 1 is resolved in favour of the Company the Tier Z funds will be distributed to the Company and LBHI in the ratios of 42% to 58% respectively.
- (c) If Priority Legal Issue 1 is resolved in favour of LBHI the Tier Z funds will be distributed to the Company and LBHI in the ratios 12% to 88% respectively.

4.22.4 By way of an application dated 8 April 2022 (the “**Third Parties Application**”) the Company filed an application against various third parties seeking a variety of monetary and non-monetary relief relating to the allegation that the third parties failed to intervene to prevent a breach a trust with the effect of reducing the value of funds potentially available to the Company and hence the Account Holders of the Securities of LP I, LP II, and LP III. The Third Parties Application was also settled as part of the above agreement.

4.23 In advance of the above terms being agreed, the terms of the proposed settlement were set out in detail in the Joint Liquidators' 8th update to investors dated 21 September 2023. Any Account Holders that wished to express support or provide comments or significant objections to the proposed terms were invited to either provide a Letter of Support or otherwise make contact with the Joint Liquidators. No comments or objections were received. The Joint Liquidators received Letters of Support from over 80% (by value) of Account Holders as at midday on 5 October 2023 on an aggregate basis across LP I, LP II and LP III and no objections were received. On 8 October 2023, amongst others, the Company, LBHI, LBH and DB entered into a Framework Agreement and other related agreements to enable the implementation of the proposed

terms that had been circulated to the Account Holders on 21 September 2023. Following the execution of the Framework Agreement and other related agreements, the settlement was formally concluded with effect from 8 October 2023. References in this does document to the Framework Agreement relate to the settlement that was concluded on 8 October 2023. A copy of the Framework Agreement is included at Schedule 1 of Appendix 2.

- 4.24 A summary of the procedural history of ECAPS 1 and ECAPS 2 has been prepared by LBH Joint Administrators and a link to the website containing summary background information is as follows:

[Ongoing litigation - PwC UK](#)

- 4.25 The material developments in relation to the ongoing ECAPS 2 litigation since the above settlement terms were agreed are as follows:

4.25.1 Priority Legal Issue 1 was heard by Mr Justice Hildyard on 9 and 10 October 2023.

4.25.2 Judgment was handed down on 29 November 2023 in favour of the Company in relation to Priority Legal Issue 1 (“**the ECAPS 2 Judgment**”). Any party wishing to understand Mr Justice Hildyard’s ruling should read the judgment in full. However, in case it is of assistance and without prejudice to the full terms of the judgment, in high-level summary only, the Court found that in respect of Priority Legal Issue 1 statutory interest payable on Claim D falls to be paid in priority to the principal amount of Claim C. A copy of Justice Hildyard’s judgment and the related order can be found using the following links:

[Judgment](#)

[Sealed order of Justice Hildyard](#)

4.25.3 LBHI sought to appeal the ECAPS 2 Judgment and was refused permission to appeal by Mr Justice Hildyard. Permission to appeal was later granted by the Court of Appeal. LBHI’s appeal sought to reverse the finding in favour of the Company on Priority Legal Issue 1 such that principal on Claim C was to be paid ahead of statutory interest due in respect of Claim D.

4.25.4 The Company opposed the appeal, and the appeal is listed to be heard on 3 and 4 October 2024 before a panel of Judges including Lady Justice Asplin and Lord Justice Henderson.

Distributions paid and funds potentially flowing from the LBH estate to LP I, LP II and LP III

- 4.26 Following the settlement agreements dated 8 October 2023, the details of which are noted above, the LBH Joint Administrators agreed the subordinated unsecured claims of LP I, LP II and LP III and paid the Tier X distributions in accordance with the settlement agreement.
- 4.27 On the 6 November 2023 the Joint Administrators of LBH wrote to the Joint Liquidators of GP1 and confirmed that claims submitted by LP I, LP II and LP III had been agreed. As previously noted, the claims of LP I, LP II and LP III are future claims and as such it was determined at ECAPS 1 that the principal claims should be discounted in accordance with rule 14.44 of the Insolvency (England and Wales) Rules 2016. The claims submitted by LP I, LP II and LP III also included accrued unpaid interest up to the date LBH entered administration, and this additional element of the claims was not discounted. We have summarised the claims admitted by the Joint Administrators of LBH below:

	Principal debt (£)	Less Discount (£)	Discounted Principal (£)	Accrued unpaid interest (£)	Total Principal (£)
LP I	137,508,900	(99,866,062)	37,642,837	2,868,264	40,511,101
LP II	197,769,164	(144,881,928)	52,887,236	9,996,825	62,884,061
LP III	295,585,792	(218,151,077)	77,434,715	6,357,196	83,791,911
	630,863,856	(462,899,068)	167,964,788	19,222,284	187,187,072

- 4.28 On 24 November 2023 the Company received two sums totalling £20,747,680 relating to a costs reserve known as the “Tier X Reserve”. The Tier X Reserve is a cost reserve agreed as part of the settlement concluded on 8 October 2023. Under the terms of the agreements the Company is holding the Tier X Reserve in its capacity as general partner.
- 4.29 On the 27 November 2023 the Joint Administrators of LBH paid the balances of the Tier X distributions (after deducting the Tier X Reserve noted above) to LP I, LP II and LP III.
- 4.30 On 29 November 2023 the Joint Liquidators issued a Notice of Interim Payment to the Account Holders of the ECAPS issued by LP I, LP II and LP III. The Notice of Interim Payment set a value date of 8 December 2023 for the payment of the Tier X distributions and advised the quantum of the Liquidation Distribution to be paid by LP I, LP II and LP III. The Liquidation Distributions were paid to the Account Holders via the clearing systems on 8 December 2023 and full details of the Tier X distribution waterfall can be found at Appendix 1.
- 4.31 Following a review of the LBH Joint Administrators’ most recently published estimated financial outcomes for the LBH stakeholders, the Joint Liquidators have prepared a table to show additional potential flows of funds to LP I, LP II and LP III based on the outcome of the ECAPS 2 Judgment. The sums ultimately to flow to LP I, LP II, and LP III are dependent on the final outcome of the ECAPS 2 Applications.

Please note that the figures in the table below are indicative only at this stage and subject to a number of significant assumptions. The figures are as disclosed by the LBH Joint Administrators in the latest public filing (March 2024) and have not been tested or audited by the Joint Liquidators. The Joint Liquidators refer readers to sections 1 and 2 of this update.

Estimated outcome for LP I, LP II and LP III as subordinated creditors of LBH	Notes	Base Case Recovery £'m	High Case Recovery £'m
Available cash and future recoveries	1	296	457
Estimated professional fees (including legal costs and expenses) and other estate costs and expenses	1	(80)	(46)
Senior unsecured creditors' claims (including outstanding statutory interest)	1	(84)	(84)
Estimated surplus for subordinated creditors	2	132	327

Notes

1. The above estimated outcomes have been taken from LBH's March 2024 update (linked at paragraph 4.24 of this report) and all the assumption in their update should be applied to the above estimated outcomes.

2. After the payment of the Tier X distributions which totalled £187.2m, of which £172.2m was payable to LP I, LP II and LP III under the terms of the Framework Agreement a surplus of between £132m and £327m will remain in the LBH estate, based on the LBH March 2024 creditor update. Based on legal advice received, it is the Joint Liquidators' position that all and any part of the estimated surplus should first be applied to settle the statutory interest payable on the LP I, LP II, and LP IIIs principal claims in priority to any claim made by LBHI in respect of the LBHI Sub-Debt.

4.32 At this stage the Joint Liquidators do not know when surplus funds are likely to start to flow from the LBH estate to enable further distributions to be made to the Account Holders of the Securities in LP I, LP II, and LP III but, subject to what is said in paragraphs 4.33 to 4.42 below, it may not be possible until the issues set out in the ECAPS 2 Applications have been determined by the Court (including any appeals).

Proposed agreement concerning distributions from LBH

4.33 Following recent confidential, without prejudice and subject to contract discussions between certain Account Holders and LBHI, a possible outline of an agreement concerning the distributions from LBH was brought to the Joint Liquidators attention at the beginning of September 2024. The terms of the possible agreement have since been developed and the parties to the ECAPS 2 Appeal (and other relevant parties) have, subject to contract, agreed preliminary terms to settle the ECAPS 2 Appeal. The proposed terms of that distribution are set out in the terms sheet at Appendix 2 of the Notice (**"the 2024 Proposed Terms"**). The documents and information provided in Appendix 2 are without prejudice and subject to contract.

4.34 The main economic outcome of the settlement agreed in 2023 was to agree percentage splits for the distribution of funds across Tiers X, Y and Z. Tier X has already been paid. The percentage splits for Tier Y and Z turned upon the outcome of the ECAPS 2 Appeal Hearing. The 2024 Proposed Terms remove the uncertainty concerning the potential monetary outcome for GP1 for Tiers Y and Z by fixing the possible percentage return for Tier Y and Tier Z. This is on the basis of the proposed settlement of the ECAPS 2 Appeal Hearing which also includes the resolution of the Partial Discharge issue (it being a condition precedent that the Partial Discharge Issue is also settled). The JLs are satisfied with the proposed resolution of the Partial Discharge Issue, the outcome of which sees the parties reach the middle ground of the financial value of the dispute as a compromise. This aspect of the 2024 Proposed Terms removes a further impediment to the resolution of the relevant estates involved and the potential future distribution of funds from LBH. The material economic impact of the 2024 Proposed Terms are as follows to be compared with the summary of the current position summarised as paragraphs 4.22 above):

4.34.1 Tier Y: To be split 73.8 % (the Company) and 26.2% (LBHI).

4.34.2 Tier Z: To be split 40% (the Company) and 60% (LBHI)

4.35 The above percentages would be fixed and not dependant on the outcome of ECAPS 2 Appeal Hearing as it is proposed that Priority Legal Issue 1 is settled. The 2024 Proposed Terms would require implementation ahead of the ECAPS 2 Appeal Hearing, due to start on 3 October 2024.

4.36 Appendix 3 is a comparative estimated outcome statement that demonstrates some of the possible Base Case Recovery / High Case Recovery (terms as per table in paragraph 4.31 above) in relation to the ECAPS 2 Applications and interrelation with the 2024 Proposed Terms. Please note that the sums disclosed are after accounting for the costs incurred in the LBH administration estate but are subject to costs incurred in the Company's liquidation estate that are attributable to LP I, LP II and LP III.

4.37 The Joint Liquidators are aware that efforts are being made by certain Account Holders, that have taken an active participation in the winding up of the Company and the Partnerships, to determine whether support for the 2024 Proposed Terms can be confirmed in writing by certain known and significant Account Holders in each of LP I, LP II and LP III. A template letter of support (**the "Letter of Support"**) is set out in Schedule 2 of Appendix 2 to this notice. One of the purposes of canvassing levels of support from Account Holders is to allow the Joint Liquidators to informally ascertain levels of support for the 2024 Proposed Terms on a non-binding basis. The Joint Liquidators are supportive of the 2024 Proposed Terms but before entering final binding agreements in relation to the 2024 Proposed Terms want: (i) evidence of support (in the form of a Letter of Support) from at least a simple majority of Account Holders in each of LPI, LP II and LP III; and/or (ii) to understand whether there are any significant objections from Account Holders in relation to the 2024 Proposed Terms.

- 4.38 Account Holders that wish to express their support for the 2024 Proposed Terms (and the Joint Liquidators entering final and binding agreements in that regard) should complete the Letter of Support and return it urgently to the Joint Liquidators.
- 4.39 Alternatively, any Account Holders with any comments or significant objections relating to the 2024 Proposed Terms should make them known urgently to the Joint Liquidators.
- 4.40 Any Letters of Support, comments or objections from Account Holders should be provided as soon as possible by email to the Joint Liquidators in accordance with paragraph 9.1.2 below and in any event no later than 5.00pm (UK time) on 30 September 2024.
- 4.41 Any Account Holder that is uncertain as to their legal rights should seek independent legal advice.
- 4.42 In the absence of objections and/or non-supportive comments, if the exercise described in paragraph 4.37 above gives rise to a clear majority (by value) of the total Securities issued for each of LP I, LP II and LP III confirming support for the 2024 Proposed Terms, the Joint Liquidators propose to enter into formal documents finalising the terms set out in the 2024 Proposed Terms (or a revised version of the 2024 Proposed Terms that is considered acceptable by the Joint Liquidators).

Claims by LP IV and LP V against LBHI

- 4.43 No further updates. Please refer to previous notices.

Subordinated guarantee claims

- 4.44 No further updates. Please refer to previous notices.

Claims against Lehman Brothers Special Financing and LBHI

- 4.45 No further updates. Please refer to previous notices.

5 PROFESSIONAL COSTS

- 5.1 The Court directed that the Joint Liquidators should explain to Account Holders the costs incurred to date and the basis upon which costs will be incurred in the future with regard to the winding up of the Partnerships.
- 5.2 The professional costs and expenses incurred to date on a time costs basis are as set out below. Please note that the Company and the Partnerships were not VAT-registered. Accordingly, input VAT, where incurred, is not recoverable and is an additional cost of the liquidation and winding up.
- 5.3 Joint Liquidators (RSM)
- 5.3.1 Time costs: £2,803,618 plus VAT and disbursements have been incurred to 12 September 2024, of which £69,110 relates to time costs incurred in the period leading up to the Joint Liquidators appointment on 28 February 2017.

- 5.3.2 Fees of £2,761,397 plus VAT and disbursements of £54,025 have been paid to date.
- 5.4 Charles Russell Speechlys LLP ("**CRS**") (UK solicitors for the Joint Liquidators)
 - 5.4.1 Time costs: £3,159,618.25 plus VAT and disbursements have been invoiced and paid for the period 14 September 2016 to 18 August 2024 in relation to time costs. Since the end of that period, a further £114,400.50 plus VAT and disbursements has been incurred but not paid up to and including 17 September 2024.
 - 5.4.2 Counsel Disbursements: costs of £1,536,034.17 plus VAT has been incurred by Counsel instructed by CRS on behalf of the Joint Liquidators. All costs incurred by Counsel as of 16 September 2024 have been paid in full.
- 5.5 Kirkland & Ellis LLP (US attorneys for the Joint Liquidators)
 - 5.5.1 Time costs: USD 578,379.75 has been invoiced to date which has been paid in full.
 - 5.5.2 Disbursements: USD 17,199 has been invoiced to date and this sum has been paid in full.
- 5.6 Various Bank of New York Mellon entities ("**BNYM**") (paying agent, common depositary, and initial limited partner)
 - 5.6.1 Fees and costs totalling £320,727 have been paid to BNYM to date for the provision of transaction services, facilitating the distributions to the LP IV and LP V ECAPS Account Holders and for general assistance in facilitating investor communications and providing transaction records and documents (including the costs of BNYM's legal counsel).
- 5.7 Warwick Risk Management Ltd (valuer's fees)
 - 5.7.1 Fees totalling £20,000 plus VAT have been paid to Warwick Risk Management Ltd for the provision of valuation services.
- 5.8 Dentons UKMEA LLP (Solicitors for DB) (subject to the Joint Liquidators' assessment with regard to the reasonableness of those fees)
 - 5.8.1 Time costs: £105,881 plus VAT (up to 15 March 2017 as per proof of debt form).
 - 5.8.2 Disbursements: £6,960 plus VAT where appropriate (up to 15 March 2017 as per proof of debt form).
 - 5.8.3 As yet these costs have not been agreed and reimbursed, and the Joint Liquidators will follow up with Dentons UKMEA LLP to progress this matter to a conclusion.

- 5.9 Weil Gotshal & Manges (Solicitors for LBHI) (subject to the Joint Liquidators' assessment with regards to the reasonableness of those fees)
- 5.9.1 Time costs: USD 97,795 (up to 11 April 2017 as per proof of debt form). As at the date of the Company's liquidation this sum converted to approximately £78,661.
- 5.9.2 Following a review of these costs by the Joint Liquidators and discussions between the Joint Liquidators and LBHI, settlement was agreed at £59,000. The sum of £33,500 was deducted as settlement of LBHI's costs payable to the Company for the Supreme Court hearing in ECAPS 1. The net payment of £25,500 was made to LBHI in September 2022.
- 5.10 Agents' costs: It should be noted that additional costs have been incurred and will be discharged in connection with the maintenance of agents and the provision of information to the Account Holders of the Securities.
- 5.11 The professional costs and disbursements outlined above relate to necessary steps that have been taken to place the Company into liquidation and to undertake the process of winding up the affairs of the Partnerships. The process is complex and multi-faceted, which has involved and continues to involve extensive multi-party litigation with a number of significant and novel ongoing issues.
- 5.12 The professional costs and disbursements have been (and will continue to be) paid from sums realised (now and in the future) from the Partnerships' assets in accordance with the Order of the Court. To date the costs have been paid and apportioned as follows:
- 5.12.1 Costs relating to all Partnerships have been paid from the Funds (see para 4.1 above) and apportioned between LP III, LP IV, and LP V. To the extent any funds are realised from claims against LBH in relation to LP I and LP II then the apportionment of costs will be adjusted accordingly so that no one Partnership (or more than one) disproportionately bears the costs of the winding-up of the Partnerships collectively.
- 5.12.2 Costs specifically relating to LP I, LP II, and LP III in relation to the subordinated debt claims against LBH are currently being paid from LP III's Funds as LP I and LP II currently have no cash assets. LP IV and LP V have not contributed to these costs on the basis that work undertaken in relation to the subordinated debt claims against LBH does not relate to LP IV and V. To the extent any funds are realised in relation to the claims against LBH by LP I and LP II then the apportionment of costs will be adjusted accordingly so that LP III does not disproportionately bear the costs of issues relating jointly to LP I, LP II, and LP III.

5.13 At the date of this update the Joint Liquidators hold the following cash balances in each of the Partnerships. These figures are net of costs that have been paid to date but they do not take into account accrued or future costs:

5.13.1 LP I: €12,266

5.13.2 LP II: €14,419

5.13.3 LP III: €7,052,354

5.13.4 LP IV: €635,905

5.13.5 LP V: \$1,702,606

The LP IV and LP V net balances are after interim distributions that were made to those Partnerships' Securities Account Holders in October 2020, as referred to in Section 6 below.

5.14 The current hourly rates of those expected to be involved in this matter going forward are set out below (figures quoted exclude input VAT where applicable):

5.14.1 RSM

- (a) Partner (Joint Liquidators) - £895 (increased from £875 on 1 May 2024)
- (b) Associate Director - £625 (increased from £595 on 1 May 2024)
- (c) Manager - £450 (increased from £430 on 1 May 2024)
- (d) Associates - £375 (increased from £365 on 1 May 2024)
- (e) Executive - £335 (increased from £325 on 1 May 2024)
- (f) Analyst - £285 (increased from £275 on 1 May 2024)

5.14.2 CRS

- (a) Partner - £895 (increased from £750 - £875 on 1 May 2024)
- (b) Senior Associate - £675 (increased from £635 on 1 May 2024)
- (c) Associate (4 years PQE) - £425 (increased from £375 on 1 May 2024)
- (d) Associate (0 – 4 years PQE) - £330
- (e) Trainee - £285 (increased from £274 on 1 May 2024)

5.14.3 Counsel

- (a) King's Counsel - £750 (increased from £700 on 1 September 2022)
- (b) Junior Counsel - £350

6 DISTRIBUTIONS IN RELATION TO LP IV AND LP V

No further updates. Please refer to previous notices.

7 FURTHER UPDATE NOTICES TO HOLDERS OF SECURITIES

7.1 The Joint Liquidators will continue to provide update notices to Account Holders of Securities as and when there are significant matters to report and otherwise routinely on approximately an annual basis by the following methods:

7.1.1 To the extent possible, by notice distributed via the clearing systems relevant to the Securities for each Partnership (i.e. either the Euroclear system or Clearstream system); and

7.1.2 To the extent possible, by notice distributed via the relevant exchanges upon which the Securities for each Partnership are listed.

8 INFORMAL INVESTORS' COMMITTEE

8.1 Since the commencement of the winding up of the Partnerships, the Joint Liquidators have been approached by a number of Account Holders of the Securities and they have requested that an informal investors' committee ("IIC") is established.

8.2 The Joint Liquidators have established such an IIC. The IIC has two members, with the second member only having joined the ICC in February 2021. There have been no formal meetings of the ICC to date but the Joint Liquidators have engaged on an *ad-hoc* basis with the two members.

8.3 In order to join the IIC, an Account Holder of Securities will be required to sign a Memorandum of Understanding ("**MOU**") as well as a Non-Disclosure Agreement ("**NDA**").

8.4 If you are an Account Holder of Securities and you are interested in becoming a member of the IIC you will be required to enter into the MOU and NDA on the same terms as the current members and any other prospective members. To confirm your interest in joining the IIC, please contact Samantha Hawkins using the details provided at [9.1.2] below and verify your holding of the Securities in the manner set out at paragraph [9.2.2] below.

8.5 Please be reminded that the IIC has no statutory powers and will be non-binding upon the Joint Liquidators. Its purpose, if utilised, is to provide an additional means of liaising with Account Holders of Securities in relation to the Partnerships and providing a forum for discussing and providing feedback to the Joint Liquidators in relation to the various issues arising.

9 CONTACTS

9.1 Account Holders of the Securities who have queries concerning anything mentioned in this notice may contact the Joint Liquidators as follows:

9.1.1 Post: RSM UK Restructuring Advisory LLP, 25 Farringdon Street,
London, EC4A 4AB

9.1.2 E-mail: Samantha.Hawkins@rsmuk.com

9.2 Please note that in any correspondence with the Joint Liquidators, the Account Holders of the Securities will be required to verify their interest in the relevant Securities to the Joint Liquidators by:

9.2.1 The Account Holders sending an e-mail to the Joint Liquidators c/o Samantha Hawkins using the email address shown at paragraph 9.1.2 above and referencing "LB GP No. 1 Ltd (In Liquidation)" and the ISIN of the Securities in the subject line and disclosing the identity of the Account Holder, the identity of the Partnership or Partnerships which issued the Securities, the nominal amount of each ISIN held by the Account Holder and the details of the person(s) who shall represent the Account Holder; and

9.2.2 The Account Holders providing (by e-mail to the Joint Liquidators c/o Samantha Hawkins) a letter, screen shot or other proof of the interest (in each case from Euroclear/Clearstream and their custodian (if applicable)) verifying each of its account holdings in the Securities and disclosing the following information:

- (a) ISIN
- (b) Account number
- (c) Participant name
- (d) Nominal amount
- (e) Beneficial Account Holder details (including e-mail address)

Dated: 19 September 2024

Signed: 

**This notice is given by
Matthew Robert Haw
RSM UK Restructuring Advisory LLP
as Joint Liquidator of LB GP No.1 Ltd
Acting without personal liability**

Tier X Distribution Waterfall Calculations

Appendix 1.

Tier X - Distribution waterfall

	Total (£)	LP I	LP II	LP III
Discounted Principal claims as agreed by LBH PLC	167,964,788	37,642,837	52,887,236	77,434,715
Accrued unpaid interest as agreed by LBH PLC	19,222,284	2,868,264	9,996,825	6,357,196
Total claims now agreed by LBH PLC	<u>187,187,072</u>	<u>40,511,101</u>	<u>62,884,061</u>	<u>83,791,911</u>
Proportional split of total claims	100.00%	21.64%	33.59%	44.76%

Tier X planned net distributions - costs/reserves applied on pro rata basis

	Total (£)	LP I	LP II	LP III
Principal claims as now advised by LBH JAs	187,187,072	40,511,101	62,884,061	83,791,911
8% allocation to LBHI	(14,974,966)	(3,240,888)	(5,030,725)	(6,703,353)
	<u>172,212,106</u>	<u>37,270,213</u>	<u>57,853,336</u>	<u>77,088,558</u>
GP1/DB reserves withheld	(20,747,680)	(4,490,221)	(6,970,024)	(9,287,435)
Tier X net of LBHI share and GP1 reserves	<u>151,464,426</u>	<u>32,779,992</u>	<u>50,883,312</u>	<u>67,801,123</u>
LBH PLC converted Tier X (net of LBHI share and GP1 reserves) to EUR	€172,866,350	€37,411,805	€58,073,124	€77,381,421
Re-balancing of costs converted to EUR at same fx rate	0	(€1,386,230)	(€2,151,800)	€3,538,030
LBH PLC distributed funds net of re-balancing of costs	<u>€172,866,350</u>	<u>€36,025,574</u>	<u>€55,921,324</u>	<u>€80,919,451</u>
Liquidation Preference	€165,620,718	€32,341,533	€53,218,413	€80,060,773
Due and accrued but unpaid Distributions	<u>€7,245,631</u>	<u>€3,684,042</u>	<u>€2,702,911</u>	<u>€858,678</u>
	<u>€172,866,350</u>	<u>€36,025,574</u>	<u>€55,921,324</u>	<u>€80,919,451</u>
GBP:EUR (fx rate 17.11.2023 actual rate)	1.14130			

Appendix 2
Terms Sheet dated 18 September 2024

LEHMAN BROTHERS HOLDINGS PLC (IN ADMINISTRATION) ("PLC")

Term sheet: Amendment and Restatement of Framework Agreement dated 8 October 2023 and related matters

This term sheet represents the current understanding of the Parties (as defined below) with respect to the terms of the proposed resolution of certain issues in relation to the estate of PLC to be documented by an amendment and restatement of the Framework Agreement dated 8 October 2023 between the Parties, a copy of which is attached as schedule 1 to this Term Sheet (the "**Framework Agreement**") (such amendment and restatement the "**Amendment and Restatement Agreement**"). Save for the section headed "Binding terms", this term sheet: (i) does not constitute an offer by any Party capable of acceptance by any other Party (and shall not become legally binding on, or otherwise enforceable by or against, any Party); (ii) is not intended to create, evidence or imply any legal relationship or contract between the Parties; (iii) does not represent an exhaustive list of matters to be incorporated into the Amendment and Restatement Agreement; and (iv) is strictly without prejudice and subject to contract and the Amendment and Restatement Agreement being agreed and executed by the Parties.

Date:	18 September 2024
Parties:	<p>The Parties to the Framework Agreement, being: the PLC Administrators, PLC, the JLs, GP1, the ECAPS Issuers, LBHI, the PLP, the PLP JLs, DB.</p> <p>For the avoidance of doubt, any reference to a Party shall include that Party's successors and assigns.</p>
Definitions:	Terms bearing initial capitals shall have the meanings given to them by the Framework Agreement unless otherwise defined in this Term Sheet.
Amendment and restatement of Agreed Distributions:	<p>The Framework Agreement shall be amended and restated such that the concepts of ECAPS Outcome, LBHI Outcome and Alternative Outcome shall be removed and Available Funds shall instead be distributed according to the following scheme (subject in each case to the relevant terms of and the other relevant distribution conditions set out in the Framework Agreement):</p> <p>Tier X: As set out in the Framework Agreement (which Tier X Distributions have already been made in accordance with the Framework Agreement)</p> <p>Tier Y: To be split 73.8 % (GP1) and 26.2% (LBHI)</p> <p>Tier Z: To be split 40% (GP1) and 60% (LBHI)</p> <p>The Parties shall agree in the Amended and Restated Framework Agreement that a PLI 1 Settlement has occurred.</p>
Rights and claims to be settled / released / with covenant not to sue:	<p>The appeal in relation to Priority Legal Issue 1 (the "Appeal") shall be dismissed by the parties to the Appeal executing a consent order whose agreed form will be set out in a schedule to the Amendment and Restatement Agreement.</p> <p>Thereon, those parties will jointly request the Appeal to be dismissed by consent with each Party to bear their own costs of the Appeal (and without prejudice to</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>(i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLS' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement). LBHI is to then liaise with the Court of Appeal as necessary to effect the dismissal.</p> <p>All other settlements, releases, discharges and covenants not to sue shall remain as set out in the Framework Agreement, save that (i) where they operate by reference to Agreed Distributions they shall henceforth operate by reference to the Agreed Distributions as amended and restated (as described above in the section headed "Amendment and Restatement of Agreed Distributions"), and (ii) where they operate by reference to Continuing Claims, they shall henceforth operate by reference to the amended definition of Continuing Claims (as described below in the section headed "Claims to Continue" below).</p>
Claims to continue:	<p>The definition of Continuing Claims shall be limited to:</p> <ul style="list-style-type: none"> (i) the Gross-up Arguments; and (ii) any Claims and Rights that any Party has or may have in relation to it or arising under or from the Amendment and Restatement Agreement, the Framework Agreement, the Reserve and Reimbursement Agreement, the 7(f) Application Settlement, the settlement agreement described below in respect of the Partial Discharge Issue, the First Instance Costs Letter and/or any other agreement entered into to record or document the matters set out in this Term Sheet. <p>Priority Legal Issue 1, the Strike out Application, and the Partial Discharge Issue shall no longer be Continuing Claims.</p> <p>Clause 6.2 of the Framework Agreement shall be deleted.</p> <p>The Parties agree to consult in good faith to seek a mutually acceptable resolution of the Gross-up Arguments prior to the execution of the Amendment and Restatement Agreement, but it is acknowledged that the successful conclusion of such consultations is not a condition precedent to the execution of the Amendment and Restatement Agreement.</p>
Costs:	<p>In respect of the Appeal and other claims/rights/issues released, withdrawn or undertaken not to be pursued, Parties to bear their own costs and agree not to pursue any other party further in respect of them (and without prejudice to (i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLS' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement).</p> <p>LBHI and Deutsche Bank to fully and finally settle the Settled Costs Liabilities (as defined in the letter dated 3 May 2024 from Alston & Bird (City) LLP to Weil</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>Gotshal & Manges (London) LLP (the “First Instance Costs Letter”)) on the terms set out in the First Instance Costs Letter.</p> <p>Clause 7.2 of the Framework Agreement shall be deleted.</p>
Conditions:	<p>The Amendment and Restatement Agreement shall be conditional on:</p> <p>Partial Discharge: Entry into an agreement (whose agreed form shall be set out in a schedule to the Amendment and Restatement Agreement) between PLC, the PLC Administrators, LBHI, GP1, the JLs, DB and Eldon Street Holdings Limited (in Administration) so as to effectively fully and finally settle and dispose of the Partial Discharge Issue on terms by which (i) the further amount to be distributed by PLC to Eldon Street Holdings Limited (in Administration) is limited to between £4,400,000 and £4,500,000; and (ii) LBHI, GP1, the JLs and DB agree that they will not in the future bring any claims or complaints against PLC or the PLC Administrators in relation to the amounts in which distributions are or have been made to PLC’s unsubordinated creditors by reference to the Partial Discharge Issue.</p> <p>First Instance Costs: Settlement of first instance costs orders on the basis set out in the section headed (“Costs”) above.</p>
Representations regarding claims against LBL and MBAM	<p>In the Amendment and Restatement Agreement:</p> <p>LBHI shall represent and warrant that neither it or any Affiliate:</p> <ul style="list-style-type: none"> holds any legal or equitable interest in any claim against Lehman Brothers Limited (in Administration) (“LBL”) or MBAM Investor Limited (“MBAM”) that has not been asserted as at the Effective Date; and has during the period of 90 days ending with the Effective Date, asserted (or encouraged assisted or incited any person to assert) any claim against LBL or MBAM, or acquired a legal or equitable interest in any claim against LBL or MBAM, that in each case has not been asserted as at the date 90 days prior to the Effective Date. <p>LBHI shall undertake that from the Effective Date, neither it nor any Affiliate will assert (or encourage assist or incite any person to assert) any claim against LBL or MBAM nor will acquire a legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date (except, in each case, for claims for which the cause of action has not arisen, or which are based on facts or circumstances that did not exist, before the Effective Date).</p> <p>DB shall represent and warrant that neither it or any Affiliate:</p> <ul style="list-style-type: none"> holds any legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date; and

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<ul style="list-style-type: none"> has during the period of 90 days ending with the Effective Date, asserted (or encouraged assisted or incited any person to assert) any claim against LBL or MBAM, or acquired a legal or equitable interest in any claim against LBL or MBAM, that in each case has not been asserted as at the date 90 days prior to the Effective Date. <p>DB shall undertake that from the Effective Date, neither it nor any Affiliate will assert (or encourage assist or incite any person to assert) any claim against LBL or MBAM nor will acquire a legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date (except, in each case, for claims for which the cause of action has not arisen, or which are based on facts or circumstances that did not exist, before the Effective Date).</p> <p>In each case other than such claims as are disclosed in writing prior to the Effective Date.</p> <p>Where:</p> <p>The “Effective Date” means the effective date of the Amendment and Restatement Agreement.</p>
Timing and efficiency of distributions:	Parties to commit to work on a structure, variation or other terms to minimize delays in timing and maximize quantum of distributions but each Party will retain its discretion with regards to the implementation and timing of any structure, variation or other terms that may be agreed such that it may be the case that any structure, variation or other terms may only be agreed after the execution of the Amendment and Restatement Agreement.
Joint Reserve:	<p>The Amendment and Restatement Agreement shall (i) provide that the provisions of the Framework Agreement relating to the Joint Reserve will continue to apply (for the avoidance of doubt at the level of £3,225,200 as reduced pursuant to clause 3.10 of the Framework Agreement), removing the condition whereby such provisions were only to apply in the event of an ECAPS Outcome; (ii) amend the split by which the Joint Reserve is created such that 73.8% will be retained from amounts that would otherwise have been payable as Tier Y Distributions to GP1 and 26.2% will be retained from amounts that would otherwise have been payable as Tier Y Distributions to LBHI; and (iii) amend the provisions concerning release of the Joint Reserve to provide that any such release is likewise split 73.8 % (GP1) and 26.2% (LBHI).</p> <p>Parties to explore in good faith whether the level of the Joint Reserve can be reduced, with such reduction to be documented in the Amended and Restated Framework Agreement.</p>
Other provisions:	Except as expressly set out in this Term Sheet, the Framework Agreement shall not be varied or amended and shall continue in full force and effect. The

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>Reserve and Reimbursement Agreement and 7(f) Application Settlement shall remain in full force and effect without amendment or variation.</p> <p>Clause 8 of the Framework Agreement shall be amended to record that the Effective Date occurred on 8 October 2023.</p>
Binding terms:	<p>Confidentiality: All drafts of and the substance of all negotiations in connection with this Term Sheet are confidential to the Parties and their advisers, who shall not disclose or otherwise communicate them to any third party without the written consent of the other Parties other than:</p> <ul style="list-style-type: none"> a) the final agreed term sheet may be sent to ECAPS Account Holders and Beneficial ECAPS Interest Holders who are not party thereto and in that process may also be circulated by the JLs via RNS; b) the final agreed term sheet may be sent by DB or Whitefort to ECAPS Account Holders and Beneficial ECAPS Interest Holders with a view to obtaining Letters of Support; c) to the Parties' respective auditors, insurers (and their insurers/reinsurers), firm (in the case of the JLs and PLC Administrators), and their respective advisors, and lawyers on terms which preserve confidentiality; d) pursuant to an order of a court of competent jurisdiction, or pursuant to any proper order or demand made by any competent authority or body where they are under a legal or regulatory obligation to make such a disclosure; e) the final agreed term sheet may be disclosed by the PLC Administrators or the JLs to the extent they reasonably consider necessary or appropriate in the performance of their functions as office holders; f) pursuant to any express requirement under the rules of any listing authority or stock exchange on which a Party's shares are traded; or g) LBHI may publish the final agreed term sheet, and final settlement documentation (including the Amendment and Restatement Agreement and relevant consent orders), on the Bankruptcy Court docket and report and refer to the settlement terms in its quarterly reporting and discuss its terms with LBHI's creditors and investors. <p>Costs and expenses: All Parties will pay their own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation and execution of the Amendment and Restatement Agreement, and the settlement agreement in respect of the Partial Discharge Issue, whether or not those agreements are signed or come into effect (and without prejudice to (i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLs' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement).</p> <p>Without Prejudice:</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>The Parties agree to treat the publication or disclosure of this term sheet as not affecting the without prejudice status of the settlement discussions such that without prejudice privilege is not waived and that no Party will refer to the settlement discussions or without prejudice term sheet in court in a manner which would otherwise be contrary to the without prejudice principle.</p>
--	--

Schedule 1
Framework Agreement dated 8 October 2023

8 October 2023

FRAMEWORK AGREEMENT

between

The individuals specified herein as the PLC Administrators

- and -

Lehman Brothers Holdings PLC (in administration)

- and -

The individuals specified herein as the JLs

- and -

LB GP No.1 Limited (in liquidation)

- and -

The ECAPS Issuers

- and -

Lehman Brothers Holdings Inc

- and -

LB Investment Holdings Ltd (in liquidation)

- and -

The individuals specified herein as the PLP JLs

-and-

Deutsche Bank A.G. (London Branch)

ALSTON & BIRD

LDN:W
3 Noble Street
London
EC2V 7EE

THIS AGREEMENT is made on 8 October 2023:

BETWEEN:

- (1) **Edward John Macnamara, Gillian Eleanor Bruce and David James Kelly** in their capacities as joint administrators of PLC (as defined below), each of PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT (the "**PLC Administrators**");
 - (2) **Lehman Brothers Holdings PLC (in administration)**, incorporated and registered in England and Wales with company number 01854685, whose registered office is at 7 More London Riverside, London SE1 2RT, acting by the PLC Administrators ("**PLC**") acting as its agents and without personal liability;
 - (3) **Bruce Alexander Mackay and Matthew Robert Haw** in their capacities as joint liquidators of GP1 (as defined below), each of RSM UK Restructuring Advisory LLP, 9th Floor 25 Farringdon Street, London EC4A 4AB (the "**JLs**");
 - (4) **LB GP NO.1 LTD (in liquidation)**, incorporated and registered in England and Wales with company number 05355491, whose registered office is at RSM UK Restructuring Advisory LLP, 9th Floor, 25 Farringdon Street, London EC4A 4AB ("**GP1**"), acting by the JLs acting as its agents and without personal liability;
 - (5) **Lehman Brothers UK Capital Funding LP**, registered in England and Wales with limited partnership number LP010312, being wound up by Bruce Alexander Mackay and Matthew Robert Haw in their capacities as insolvency practitioners pursuant to an order of Mr Justice Hildyard dated 15 March 2017 ("**LP I**");
 - (6) **Lehman Brothers UK Capital Funding II LP**, registered in England and Wales with limited partnership number LP010717, being wound up by Bruce Alexander Mackay and Matthew Robert Haw in their capacities as insolvency practitioners pursuant to an order of Mr Justice Hildyard dated 15 March 2017 ("**LP II**");
 - (7) **Lehman Brothers UK Capital Funding III LP**, registered in England and Wales with limited partnership number LP011140, being wound up by Bruce Alexander Mackay and Matthew Robert Haw in their capacities as insolvency practitioners pursuant to an order of Mr Justice Hildyard dated 15 March 2017 ("**LP III**" and, together with LP I and LP II the "**ECAPS Issuers**");
 - (8) **Lehman Brothers Holdings Inc.**, a corporation formed in the State of Delaware, United States of America, and whose principal place of business is at 110 East 42nd Street, Suite 820 – 8th Floor, New York, NY 10017, United States of America ("**LBHI**");
 - (9) **LB Investment Holdings Ltd (in liquidation)**, incorporated and registered in England and Wales with company number 04385277, whose registered office is c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH (the "**PLP**"), acting by the PLP JLs (as defined below) acting as its agents and without personal liability;
 - (10) **Kiri Holland and Mark James Shaw** in their capacities as joint liquidators of PLP, each of BDO LLP, 55 Baker Street, London W1U 7EU (the "**PLP JLs**"); and
 - (11) **Deutsche Bank AG (London Branch)**, registered in the United Kingdom with branch registration number BR000005, whose UK establishment office is at Winchester House, London, 1 Great Winchester Street EC2N 2DB ("**DB**"),
- (together the "**Parties**" and each a "**Party**").

BACKGROUND:

- A. The PLC Administrators, GP1, LBHI and DB are party to High Court of Justice proceedings relating to the following applications in respect of the administration of PLC (case number CR-2008-000026) (the “**ECAPS 2 Proceedings**”):
- a. the application issued by the PLC Administrators on 14 March 2023 seeking directions from the High Court of Justice in England and Wales (the “**High Court**”) with respect to the five Priority Legal Issues (as specified in the application notice dated 14 March 2023) (the “**Directions Application**”);
 - b. the application issued by the PLC Administrators on 25 April 2023 seeking directions from the High Court of Justice in England and Wales with respect to the PLC Administrators’ entitlement to make a distribution to GP1 in the administration of PLC (the “**Distribution Application**”); and
 - c. the application issued by DB on 27 April 2023 seeking an order that Priority Legal Issues 1, 4 and 5 be struck out from the Directions Application (the “**Strike Out Application**” and, together with the Directions Application and the Distribution Application, the “**Applications**”).
- B. The purpose of this Agreement is to resolve all existing disputes between the Parties (including the release of the released parties), save for those disputes which are expressly preserved hereunder, on the basis of the agreed economic division with respect to the distributions to be made to subordinated creditors of PLC in its administration, with a view to accelerating such distributions in accordance with that economic division for the benefit of all Parties.
- C. Subject to the terms of this Agreement, the relevant Parties hereby agree:
- a. certain matters as to distributions to be made to subordinated creditors of PLC in its administration;
 - b. the withdrawal of certain issues from the Directions Application and the Strike Out Application;
 - c. the withdrawal of the Distribution Application in its entirety;
 - d. the release of certain further Claims and Rights as between the Parties;
 - e. the preservation of certain other rights, claims, arguments or causes of action as between the Parties; and
 - f. certain matters in relation to the information and reporting obligations of the PLC Administrators in respect of PLC’s administration.

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, unless the context otherwise requires, the following words and expressions have the following meanings:

“**7(f) Application**” means the application by GP1 dated 8 April 2022 naming the Individual Respondents as respondents;

"7(f) Application Settlement" means the settlement agreement to be entered into in relation to the 7(f) Application, between (among others) GP1 and each of the Individual Respondents, on or around the date of this Agreement;

"2011 Lehman US/UK Settlement Agreement" means the settlement agreement made and entered into as of 24 October 2011 between amongst others LBHI and certain of its affiliated entities as Debtors, PLC, the UK Affiliates and the LBLIS Group Entities;

"Affiliate" means, in relation to an entity, any entity that directly or indirectly controls, or is controlled by, or is under common control with, that entity from time to time;

"Agreed Distributions" has the meaning given to that term in Clause 2.1;

"Alternative Outcome" has the meaning given to that term in Clause 2.3(a)(iii);

"Applications" has the meaning given to that term in Recital A.c;

"Available Funds" means the funds available from time to time in the administration estate of PLC for distribution to subordinated creditors;

"Beneficial ECAPS Interest Holder" means any person who is for the time being shown in the records of any ECAPS Account Holder as holding an interest in any ECAPS;

"Business Days" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and New York;

"Claims and Rights" means actions, suits, causes of action, claims, allegations, counterclaims, rights, challenges, disputes, complaints, demands and/or set-offs, whether in this jurisdiction or any other jurisdiction or forum whatsoever, whether or not presently known to the Parties or to the law, whether actual or contingent or derivative, and whether in law or equity;

"Claim C" has the meaning given to that term in paragraph 15 of the judgment of Mr Justice Marcus Smith of 3 July 2020 ([2020] EWHC 1681 (Ch)) (the **"Smith J Judgment"**);

"Claim D" has the meaning given to that term in paragraph 18 of the Smith J Judgment;

"Continuing Claims" means (a) Priority Legal Issue 1; (b) the Strike Out Application insofar as it relates to Priority Legal Issue 1; (c) the Partial Discharge Issue; (d) the Gross-up Argument; and any and all Claims and Rights that any Party has or may have in relation to the foregoing (a), (b), (c), (d) or arising under or from this Agreement, the Reserve and Reimbursement Agreement and/or the 7(f) Application Settlement;

"DB Tier X Share" means DB's pro-rata share of the ECAPS Tier X Distribution, by reference to the aggregate liquidation preference of ECAPS it holds across all ECAPS Issuers from time to time;

"Directions Application" has the meaning given to that term in Recital A.a;

"Disputing Parties" means:

- (a) In respect of any JR Disputed Costs, the PLC Administrators and the Party to whom a JR Refusal is given and the Party or Parties who objected to a JR Notice in accordance with Clause 3.6(b); and
- (b) In respect of any PLC JR Disputed Costs, the PLC Administrators and the Party who gave the relevant PLC Objection Notice;

"Distribution Application" has the meaning given to that term in Recital A.b;

"ECAPS" means:

- (a) the €225,000,000 Fixed Rate to CMS-Linked guaranteed non-voting non-cumulative Perpetual Preferred Securities issued by LP I pursuant to an offering circular dated 29 March 2005;
- (b) the Euro Fixed Rate guaranteed non-voting non-cumulative Perpetual Preferred Securities issued at €1,000 per Preferred Security by LP II pursuant to a prospectus dated 30 August 2005, issued in two tranches totalling €250,000,000; and
- (c) the €500,000,000 Fixed/Floating Rate Enhanced Capital Advantaged Preferred Securities issued by LP III pursuant to a prospectus dated 20 February 2006.

"ECAPS 2 Consent Order" means a consent order in respect of the ECAPS 2 Proceedings, in the form contained at Schedule 1 (*ECAPS 2 Consent Order*);

"ECAPS 2 Proceedings" has the meaning given to that term in Recital A;

"ECAPS Account Holders" means each person (other than Euroclear and Clearstream, Luxembourg) who is from time to time shown in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in any ECAPS (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of ECAPS standing to the account of any person shall be conclusive and binding for all purposes);

"ECAPS Deeds of Guarantee" means:

- (a) the subordinated guarantee understood to have been given by PLC in relation to the issuance of ECAPS by LP I;
- (b) the subordinated guarantee given by PLC and dated 21 September 2005 in relation to the issuance of ECAPS by LP II; and
- (c) the subordinated guarantee given by PLC and dated 22 February 2006 in relation to the issuance of ECAPS by LP III;

"ECAPS Holders" means the ECAPS Account Holders, the registered holder of the ECAPS (being, as at the date of this Agreement, The Bank of New York Depository (Nominees) Limited) and the Beneficial ECAPS Interest Holders;

"ECAPS Holders' Committee" means the ad-hoc committee of ECAPS Holders who are subject to non-disclosure and common interest privilege agreements with GP1;

“ECAPS Outcome” means an outcome to Priority Legal Issue 1, in the form of a final and non-appealable order or decision of the High Court or an appellate court, having the effect that statutory interest payable in respect of Claim D falls to be paid in priority to the principal amount of Claim C;

“ECAPS Prohibited Action” means any action taken by an ECAPS Holder (and strictly in its capacity as an ECAPS Holder) after the Effective Date against any of LBHI, PLP, DB, GP1, the JLs, PLC, the PLC Administrators, a UK Affiliate or a LBLIS Group Entity or any of their respective past or present Officeholders, directors or officers, that would have been prohibited by the provisions of this Agreement, had the relevant ECAPS Holder been party to this Agreement on similar terms to DB (or, if the relevant ECAPS Holder takes action against DB, on similar terms to LBHI and/or PLC), but excluding any action taken by an ECAPS Holder in circumstances where that ECAPS Holder’s interest in ECAPS is unrelated to the relevant action;

“ECAPS Tier X Distribution” means £151,464,426, being an amount equal to the GP1 Tier X Distribution less the Tier X Reserve and subject to any further amounts that may be reserved from the GP1 Tier X Distribution pursuant to Clause 2.5(k);

“ECAPS Tier Y/Z Distribution” means any amounts to be distributed by GP1 to ECAPS Holders from the proceeds of any Tier Y Distribution or Tier Z Distribution in accordance with this Agreement;

“Effective Date” has the meaning given to that term in Clause 8;

“GP1 Tier X Distribution” has the meaning given to that term in Clause 2.2(a)(i);

“GP1 Tier X Payment Date” means the date on which the PLC Administrators cause PLC to make (or PLC otherwise makes) the GP1 Tier X Distribution to GP1 in accordance with Clause 2.2(a)(i);

“GP1 Tier Y/Z Distribution” means any Tier Y Distribution or Tier Z Distribution payable to GP1 in accordance with this Agreement;

“Gross-up Arguments” means any and all rights and arguments in respect of Condition 8 (*Taxation*) of the PLC Sub-Notes and its consequences (if any) for the admitted amount of GP1’s claims under the PLC Sub-Notes;

“Individual Respondents” means each of Steven Anthony Pearson, Anthony Victor Lomas, Derek Anthony Howell, Julian Guy Parr, Ian David Green, Russell Downs, Edward John Macnamara, Gillian Eleanor Bruce, and David James Kelly;

“Joint Reserve” has the meaning given to that term in Clause 3.1;

“Joint Reserve Costs” means the reasonable, properly incurred professional costs and expenses (including legal fees) incurred by any Party after the Effective Date (irrespective of whether the Joint Reserve has yet been established in accordance with Clause 3.1) in defending any ECAPS Prohibited Action which is (i) taken against that Party; (ii) to which that Party is reasonably required to respond; or (iii) in the case of costs incurred by LBHI, is taken against a non-Party UK Affiliate or LBLIS Group Entity to LBHI’s material detriment, provided that LBHI has taken all reasonable steps to avoid any unnecessary duplication of work or costs with such person and its advisors;

“JR Determination Period” has the meaning given to that term in Clause 3.8;

“JR Disputed Costs” has the meaning given to that term in Clause 3.6(b);

“JR Expert” has the meaning given to that term in Clause 3.9;

“LBHI Outcome” means an outcome to Priority Legal Issue 1, in the form of a final and non-appealable order or decision of the High Court or an appellate court, having the effect that the principal amount of Claim C falls to be paid in priority to statutory interest payable in respect of Claim D;

“LBHI Plan” means the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors;

“LBHI Tier X Distribution” has the meaning given to that term in Clause 2.2(a)(ii);

“LBHI Tier Y/Z Distribution” means any Tier Y Distribution or Tier Z Distribution payable to LBHI in accordance with this Agreement;

“LBLIS Group Entities” has the meaning given to that term in the 2011 Lehman US/UK Settlement Agreement;

“Letter of Support” means a letter of support in respect of the resolution of the relevant issues in relation to PLC’s estate pursuant to this Agreement, in similar form to that attached at Schedule 3;

“LPA Preservation” means the preservation of any rights and/or obligations pursuant to any limited partnership agreement relating to the ECAPS Issuers (save for those which provide for any economic benefit to any party other than GP1, the relevant ECAPS Issuer or the relevant ECAPS Holders);

“Maximum Tier Y Distributions” has the meaning given to that term in Clause 2.3(b);

“Observer” has the meaning given to that term in Clause 12.1(a);

“Officeholder” means a liquidator or administrator (or equivalent in the case of a company in an insolvency process outside England and Wales);

“Partial Discharge Issue” means the application (if any) of the Court of Appeal’s decision in *Re LB Holdings Intermediate 2 Ltd* [2021] EWCA Civ 1523 to the claims of unsubordinated creditors whose claims have been admitted in the administration of PLC and who have also received payments from LBHI as guarantor of such claims;

“PLC Estate” means the property of PLC of which the PLC Administrators have custody or control from time to time;

“PLC JR Notice” has the meaning given to that term in Clause 3.4;

“PLC Objection Notice” has the meaning given to that term in Clause 3.7;

“PLC JR Disputed Costs” has the meaning given to that term in Clause 3.7;

"PLC Sub-Debt" means the outstanding liabilities under three subordinated loan facility agreements dated (in two cases) 30 July 2004 and (in one case) 31 October 2005, in each case originally between PLC as borrower and Lehman Brothers UK Holdings Limited as lender;

"PLC Sub-Notes" means the outstanding liabilities under fixed-rate subordinated note issuances pursuant to offering circulars dated 29 March 2005, 19 September 2005, 26 October 2005 and 20 February 2006, in each case with PLC as the issuer of such notes;

"PLI 1 Settlement" means a final, written settlement amongst PLC, the PLC Administrators, GP1, DB and LBHI in respect of Priority Legal Issue 1 which includes an agreement as to the distribution of any Tier Y Distributions and any Tier Z Distributions in the event of such settlement;

"Priority Legal Issues" are as numbered in the Directions Application;

"Priority Legal Issue 1" means numbered issue 1 of the Directions Application;

"Priority Legal Issue 2" means numbered issue 2 of the Directions Application;

"Post-Petition Contracts" means agreements entered into after 15 September 2008;

"Released Claims and Rights" means all Claims and Rights released and discharged under or pursuant to and to the extent stated in Clauses 2 and 4;

"Required PLC and PLC Administrator Payment Rights" means any rights of PLC under or arising from the transaction documents relating to the PLC Sub-Notes or the PLC Sub-Debt which enable the making of payments thereunder (including any related administrative or operational steps);

"Reserve and Reimbursement Agreement" means the reserve and reimbursement agreement, in respect, *inter alia*, of DB and GP1's ongoing and historic legal costs and exposure to adverse costs, entered into on or around the date of this Agreement;

"Strike Out Application" has the meaning given to that term in Recital A.c;

"Tier X Available Funds" has the meaning given to that term in Clause 2.2(a);

"Tier X Distributions" has the meaning given to that term in Clause 2.2(a);

"Tier X Distribution Conditions" means the terms and conditions to the payment of the Tier X Distributions as set out in Clause 2.5;

"Tier X Reserve" means the amount of £20,747,680, to be retained by GP1 pursuant to Clause 2.5(j) from the GP1 Tier X Distribution it receives and applied in accordance with the Reserve and Reimbursement Agreement;

"Tier Y and Z Distribution Conditions" means the terms and conditions to the payment of the Tier Y Distributions and Tier Z Distributions as set out in Clause 2.8;

"Tier Y Distributions" has the meaning given to that term in Clause 2.3(a);

“Tier Y Distribution Conditions” means the conditions to the payment of the Tier Y Distributions as set out in Clause 2.6;

“Tier Z Distributions” has the meaning given to that term in Clause 2.4(a);

“Tier Z Distribution Conditions” means the conditions to the payment of the Tier Z Distributions as set out in Clause 2.7;

“UK Affiliates” has the meaning given to that term in the 2011 Lehman US/UK Settlement Agreement; and

“Winter Garden – LBL Claim” means the claim asserted in a proof of debt submitted by Winter Garden Inc. in the administration of Lehman Brothers Limited in the amount of £1,028,934.10 which is yet to be adjudicated by the administrators of Lehman Brothers Limited.

1.2 Unless the context requires otherwise, in this Agreement:

- (a) a reference to a Clause or a Schedule is a reference to a clause of, or a schedule to, this Agreement;
- (b) references to the singular shall include references to the plural and vice versa;
- (c) references to a **“person”** shall include any natural person, corporate or unincorporated body (whether or not having separate legal personality);
- (d) the words **“including”**, **“include”**, **“in particular”** or **“for example”** shall not be construed as or take effect as limiting the generality of the foregoing words;
- (e) a reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time, and shall include all subordinate legislation made from time to time under that legislation or legislative provision;
- (f) a reference to a time of day is to London time; and
- (g) a promise expressed to be made by the PLC Administrators or JLS to do or not do any action or other thing, or to cause PLC or GP1 to do or not do any action or other thing, shall give rise to an obligation binding on PLC or GP1 (as applicable) to do or not do such action or thing, which shall survive any vacation of office by the PLC Administrators or the JLS (as applicable).

1.3 This Agreement shall be binding on, and enure to the benefit of, the Parties to this Agreement and their respective successors and assigns, and any references to any Party shall include that Party's successors and assigns.

2. DISTRIBUTIONS

2.1 The Parties agree that PLC shall and the PLC Administrators shall cause PLC to distribute all Available Funds to the subordinated creditors of PLC in accordance with and subject to the terms of this Clause 2 (such distributions the **“Agreed Distributions”**).

2.2 Tier X Distributions

- (a) Subject to and in accordance with the Tier X Distribution Conditions, PLC shall and the PLC Administrators shall cause PLC to distribute the first £187,187,072 of Available Funds (the “**Tier X Available Funds**”) to GP1 and LBHI in the following order of priority and proportions (the “**Tier X Distributions**”):
 - (i) first, 92% of the Tier X Available Funds (being £172,212,106) to be paid to GP1 (the “**GP1 Tier X Distribution**”); and
 - (ii) second, the remaining 8% of Tier X Available Funds (being £14,974,966) to be paid to LBHI (the “**LBHI Tier X Distribution**”).

2.3 Tier Y Distributions

- (a) Subject to and in accordance with the Tier Y Distribution Conditions and the Tier Y and Z Distribution Conditions, PLC shall and the PLC Administrators shall, after payment in full of the Tier X Distributions, cause PLC to distribute the next £225,000,000 of Available Funds as and when the PLC Administrators determine that such funds become Available Funds, to GP1 and/or LBHI (as applicable) *pro rata* in the following proportions between GP1 and LBHI (the “**Tier Y Distributions**”):
 - (i) if there is an ECAPS Outcome, PLC shall pay the Tier Y Distributions in the following proportions:
 - (A) 94% to GP1; and
 - (B) 6% to LBHI,
 - (ii) if there is an LBHI Outcome, PLC shall pay 100% of the Tier Y Distributions to LBHI; or
 - (iii) if there is neither an ECAPS Outcome nor an LBHI Outcome (such outcome being an “**Alternative Outcome**”), the Parties agree that the PLC Administrators may and if requested by any of the Parties shall (provided that the PLC Administrators, acting reasonably, consider it appropriate to do so) make an application to the High Court to seek a direction in the terms of Priority Legal Issue 2 and no Party shall object to any such application being commenced or continued.
- (b) Once any Tier Y Distributions have been made pursuant to Clause 2.3(a) which total £225,000,000 (the “**Maximum Tier Y Distributions**”), any further distributions of Available Funds by PLC shall be Tier Z Distributions and distributed in accordance with Clause 2.4(a).

2.4 Tier Z Distributions

- (a) Subject to and in accordance with the Tier Z Distribution Conditions and the Tier Y and Z Distribution Conditions, PLC shall and the PLC Administrators shall, after distribution in full of the Tier X Distributions and the Maximum Tier Y Distributions, cause PLC to distribute any and all further Available Funds as and when the PLC Administrators determine that such funds have become Available Funds to GP1 and LBHI *pro rata* in the following proportions (the “**Tier Z Distributions**”):

- (i) if there is an ECAPS Outcome, PLC shall pay the Tier Z Distributions in the following proportions:
 - (A) 42% to GP1; and
 - (B) 58% to LBHI;
- (ii) if there is an LBHI Outcome, PLC shall pay the Tier Z Distributions in the following proportions:
 - (A) 12% to GP1; and
 - (B) 88% to LBHI.
- (iii) If there is an Alternative Outcome, the Parties agree that the PLC Administrators may and if requested by any of the Parties shall (provided that the PLC Administrators, acting reasonably, consider it appropriate to do so) make an application to the High Court to seek a direction in the terms of Priority Legal Issue 2 and no Party shall object to any such application being commenced or continued.

2.5 Tier X Distribution Conditions

The Parties agree, without prejudice to the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims, that:

- (a) Promptly following the Effective Date (but allowing for such time as is reasonably required to take the necessary administrative and practical steps to effect payment), PLC and the PLC Administrators shall cause the GP1 Tier X Distribution (subject to any adjustment by reason of any retention agreed pursuant to Clause 2.5(k)) to be distributed by PLC to GP1 without deduction or withholding (save for any applicable taxes which the PLC Administrators at their discretion consider should be reserved for) and notwithstanding that any part of the statutory interest payable to PLC's unsubordinated creditors may not have been distributed at such time.
- (b) Promptly following receipt of the GP1 Tier X Distribution (but allowing for such time as is reasonably required to take the necessary administrative and practical steps to effect payment), GP1 shall cause the ECAPS Tier X Distribution to be distributed to ECAPS Account Holders without deduction or withholding (save for any applicable taxes which the JLs at their discretion consider should be reserved for) and notwithstanding that any part of the statutory interest payable to PLC's unsubordinated creditors may not have been distributed at such time.
- (c) Subject to Clause 2.5(d), PLC and the PLC Administrators shall cause the LBHI Tier X Distribution to be distributed by PLC to LBHI on the date falling 35 days after GP1 Tier X Payment Date (or, if that date is not a Business Day, on the next Business Day thereafter).
- (d) If DB does not receive the DB Tier X Share (taking into account any adjustment of the calculation of that amount resulting from any agreed retention pursuant to Clause 2.5(k)) within 30 days of the GP1 Tier X Payment Date, it shall give written

notice to GP1, PLC and LBHI that it has not received the DB Tier X Share (a “**DB Tier X Non-Payment Notice**”). If DB gives a DB Tier X Non-Payment Notice:

- (i) DB and GP1 shall use all reasonable endeavours to ensure that DB receives the DB Tier X Share as soon as reasonably practicable after giving the DB Tier X Non-Payment Notice;
 - (ii) DB and GP1 shall notify PLC and LBHI as soon as reasonably practicable of the steps taken in accordance with Clause 2.5(d)(i) and any prior steps taken to ensure that DB receives the DB Tier X Share; and
 - (iii) the PLC Administrators shall not cause the LBHI Tier X Distribution to be distributed by PLC to LBHI (and PLC shall not otherwise do so) unless and until DB notifies PLC and LBHI in writing that it has received the DB Tier X Share (which notification it shall give promptly, and in any event within two Business Days of receipt by DB of the full amount of the DB Tier X Share), promptly following which PLC and the PLC Administrators shall cause the LBHI Tier X Distribution to be distributed to LBHI.
- (e) For the avoidance of doubt, payment of the LBHI Tier X Distribution shall not be subject to any payment having been made to any ECAPS Account Holder or Beneficial ECAPS Interest Holder, other than DB, and shall be made notwithstanding that any part of the statutory interest payable to PLC’s unsubordinated creditors may not have been distributed at such time.
- (f) No Party shall take any step which may have the direct or indirect effect of preventing, impeding or delaying:
- (i) any GP1 Tier X Distribution to GP1 (save for any applicable taxes which the PLC Administrators at their discretion consider should be reserved for);
 - (ii) any ECAPS Tier X Distribution to ECAPS Account Holders without deduction or withholding (save for applicable taxes which the JLs at their discretion consider should be reserved for);
 - (iii) any payment by ECAPS Account Holders to Beneficial ECAPS Interest Holders; or
 - (iv) any LBHI Tier X Distribution, save in respect of Clause 2.5(d).
- (g) Each Party shall use all reasonable endeavours to resolve any issue which prevents, impedes or delays (or may prevent, impede or delay) any payment referred to in Clause 2.5(f).
- (h) PLC, the PLC Administrators, LBHI and PLP, with effect from the Effective Date, hereby release and discharge (subject to Clause 4.6(b) as regards the specific ECAPS Holder falling within Clause 4.6(b) only, such that this release and discharge shall remain effective in respect of the remaining Parties and ECAPS Holders and their respective rights to the below distributions) all and any Claims and Rights to:

- (i) the GP1 Tier X Distribution (save, in respect of PLC and the PLC Administrators, for Claims and Rights that are strictly necessary to cause the GP1 Tier X Distribution to be paid to GP1);
 - (ii) the ECAPS Tier X Distribution; and
 - (iii) any partnership assets of the ECAPS Issuers or their proceeds in the hands of any ECAPS Holder, GP1, the JLs or any ECAPS Issuer, including any Claims and Rights under or arising out of clause 2.11 or any other provision of the ECAPS Deeds of Guarantee or otherwise.
- (i) Subject to Clause 2.5(d), GP1 and DB, with effect from the Effective Date, hereby release and discharge all and any Claims and Rights to the LBHI Tier X Distribution.
 - (j) GP1 shall retain the Tier X Reserve from the GP1 Tier X Distribution on the terms of the Reserve and Reimbursement Agreement.
 - (k) If the Parties so agree prior to the GP1 Tier X Payment Date, the PLC Administrators may retain an amount of GP1 Tier X Distribution not exceeding £4,400,000 for distribution to GP1 at a time to be agreed by the Parties (but in any event no later than the date of the first Tier Y Distribution). For the avoidance of doubt, the retention of any amount pursuant to this Clause 2.5(k) shall not delay the distribution of the LBHI Tier X Distribution in accordance with Clause 2.2(a)(ii).
 - (l) LBHI will instruct Weil Gotshal & Manges (London) LLP ("**Weil**") to write to BNY Depositary (Nominees) Limited within two Business Days from the Effective Date to confirm to BNY Depositary (Nominees) Limited that further to Weil's letter of 30 March 2023 the Parties have reached a settlement in respect of the matters referred to in that letter and that accordingly that letter, and the request to BNY Depositary (Nominees) Limited (and all other relevant BNY Mellon entities) to not distribute any payments, are withdrawn and Weil confirm that LBHI does not object to any proceeds that may be distributed by PLC on or in consideration or discharge of the PLC Sub-Notes being distributed to the ECAPS Account Holders or Beneficial Interest ECAPS Holders whether via Euroclear, Clearstream or otherwise.

2.6 Tier Y Distribution Conditions

- (a) No Tier Y Distribution shall be made unless:
 - (i) The Tier X Distributions have been paid in full;
 - (ii) PLC's unsubordinated creditors' remaining entitlement to statutory interest (subject to and if necessary adjusted for the resolution of the Partial Discharge Issue) has been satisfied in full; and
 - (iii) there has been an ECAPS Outcome, LBHI Outcome or Alternative Outcome, or the relevant Parties have agreed a PLI 1 Settlement.

2.7 Tier Z Distribution Conditions

- (a) No Tier Z Distribution shall be made unless:

- (i) The Tier X Distributions and the Maximum Tier Y Distributions have been paid in full;
- (ii) PLC's unsubordinated creditors' remaining entitlement to statutory interest (subject to and if necessary adjusted for the resolution of the Partial Discharge Issue) has been satisfied in full; and
- (iii) there has been an ECAPS Outcome, LBHI Outcome or Alternative Outcome, or the relevant Parties have agreed a PLI 1 Settlement.

2.8 Tier Y and Z Distribution Conditions

The Parties agree, without prejudice to the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims, that:

- (a) If there is an ECAPS Outcome, PLC will retain the Joint Reserve and operate and apply the Joint Reserve in accordance with Clause 3 (*Joint Reserve*).
- (b) Promptly (but allowing for such time as is reasonably required to take the necessary administrative and practical steps to effect payment) following receipt of any GP1 Tier Y/Z Distribution, GP1 shall cause an amount equal to such GP1 Tier Y/Z Distribution, less any amounts subject to the Reserve and Reimbursement Agreement, to be distributed to ECAPS Account Holders without deduction or withholding (save for any applicable taxes which the JLs at their discretion consider should be reserved for).
- (c) No Party shall take any step which may have the direct or indirect effect of preventing, impeding or delaying:
 - (i) any GP1 Tier Y/Z Distribution to GP1 (save for any applicable taxes which the PLC Administrators at their discretion consider should be reserved for);
 - (ii) any ECAPS Tier Y/Z Distribution to ECAPS Account Holders without deduction or withholding (save for any applicable taxes which the JLs at their discretion consider should be reserved for);
 - (iii) any payment by ECAPS Account Holders to Beneficial ECAPS Interest Holders; or
 - (iv) any LBHI Tier Y/Z Distribution to LBHI,

without prejudice in each case to the relevant Party's right to take steps or actions with the intention of increasing the funds available for the distributions referred to at Clause 2.8(c)(i)-(iv) pursuant to Clause 4.8(a)(ii) or Clause 4.8(a)(iii) or act in a manner permitted under Clause 4.8(a)(ii) or Clause 4.8(a)(iii).

- (d) PLC, the PLC Administrators, LBHI and PLP, with effect from the Effective Date, hereby release and discharge (subject to Clause 4.6(b) as regards the specific ECAPS Holder falling within Clause 4.6(b) only, such that this release shall remain effective in respect of the remaining Parties and ECAPS Holders and their respective rights to the below distributions) all and any Claims and Rights to:

- (i) any GP1 Tier Y/Z Distribution (save, in respect of PLC and the PLC Administrators, that for the avoidance of doubt this clause does not restrict PLC or the PLC Administrators' rights over PLC's assets which may ultimately come to be distributed by way of any GP1 Tier Y/Z Distribution prior to such distribution, or any Claims and Rights that are necessary to cause any GP1 Tier Y/Z Distributions to be paid to GP1);
 - (ii) any ECAPS Tier Y/Z Distribution;
 - (iii) any partnership assets of the ECAPS Issuers or their proceeds in the hands of any ECAPS Holder, GP1, the JLs or any ECAPS Issuer, including any Claims and Rights under or arising out of clause 2.11 or any other provision of the ECAPS Deeds of Guarantee or otherwise.
- (e) GP1 and DB, with effect from the Effective Date, hereby release any and all Claims and Rights to the LBHI Tier Y/Z Distributions.
- (f) GP1 shall, pursuant to the terms of the Reserve and Reimbursement Agreement, pay the first £11,396,408 of GP1 Tier Y/Z Distributions to DB to apply in reimbursement of certain costs incurred by members of the ECAPS Holders' Committee.
- (g) For the avoidance of doubt: (i) the LBHI Tier Y/Z Distribution shall not be conditional or dependent on the GP1 Tier Y/Z Distribution, the ECAPS Tier Y/Z Distribution, or the payment by ECAPS Account Holders to Beneficial ECAPS Interest Holders in respect of the ECAPS Tier Y/Z Distribution; and (ii) none of the GP1 Tier Y/Z Distribution, the ECAPS Tier Y/Z Distribution, or the payment by ECAPS Account Holders to Beneficial ECAPS Interest Holders in respect of the ECAPS Tier Y/Z Distribution, shall be conditional or dependent on the LBHI Tier Y/Z Distribution.

3. JOINT RESERVE

- 3.1 In the event of an ECAPS Outcome, the PLC Administrators shall retain from the first of any Tier Y Distributions the amount of £8,063,000 (subject to Clause 3.10) to be applied in accordance with this Clause 3 (*Joint Reserve*) (the "**Joint Reserve**"). For the avoidance of doubt:
- (a) 94% of the Joint Reserve shall be retained from amounts that otherwise would have been payable as Tier Y Distributions to GP1 pursuant to Clause 2.3(a)(i)(A); and
 - (b) 6% of the Joint Reserve shall be retained from amounts that otherwise would have been payable as Tier Y Distributions to LBHI pursuant to Clause 2.3(a)(i)(B).
- 3.2 At any time after the establishment of the Joint Reserve in accordance with Clause 3.1 (but as soon as reasonably practicable after the relevant Joint Reserve Costs have been incurred), any Party (other than PLC and the PLC Administrators) who incurs Joint Reserve Costs and wishes to satisfy such costs from the Joint Reserve may give the PLC Administrators, GP1, DB and LBHI written notice of such Joint Reserve Costs (a "**JR Notice**"), such notice to:
- (a) include a copy of the invoice in respect of the relevant Joint Reserve Costs; and

- (b) specify the nature of the applicable Joint Reserve Costs and the ECAPS Prohibited Action in respect of which they were incurred in reasonable detail.
- 3.3 No Party shall be entitled to any amount of the Joint Reserve in respect of costs and expenses it incurs in relation to any ECAPS Prohibited Action in circumstances where that Party has encouraged, assisted or incited the relevant ECAPS Holder to take such action.
- 3.4 If the PLC Administrators or PLC incur Joint Reserve Costs and wish to satisfy such costs from the Joint Reserve, they may give written notice containing the information set out in Clause 3.2(a) and (b) to GP1, DB and LBHI (a **"PLC JR Notice"**). The right of the PLC Administrators to serve a PLC JR Notice and have such Joint Reserve Costs discharged from the Joint Reserve is without prejudice to any and all rights that the PLC Administrators may have to maintain appropriate reserves and discharge their costs and expenses from the PLC Estate.
- 3.5 For the avoidance of doubt, the Joint Reserve shall be separate from and will not affect any other reserves which the PLC Administrators may consider it appropriate to maintain from time to time (without prejudice to the agreed timing of the Tier X Distributions pursuant to this Agreement).
- 3.6 On the date (being a Business Day) which is 30 Business Days after receipt of any JR Notice:
 - (a) if the PLC Administrators have not received any written notice from any of GP1, DB or LBHI (as the case may be) contending that the relevant costs and expenses to which the JR Notice relates are not Joint Reserve Costs, PLC or the PLC Administrators shall cause an amount of the Joint Reserve equal to the amount of the invoice set out in the JR Notice to be paid by PLC to the Party who gave the JR Notice (to the extent that funds within the Joint Reserve permit; and if multiple JR Notices and/or PLC JR Notices are sent, priority between those notices *inter se* will be accorded to those sent first in time); or
 - (b) if the PLC Administrators have received any written notice from any of GP1, DB or LBHI (as the case may be) contending that the relevant costs and expenses to which the JR Notice relates are not Joint Reserve Costs (the **"JR Disputed Costs"**), the PLC Administrators shall give written notice (a **"JR Refusal"**) to the Party that submitted the JR Notice, copied to GP1, DB and LBHI, summarising the basis of the objection received from GP1, DB or LBHI (as the case may be) and providing a copy of the JR Refusal.
- 3.7 If, within 30 Business Days from the date of giving a PLC JR Notice, the PLC Administrators have not received a written notice (a **"PLC Objection Notice"**) from GP1, DB or LBHI (and copied to each of them) specifying in reasonable detail the grounds on which such Party is not satisfied that the relevant costs and expenses (the **"PLC JR Disputed Costs"**) are Joint Reserve Costs, the PLC Administrators may apply an amount of the Joint Reserve equal to the amount of the invoice set out in the PLC JR Notice in discharge of that invoice (to the extent that funds within the Joint Reserve permit).
- 3.8 The PLC Administrators and (i) the Party to whom a JR Refusal is given, and the Party or Parties who objected to a JR Notice in accordance with Clause 3.6(b) above; or (ii) the Party who gave a PLC Objection Notice; shall, for the period of 30 days (the **"JR Determination Period"**) following receipt of the relevant JR Refusal or PLC Objection Notice, act in good faith and use reasonable endeavours to establish whether the JR Disputed Costs or PLC JR Disputed Costs are Joint Reserve Costs.

- 3.9 If the relevant Parties fail to reach agreement as to whether the JR Disputed Costs or PLC JR Disputed Costs are Joint Reserve Costs within the JR Determination Period, any relevant Party may notify the other in writing (the “**Expert Notification**”) that it wishes to refer the matters in dispute regarding the JR Disputed Costs or the PLC JR Disputed Costs to an independent expert who is a King’s Counsel (the “**JR Expert**”), following which:
- (a) the Disputing Parties shall use all reasonable endeavours to reach agreement as to the identity of the person to be appointed as the JR Expert and to agree the terms of the JR Expert’s appointment;
 - (b) if the Disputing Parties fail to agree on a JR Expert and the terms of their appointment within 10 Business Days of the Expert Notification, then either applicable Party shall be entitled to request the Chair of the General Council of the Bar to appoint the JR Expert and agree the terms of their appointment on behalf of the applicable Parties;
 - (c) the terms of the JR Expert’s appointment shall be consistent with this Clause 3.9;
 - (d) the JR Expert shall be requested to resolve the matters referred to him or her applying the terms of this Agreement, acting as an expert and not as an arbitrator;
 - (e) the JR Expert is required to prepare a written decision including reasons and give notice (including a copy) of the decision to the relevant Parties within a maximum of three months of the matter being referred to the JR Expert;
 - (f) the determination of the JR Expert shall be final and binding on the Disputing Parties in the absence of manifest error or fraud, and PLC and the PLC Administrators shall cause PLC to pay relevant amounts of the Joint Reserve in accordance with any such determination (to the extent that funds within the Joint Reserve permit);
 - (g) the costs of the JR Expert shall be borne in proportion to the JR Expert’s findings (meaning that, for the avoidance of doubt, if the JR Expert finds that 75% of the Disputed Costs are Joint Reserve Costs, the Party which contended to the contrary shall be liable for 75% of the JR Expert’s Costs); and
 - (h) the Disputing Parties shall give the JR Expert all reasonable assistance he/she requires.
- 3.10 The amount of the Joint Reserve shall be reduced from time to time by the amount of £806,300 for each 5% by which the aggregate liquidation preference of the ECAPS held by ECAPS Holders that execute a Letter of Support or sign this Agreement, expressed as a percentage of the aggregate liquidation preference of all ECAPS then in issue by LP I, LP II and LP III, exceeds 50% provided that the Joint Reserve (any such 5% increases to be certified to the PLC Administrators by GP1 by way of written notice) at all times after its establishment in accordance with Clause 3.1 until its release in accordance with Clause 3.11, shall be at least the amount of the aggregate unpaid (but notified) Joint Reserve Costs incurred at such time. By way of illustration, if 80% by value of ECAPS Holders of all ECAPS in issue across all ECAPS Issuers executed Letters of Support or are or become bound by this Agreement, the Joint Reserve would reduce to £3,225,200), subject to a floor of the aggregate costs and expenses incurred and notified at the relevant date. If the Joint Reserve is reduced pursuant to this provision, PLC and the PLC Administrators shall cause the amount of any such reduction from the Joint Reserve to be distributed by PLC *pro rata* in the following proportions between GP1 and LBHI:

- (a) 94% by way of Tier Y Distribution to GP1 pursuant to Clause 2.3(a)(i)(A); and
- (b) 6% by way of Tier Y Distribution to LBHI pursuant to Clause 2.3(a)(i)(B).

3.11 The PLC Administrators' obligation to maintain the Joint Reserve shall cease on the earlier of:

- (a) the effective date of any scheme of arrangement, restructuring plan, consent solicitation or other agreement, resolution, compromise or arrangement, that has the effect of irrevocably binding all ECAPS Holders to terms equivalent to this Agreement or which otherwise has the effect of preventing ECAPS Holders from validly taking any ECAPS Prohibited Action; and
- (b) the latest of:
 - (i) two years from the Effective Date;
 - (ii) one year from the final communication (occurring after the Effective Date) from an ECAPS Holder threatening or asserting any ECAPS Prohibited Action; and
 - (iii) if any claim or action with respect to an ECAPS Prohibited Action has been filed, is pending or ongoing, the date on which it is irrevocably dismissed, withdrawn or determined in the form of a final and non-appealable order or decision of the court or appellate court or other final settlement;

and following any such cessation in accordance with this Clause 3.11 PLC and the PLC Administrators shall cause the amount, if any, then remaining of the Joint Reserve to be distributed by PLC *pro rata* in the following proportions between GP1 and LBHI:

- (a) 94% by way of Tier Y Distribution to GP1 pursuant to Clause 2.3(a)(i)(A); and
- (b) 6% by way of Tier Y Distribution to LBHI pursuant to Clause 2.3(a)(i)(B).

4. CLAIMS AND RIGHTS TO BE RELEASED

4.1 Release of UK Affiliates and LBLIS Group Entities

- (a) With effect from the Effective Date, GP1, the JLs, the ECAPS Issuers, DB, LBHI and PLP hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against any of the UK Affiliates (for the avoidance of doubt, including PLC) or any of the LBLIS Group Entities but except for, subject and without prejudice to:
 - (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of LBHI and PLP, any rights arising under any Post-Petition Contracts to which (x) PLC and/or the PLC Administrators, and/or another UK Affiliate and/or LBLIS Group Entity and/or past or present Officeholders

of any UK Affiliate and/or LBLIS Group Entity, on the one hand, and (y) LBHI and/or PLP, on the other hand, are party or are otherwise bound as at the date of this Agreement;

(iii) in respect of DB, GP1, the JLs and the ECAPS Issuers, any rights arising under any Post-Petition Contracts to which (x) DB and/or GP1, and/or the JLs and/or the ECAPS Issuers, on the one hand, and (y) PLC and/or the PLC Administrators, and/or another UK Affiliate and/or LBLIS Group Entity and/or past or present Officeholders of any UK Affiliate and/or LBLIS Group Entity, on the other hand, are party or are otherwise bound as at the date of this Agreement;

(iv) any Claims and Rights:

(A) under claims that have been admitted to proof in the administration or liquidation of any UK Affiliate (for the avoidance of doubt, including PLC) or LBLIS Group Entity as at the Effective Date, or have otherwise been agreed, accepted or admitted by a UK Affiliate or LBLIS Group Entity in the amount admitted to proof (or in the amount so agreed, admitted or accepted);

(B) under the PLC Sub-Notes, the PLC Sub-Debt and, without prejudice to the releases under Clauses 2.5(h)(iii) and 2.8(d)(iii) above, the ECAPS Deeds of Guarantee;

(C) to be paid interest (including statutory interest) on such claims as described in (A) and (B) above; and

in the case of (A), (B) and (C), provided that no such Claims and Rights are inconsistent with the making of the Agreed Distributions (noting, with respect to Claims and Rights against PLC within (A), the priority of such Claims and Rights over Tier Y Distributions and Tier Z Distributions, as recorded at Clauses 2.6(a)(ii) and 2.7(a)(ii), and that other Claims and Rights within (A) may be structurally senior to Tier Y Distributions and Tier Z Distributions);

(v) the Winter Garden – LBL Claim;

(vi) any releasing Party's claims as the holder of common or preferred stock in a UK Affiliate or LBLIS Group Entity;

(vii) any Claims and Rights:

(A) arising in respect of any matters or actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or

(B) that were not owned by the relevant Party as at the Effective Date (subject, with respect to DB, to Clause 11.4);

(viii) the partial cessation of any release under Clause 4.1(a) pursuant to Clause 4.1(b) below.

- (b) If any UK Affiliate (in this Clause 4.1(b), as an exception, other than PLC) or LBLIS Group Entity takes action against LBHI, PLP, the JLS, GP1, the ECAPS Issuers or DB that would be prohibited by the terms of this Agreement were such entity party to this Agreement on similar terms as PLC, then LBHI's, PLP's, GP1's, the JLS', the ECAPS Issuers' and/or DB's release (as applicable) pursuant to this Clause 4.1 shall cease to be effective as against that specific UK Affiliate or LBLIS Group Entity only and the releases in favour of the other UK Affiliates and LBLIS Group Entities shall remain in full force and effect.

4.2 **Release of past and present Officeholders and officers of UK Affiliates and LBLIS Group Entities**

- (a) With effect from the Effective Date, GP1, the JLS, the ECAPS Issuers, DB, LBHI and PLP hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against any past or present Officeholder, director or officer of each of the UK Affiliates (including for the avoidance of doubt, the past and present PLC Administrators) and of the LBLIS Group Entities in their capacities as such and arising out of or with respect to their role and capacity as Officeholders, directors or officers of the relevant UK Affiliate or LBLIS Group Entity but except for, subject and without prejudice to:
- (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of LBHI and PLP, any rights arising under any Post-Petition Contracts to which (x) PLC and/or the PLC Administrators, and/or another UK Affiliate and/or LBLIS Group Entity and/or any of their respective past or present Officeholders, directors or officers, on the one hand, and (y) LBHI and/or PLP, on the other hand, are party or are otherwise bound as at the date of this Agreement;
 - (iii) in respect of DB, GP1, the JLS and the ECAPS Issuers, any rights arising under any Post-Petition Contracts to which (x) DB and/or GP1, and/or the JLS and/or the ECAPS Issuers, on the one hand, and (y) PLC and/or the PLC Administrators, and/or another UK Affiliate and/or LBLIS Group Entity and/or any of their respective past or present Officeholders, directors or officers, on the other hand, are party or are otherwise bound as at the date of this Agreement;
 - (iv) any Claims and Rights:
 - (A) arising in respect of any matters or actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or
 - (B) that were not owned by the relevant Party as at the Effective Date (subject, with respect to DB, to Clause 11.4);
 - (v) any Claims and Rights:
 - (A) under claims that have been admitted to proof in the administration or liquidation of any UK Affiliate (for the avoidance of doubt,

including PLC) or LBLIS Group Entity as at the Effective Date, or have otherwise been agreed, accepted or admitted by a UK Affiliate or LBLIS Group Entity in the amount admitted to proof (or in the amount so agreed, admitted or accepted);

- (B) under the PLC Sub-Notes, the PLC Sub-Debt and, without prejudice to the releases under Clauses 2.5(h)(iii) and 2.8(d)(iii) above, the ECAPS Deeds of Guarantee;
- (C) to be paid interest (including statutory interest) on such claims as described in (A) and (B) above; and

in the case of (A), (B) and (C), provided that no such Claims and Rights are inconsistent with the making of the Agreed Distributions (noting, with respect to Claims and Rights against PLC within (A), the priority of such Claims and Rights over Tier Y Distributions and Tier Z Distributions, as recorded at Clauses 2.6(a)(ii) and 2.7(a)(ii), and that other Claims and Rights within (A) may be structurally senior to Tier Y Distributions and Tier Z Distributions);

- (vi) the Winter Garden – LBL Claim;
 - (vii) any releasing Party's claims as the holder of common or preferred stock in a UK Affiliate or LBLIS Group Entity;
 - (viii) the partial cessation of any release under Clause 4.2(a) pursuant to Clause 4.2(b) below.
- (b) If any past or present Officeholder, director or officer of any of the UK Affiliates (in this Clause 4.2(b), as an exception, other than the present PLC Administrators) or of the LBLIS Group Entities takes action against GP1, the JLs, the ECAPS Issuers, DB, LBHI or PLP that would be prohibited by the terms of this Agreement were such a person party to this Agreement on similar terms as PLC, then GP1's, the JLs', the ECAPS Issuers', DB's, LBHI's and PLP's release (as applicable) pursuant to this Clause 4.2 shall cease to be effective as against that specific Officeholder, director or officer only and the releases in favour of the other Officeholders, directors or officers shall remain in full force and effect.

4.3 Release of LBHI and PLP

- (a) With effect from the Effective Date, PLC, the PLC Administrators, GP1, the JLs, the ECAPS Issuers and DB hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against LBHI and/or PLP but except for, subject and without prejudice to:
 - (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) any claim that has been allowed, accepted or admitted under the LBHI Plan;

- (iii) in respect of PLC, any rights arising under any Post-Petition Contracts to which (x) PLC and/or the PLC Administrators, on the one hand, and (y) LBHI and/or PLP, on the other hand, are party or are otherwise bound as at the date of this Agreement;
- (iv) in respect of DB, GP1, the JLs and the ECAPS Issuers, any rights arising under any Post-Petition Contracts to which (x) DB and/or GP1, and/or the JLs and/or the ECAPS Issuers, on the one hand, and (y) LBHI and/or PLP and/or PLC and/or the PLC Administrators, on the other hand, are party or are otherwise bound as at the date of this Agreement;
- (v) any Claims and Rights:
 - (A) arising in respect of any matters and actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or
 - (B) that were not owned by the relevant Party as at the Effective Date (subject, with respect to DB, to Clause 11.4);
- (vi) the Required PLC and PLC Administrator Payment Rights; and
- (vii) the LPA Preservation.

4.4 Release of DB

- (a) With effect from the Effective Date, LBHI, PLC, the PLC Administrators and PLP hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against DB but except for, subject and without prejudice to:
 - (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of LBHI, PLP, PLC and the PLC Administrators, any rights arising under any Post-Petition Contracts to which (x) LBHI, and/or PLP, and/or PLC and/or the PLC Administrators, on the one hand, and (y) DB, on the other hand, are party or are otherwise bound as at the date of this Agreement; and
 - (iii) any Claims and Rights:
 - (A) arising in respect of any matters and actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or
 - (B) that were not owned by the relevant Party as at the Effective Date;

4.5 Release of GP1, the JLs and the ECAPS Issuers

- (a) With effect from the Effective Date, LBHI, PLC, the PLC Administrators and PLP hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against GP1, the JLs and/or each of the ECAPS Issuers but except for, subject and without prejudice to:
 - (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of LBHI, PLP, PLC and the PLC Administrators, any rights arising under any Post-Petition Contracts to which (x) LBHI, and/or PLP, and/or PLC and/or the PLC Administrators, on the one hand, and (y) GP1, and/or the JLs and/or the ECAPS Issuers, on the other hand, are party or are otherwise bound as at the date of this Agreement;
 - (iii) any Claims and Rights:
 - (A) arising in respect of any matters and actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or
 - (B) that were not owned by the relevant Party as at the Effective Date;
 - (iv) the Required PLC and PLC Administrator Payment Rights; and
 - (v) the LPA Preservation.

4.6 Release of ECAPS Holders

- (a) With effect from the Effective Date, LBHI, PLC, the PLC Administrators and PLP hereby release and discharge any and all Claims and Rights that have accrued as at the Effective Date or are in respect of actions and matters which occurred prior to the Effective Date against the ECAPS Holders arising out of or in connection with their holding of ECAPS and rights arising therefrom but except for, subject and without prejudice to:
 - (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of LBHI, PLP, PLC and the PLC Administrators, any rights arising under any Post-Petition Contracts to which (x) LBHI, and/or PLP, and/or PLC and/or the PLC Administrators, on the one hand, and (y) any ECAPS Holder(s), on the other hand, are party or are otherwise bound as at the date of this Agreement;
 - (iii) any Claims and Rights:
 - (A) arising in respect of any matters and actions occurring on or after the Effective Date save for the Agreed Distributions and/or actions otherwise required or permitted by this Agreement; or

- (B) that were not owned by the relevant Party as at the Effective Date;
 - (iv) the partial cessation of any release under Clause 4.6(a) pursuant to Clause 4.6(b) below; and
 - (v) the Required PLC and PLC Administrator Payment Rights.
- (b) If any ECAPS Holder undertakes an ECAPS Prohibited Action against LBHI, PLP, PLC or the PLC Administrators, the applicable Party's release pursuant to Clause 2.5(h), Clause 2.8(d) and Clause 4.6(a) shall cease to be effective as against that specific ECAPS Holder only (and, for the avoidance of doubt, the releases in favour of the other ECAPS Holders shall remain in full force and effect).

4.7 Admitted claims

Without in any way limiting any other releases contained in this Agreement, each Party also agrees, with effect from the Effective Date, not to take any steps or pursue any action that would or might reasonably be expected to undermine or interfere with any admitted claims (or any claims in respect of the PLC Sub-Notes or the PLC Sub-Debt) in the administration or liquidation of any UK Affiliate (for the avoidance of doubt, including PLC) or any LBLIS Group Entity, subject and without prejudice to the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims.

4.8 Agreed Distributions

- (a) The Parties agree, with effect from the Effective Date, not to take any steps or take, pursue or assert any Claims and Rights that are inconsistent with the Agreed Distributions or would have the effect of preventing, impeding or delaying the Agreed Distributions, save for:
- (i) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims;
 - (ii) in respect of the Tier Y Distributions and the Tier Z Distributions only, in the case of the PLC Administrators or the JLs, any actions that they reasonably consider to be necessary or appropriate to take or pursue, or rights to assert, in the due and proper discharge of their duties and functions as Officeholders (including having regard, amongst other things, to PLC's, the PLC Administrators', GP1's and the JLs' rights and obligations under this Agreement);
 - (iii) without prejudice to or otherwise in any way limiting (ii) above, actions taken by the PLC Administrators or LBHI (in the case of LBHI, only insofar as such actions are taken together with and with the approval of the Officeholders of the relevant UK Affiliates) which may result in a necessary and proportionate delay to Tier Y Distributions or Tier Z Distributions but which are taken in good faith with the intention and reasonably-held expectation of increasing the overall amount of Tier Y Distributions and/or Tier Z Distributions; and
 - (iv) the procedure set out at Clause 2.5(d) above.

4.9 LBHI's title to the PLC Sub-Debt

The Parties hereby, as at the Effective Date:

- (a) agree that LBHI has valid title to the PLC Sub-Debt; and
- (b) undertake not to (and use reasonable endeavours to procure that none of their Affiliates shall) assert Claims and Rights contrary to (a) above.

4.10 Withdrawals in respect of the Applications

On the Effective Date:

- (a) the PLC Administrators, GP1, LBHI and DB shall, or instruct their legal representatives to, sign the ECAPS 2 Consent Order, by which:
 - (i) the Distribution Application will be withdrawn;
 - (ii) Priority Legal Issues 2, 3, 4 and 5 shall be withdrawn from the Directions Application;
 - (iii) Priority Legal Issues 4 and 5 shall be withdrawn from the Strike Out Application; and
 - (iv) in each case, with each Party to bear their own costs and in the case of the PLC Administrators, for their costs and expenses to be paid from the PLC Estate in respect of the above matters and in the case of the JLs, for their costs and expenses to be paid from GP1 and/or the ECAPS Issuers in respect of the above matters; and promptly thereafter
- (b) the PLC Administrators shall apply to or otherwise contact the High Court to seek approval of the ECAPS 2 Consent Order.

4.11 Compliance with Agreement

- (a) The Parties each agree that no action taken in compliance with this Agreement may form the basis of a potential claim against any other Party.
- (b) Each of the Parties undertakes not to encourage, assist or incite any other person to take any action that it is precluded from taking itself pursuant to this Agreement.

5. AGREEMENT NOT TO SUE

5.1 Each Party giving releases in respect of the Released Claims and Rights agrees not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced, continued or prosecuted against any released person any action, application, suit or other proceeding concerning any of the Released Claims and Rights, in this jurisdiction or any other, subject to:

- (a) the scope, limit and extent of the Released Claims and Rights set out in Clauses 2 and 4;

- (b) Clause 4.1(b) in respect of the specific UK Affiliate (other than PLC) or LBLIS Group Entity;
 - (c) Clause 4.2(b) in respect of the specific Officeholder, director or officer;
 - (d) Clause 4.6(b) in respect of the specific ECAPS Holder falling within Clause 4.6(b) only;
 - (e) the enforcement of this Agreement, the 7(f) Application Settlement or the Reserve and Reimbursement Agreement.
- 5.2 The Parties agree not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced, continued or prosecuted against any released person any action, application, suit or other proceeding concerning the matters withdrawn pursuant to Clause 4.10(a), subject to:
- (a) the Continuing Claims and the full pursuance of any and all arguments, submissions, positions and/or assertions in relation to the Continuing Claims; and
 - (b) any application by the PLC Administrators commenced pursuant to Clause 2.3(a)(iii) and/or Clause 2.4(a)(iii) or any request by any Party in accordance with Clause 2.3(a)(iii) and/or Clause 2.4(a)(iii).
- 5.3 For the avoidance of doubt but without prejudice to any releases granted by any Party in respect of the Released Claims and Rights, nothing in this Clause 5 shall restrict the PLC Administrators' rights to apply to the High Court supervising the PLC administration for directions concerning their duties and functions as administrators under the Insolvency Act 1986, provided that any such application is not inconsistent with the terms of this Agreement or with the releases granted by any Party in respect of the Released Claims and Rights.
- 5.4 For the avoidance of doubt but without prejudice to any releases granted by any Party in respect of the Released Claims and Rights, nothing in this Clause 5 shall restrict the JLs' rights to apply to the High Court for directions concerning their duties and functions as liquidators under the Insolvency Act 1986 or otherwise on account of their role pursuant to the order of Mr Justice Hildyard dated 15 March 2017, provided that any such application is not inconsistent with the terms of this Agreement or with the releases granted by any Party in respect of the Released Claims and Rights.
- 6. CONTINUING CLAIMS AND ALTERNATIVE OUTCOME**
- 6.1 Nothing in this Agreement shall in any way affect, discharge, release, waive, compromise, prejudice, settle or dispose of the Continuing Claims, or prevent or otherwise restrict any Party from commencing any legal proceedings in respect of the Continuing Claims, and each Party hereby reserves all and any (and does not in any way release, discharge, waive, compromise, prejudice, settle or dispose of) Continuing Claims and all arguments, submissions, positions, assertions subsisting or available to it in relation to the Continuing Claims.
- 6.2 For the avoidance of doubt nothing in this Agreement shall, in the event of an Alternative Outcome only, prevent or otherwise restrict the full pursuance by any Party of any and all arguments, submissions, positions and/or assertions in relation to Priority Legal Issue 2.

7. COSTS AND EXPENSES

- 7.1 The Parties shall, in respect of the Released Claims and Rights, bear their own costs and each Party undertakes not to pursue any other party in respect of such costs, save for:
- (a) as between GP1 and DB, all agreements as to costs under or pursuant to the Reserve and Reimbursement Agreement; and
 - (b) in respect of the PLC Administrators, their rights to payment of such costs and expenses from the PLC Estate.
- 7.2 For the avoidance of doubt each Party confirms that, in respect of Priority Legal Issue 1, the Strike Out Application only insofar as it relates to Priority Legal Issue 1 and the Partial Discharge Issue (in so far as it may in the future be the subject of any High Court and appellate court proceedings), costs will be determined in the High Court or the appellate court's discretion and each Party reserves its rights as against the other as to its costs.
- 7.3 Each of the Parties shall bear their own legal and other costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement (and for the avoidance of doubt without prejudice to any and all rights that the PLC Administrators may have to discharge such costs and expenses from the PLC Estate and the JLs have to discharge such costs and expenses from GP1 and/or the ECAPS Issuers).

8. CONDITIONS TO THE EFFECTIVE DATE

This Agreement in its entirety will become effective and legally binding among the Parties on and from the date on which each of the following conditions has been satisfied (the "**Effective Date**"):

- (a) DB and GP1 (or their representatives) confirming in writing to each of the other Parties (or their representatives) that the Reserve and Reimbursement Agreement has been executed by each of DB and GP1;
- (b) GP1 (or its representatives) confirming in writing to each of the other Parties (or their representatives) that:
 - (i) the agreed term sheet (as contained within Appendix 2 of the JLs' notice to ECAPS Account Holders dated 21 September 2023) in respect of this Agreement has been made available to ECAPS Account Holders for any comments and objections for a period of 14 days; and
 - (ii) GP1 has received signed Letters of Support or other indications of approval in respect of its proposed entry into this Agreement and the Reserve and Reimbursement Agreement from ECAPS Account Holders constituting a majority by value of ECAPS in issue of each of LP I, LP II and LP III and that in the JLs' discretion no material objections to the implementation of the term sheet (in the form of this Agreement) and/or non-supportive comments have been received from ECAPS Holders; and
- (c) GP1 and the PLC Administrators (or their representatives) confirming in writing to each of the other Parties that the 7(f) Application Settlement has been entered into by the parties thereto and that, save for the occurrence of the Effective Date (upon

which the 7(f) Application Settlement will become unconditionally effective), all conditions to its effectiveness have been satisfied.

9. NO ADMISSION

This Agreement is not, and shall not be represented or construed by the Parties as, an admission of liability or wrongdoing on the part of any Party to this Agreement or any other person or entity.

10. AUTHORITY

Each Party warrants and represents that it has capacity, power and authority to enter into, execute and perform this Agreement.

11. SUCCESSORS

11.1 GP1 shall not at any time assign, transfer or dispose of its interest in the PLC Sub-Notes without the prior written consent of the Parties.

11.2 LBHI shall not assign, transfer or dispose of its interest in the PLC Sub-Debt:

- (a) on or before 15 December 2024, in any circumstances; and
- (b) on and from 16 December 2024, unless:
 - (i) the assignee or transferee of LBHI's interest agrees to be bound by the terms of this Agreement; and
 - (ii) each of GP1 and DB (in the case of DB, only if it then holds 10% or more of the ECAPS in issue) have consented to such assignment or transfer, such consent not to be unreasonably withheld or delayed. LBHI, GP1 and DB each agree that it shall not be reasonable to withhold or delay consent if the proposed transfer, assignment or disposal by LBHI of the PLC Sub-Debt is for value, save for if there is a genuine demonstrable risk that the assignment or transfer could undermine this Agreement or that the proposed assignee or transferee intends to breach, undermine or take action inconsistent with this Agreement.

11.3 DB shall not assign, transfer or dispose of its interest in the ECAPS, including the ECAPS Deeds of Guarantee, unless the relevant assignee or transferee has agreed to be bound by the terms of this Agreement as if it were DB.

11.4 If at any time after the Effective Date DB acquires any right, title and interest to any additional ECAPS or ECAPS Deeds of Guarantee, then such additional holdings or interests shall be subject to the terms and conditions of this Agreement as if DB held such right, title and/or interest on the Effective Date.

12. PLC ESTATE – INFORMATION AND REPORTING REQUIREMENTS

12.1 Creditors' committee observer

- (a) ECAPS Account Holders, acting by the ECAPS Holders' Committee, may appoint an observer (the "**Observer**") to attend and observe meetings of PLC's creditors' committee.
- (b) The Observer shall have all rights to information of an ordinary member of PLC's creditors' committee, provided that the Observer signs (in favour of PLC and the PLC Administrators) a non-disclosure agreement pursuant to which (among other things) all information obtained by the Observer (in that capacity) may be shared on confidential terms with the ECAPS Holders' Committee.

12.2 Creditors' committee meetings

- (a) The PLC Administrators shall procure that PLC's creditors' committee meets at least twice in each calendar year, at regular intervals.
- (b) At any meeting of PLC's creditors' committee, the PLC Administrators shall provide detailed updates in respect of PLC's administration and the PLC Estate and matters affecting it including, without limitation (but subject to Clause 12.2(c) and Clause 12.5 below):
 - (i) detailed information regarding the administration and/or liquidation estates of PLC's material direct and indirect subsidiaries;
 - (ii) detailed information regarding any reserves that the PLC Administrators have made in the PLC Estate, including the substance of matters in respect of which such reserves are held;
 - (iii) prospective inflows and outflows to the PLC Estate and the estates of PLC's material direct and indirect subsidiaries;
 - (iv) claims against the PLC Estate and the estates of PLC's material direct and indirect subsidiaries; and
 - (v) a detailed breakdown of costs and expenses (broken down to show the costs and expenses of the PLC Administrators as well as the costs and expenses of the administration and/or liquidation estates of its material direct and indirect subsidiaries).
- (c) The PLC Administrators shall not be obliged or required to share, pursuant to Clause 12.2(b) above, any information or documents which they are not at liberty to share due to obligations of confidentiality to which they are subject or where they are prohibited from doing so by law.

12.3 Creditor queries

- (a) Subject to Clause 12.3(b) and Clause 12.5 below, the PLC Administrators shall answer all questions and provide all information reasonably raised or requested by GP1 or the Observer (insofar as such questions or requests relate to the administration and/or liquidation estates of PLC and its subsidiaries at any time), as soon as reasonably practicable following such request, by way of response to both GP1 and the Observer (on terms that the Observer may disclose such response to the ECAPS Holders' Committee on a confidential basis), with copy to LBHI.

- (b) The PLC Administrators shall not be obliged or required to share, pursuant to Clause 12.3(a) above, any information which they are not at liberty to share due to obligations of confidentiality to which they are subject or where they are prohibited from doing so by law.

12.4 Information sharing with ECAPS Account Holders outside of ECAPS Creditors' Committee

The PLC Administrators shall publish a semi-annual update to ECAPS Account Holders in respect of the estimated outcome for the subordinated creditors of PLC, in each case to provide more detail (including as to the variables which inform the range of estimated recoveries) than in such updates provided prior to the date of this Agreement.

12.5 Permitted withholding of information

- (a) Notwithstanding any other provision of this Clause 12, the PLC Administrators may, when providing information to PLC's creditors' committee, GP1 and/or the Observer, withhold strategically sensitive information that they reasonably consider (as Officeholders and licenced insolvency practitioners) ought not to be or cannot practicably be disclosed under the terms of a non-disclosure agreement and/or common interest principles, and/or information which the PLC Administrators are not entitled to share.
- (b) The PLC Administrators may not enter into any non-disclosure or common interest agreement or arrangement with any party, the dominant purpose of which is to frustrate the information rights of GP1 and/or ECAPS Holders under this Clause 12 unless doing so is nonetheless considered by the PLC Administrators to be appropriate in the proper discharge of the PLC Administrators' functions and duties as administrators.

13. FURTHER ASSURANCE

- 13.1 The Parties shall use reasonable endeavours to ensure that the Agreed Distributions shall be paid without deductions, withholding, reduction or claims and to mitigate or eliminate any risk of such deduction, withholding, reduction or claims including liaising with or seeking guidance from any relevant authority if and to the extent appropriate.
- 13.2 LBHI, PLC, GP1 and DB shall use all reasonable endeavours to, within 20 Business Days of the Effective Date, agree and enter into a common interest agreement pursuant to which those Parties shall consult and cooperate with regard to any material outstanding matters in the estates of PLC and its direct and indirect subsidiaries.
- 13.3 The Parties shall, as soon as reasonably practicable, do all such things, take all such steps or actions and execute all such documents and/or declarations as may be required by law, reasonably required by another Party or which are reasonably required to give effect to, evidence or perfect the obligations and liabilities as set out in, and on the terms of, this Agreement.

14. RIGHTS OF THIRD PARTIES

- 14.1 Save for as provided pursuant to Clause 14.2 and Clause 14.3 below, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

14.2 Any ECAPS Holder may, save to the extent it takes any ECAPS Prohibited Action (in which case the provisions of Clause 4.6(b) shall apply), rely on any Clause of this Agreement which confers rights on it (including, without limitation, Clauses 4.6 and 12.1).

14.3 Each UK Affiliate, each LBLIS Group Entity and each of their respective past and present Officeholders, directors and officers may rely on any Clause of this Agreement which confers rights on them (including, without limitation, Clauses 4.1 and 4.2 as applicable) but in all cases subject and without prejudice to the terms of Clause 4.1(b) and 4.2(b).

15. ANNOUNCEMENTS

15.1 The Parties consent to the issue of an announcement, substantially in the agreed form as attached at Schedule 2 (*Announcement*) to this Agreement, immediately following the Effective Date.

15.2 On or after the Effective Date, the PLC Administrators shall arrange for the Announcement to be uploaded to their web page relating to PLC.

16. NOTICES

16.1 All notices and other communications given under or in connection with this Agreement shall be in writing, in the English language and sent to the relevant Party or Parties at the following email address (or to any other email address as notified in writing to each other Party):

- (a) In the case of PLC and the PLC Administrators: edward.macnamara@pwc.com; David.j.kelly@pwc.com and gillian.bruce@pwc.com

With a copy to: john.tillman@hoganlovells.com

- (b) In the case of the JLs, the ECAPS Issuers and GP1: bruce.mackay@rsmuk.com; matt.haw@rsmuk.com; and samantha.hawkins@rsmuk.com

With a copy to: daniel.moore@crsblaw.com

- (c) In the case of LBHI: william.olshan@lehmanholdings.com and ronald.geraghty@lehmanholdings.com

With a copy to: Mark.Lawford@weil.com and Lindsay.Merritt@weil.com

- (d) In the case of the PLP and the PLP JLs: kiri.holland@bdo.co.uk and mark.shaw@bdo.co.uk

With a copy to: ian.benjamin@shlegal.com

- (e) In the case of DB: simon.glennie@db.com

With a copy to: phillip.taylor@alston.com

16.2 Any notices or other communications shall be deemed to have been received at the time of transmission of the email or, if such time falls outside business hours in the place of

receipt, when business hours resume. In this Clause 16, "business hours" means 9am to 5pm on a Business Day.

17. ENTIRE AGREEMENT

17.1 This Agreement (when read with the 7(f) Application Settlement) constitutes the entire agreement between the Parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

17.2 Each Party agrees that it shall have no remedies in respect of any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement. Each Party agrees that its only right of action in relation to any innocent or negligent representation set out in this Agreement shall be for breach of contract.

18. VARIATION

18.1 No variation of this Agreement shall be effective unless it is in writing and signed by, or on behalf of, each Party.

18.2 For the avoidance of doubt, the consent of an ECAPS Holder, UK Affiliate, LBLIS Group Entity or the past and present Officeholders, directors and officers of a UK Affiliate or a LBLIS Group Entity who are not a Party to this Agreement shall not be required in order to amend or terminate this Agreement.

19. SEVERABILITY

If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this Clause 19 shall not affect the validity and enforceability of the rest of this Agreement.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

21. PLC ADMINISTRATORS' LIABILITY

21.1 The PLC Administrators have entered into and signed this Agreement as agents for and on behalf of PLC, and neither they, their firm, their firm's members, partners, directors, officers or employees nor any of their respective agents, advisers or representatives shall incur any personal liability whatever in respect of any of the obligations undertaken on behalf of PLC (including representations (if any) given by PLC); or in respect of any failure on the part of PLC to observe, perform or comply with any such obligations; or undertaken on behalf of PLC under or in relation to any associated arrangements or negotiations; or under any document or assurance made on behalf of PLC under or in connection with this Agreement.

- 21.2 The exclusion of liability set out in Clause 21.1 shall arise and continue notwithstanding the termination of the agency of any of the PLC Administrators, and shall operate as a waiver of any and all claims (including, but not limited to, claims in statute, tort, equity and common law as well as under the laws of contract).
- 21.3 The PLC Administrators are party to this Agreement in their personal capacities only for the purposes of (and shall have no personal liability under this Agreement whatsoever save in respect of):
- (a) receiving the benefit of all terms, releases, limitations, exclusions, undertakings and covenants in their favour and, as agents, in favour of PLC contained in this Agreement, from which the relevant administrators will continue to benefit notwithstanding the respective termination of their agency or their respective discharge from office as administrators;
 - (b) the giving of any of the releases and discharges expressed in this Agreement to be given by the PLC Administrators; and
 - (c) the obligations of the PLC Administrators under Clauses 4.10, 8(c), 10, 12 and 15.
- 21.4 For the avoidance of doubt, nothing in this Agreement shall require the PLC Administrators to act in any way contrary to any order of the High Court (or an appellate court) supervising the administration of PLC, including for the avoidance of doubt, any order providing for an Alternative Outcome.
- 22. JLS' LIABILITY**
- 22.1 The JLs have entered into and signed this Agreement as agents for and on behalf of GP1 and in their capacity as insolvency practitioners winding up the ECAPS Issuers pursuant to an order of Mr Justice Hildyard dated 15 March 2017, and neither they, their firm, their firm's members, partners, directors, officers or employees nor any of their respective agents, advisers or representatives shall incur any personal liability whatever in respect of any of the obligations undertaken on behalf of GP1 or the ECAPS Issuers (including representations (if any) given by GP1 of the ECAPS Issuers); or in respect of any failure on the part of GP1 or the ECAPS Issuers to observe, perform or comply with any such obligations; or undertaken on behalf of GP1 or the ECAPS Issuers under or in relation to any associated arrangements or negotiations; or under any document or assurance made on behalf of GP1 or the ECAPS Issuers under or in connection with this Agreement.
- 22.2 The exclusion of liability set out in Clause 22.1 shall arise and continue, including for the benefit of the JLs' successors as Office Holders (if applicable) notwithstanding the termination of the agency of any of the JLs, and shall operate as a waiver of any and all claims (including but not limited to, claims in statute, tort, equity and common law as well as under the laws of contract).
- 22.3 The JLs are party to this Agreement in their personal capacities only for the purposes of:
- (a) receiving the benefit of all terms, releases, limitations, exclusions, undertakings and covenants in their favour and, as agents, in favour of GP1 (or otherwise in respect of their role of winding up the ECAPS Issuers) contained in this Agreement, from which the JLs will continue to benefit notwithstanding the respective termination of their agency or their respective discharge from office as liquidators or ceasing to act in relation to the winding up of the ECAPS Issuers; and

- (b) the giving of any of the releases and discharges expressed in this Agreement to be given by the JLS.

23. PLP JLS' LIABILITY

- 23.1 The PLP JLS have entered into and signed this Agreement as agents for and on behalf of PLP, and neither they, their firm, their firm's members, partners, directors, officers or employees nor any of their respective agents, advisers or representatives shall incur any personal liability whatever in respect of any of the obligations undertaken on behalf of PLP (including representations (if any) given by PLP); or in respect of any failure on the part of PLP to observe, perform or comply with any such obligations; or undertaken on behalf of PLP under or in relation to any associated arrangements or negotiations; or under any document or assurance made on behalf of PLP under or in connection with this Agreement.
- 23.2 The exclusion of liability set out in Clause 23.1 shall arise and continue notwithstanding the termination of the agency of any of the PLP JLS, and shall operate as a waiver of any and all claims (including but not limited to, claims in statute, tort, equity, and common law as well as under the laws of contract).
- 23.3 The PLP JLS are party to this Agreement in their personal capacities solely for the purpose of obtaining the benefit of the provisions in their favour.

24. INADEQUACY OF DAMAGES

- 24.1 Without prejudice to any other rights or remedies that the Parties may have, the Parties acknowledge and agree that damages alone would not be an adequate remedy for any breach of the terms of this Agreement. Accordingly, the Parties shall be entitled to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the terms of this Agreement.

25. WITHOUT PREJUDICE

- 25.1 The Parties agree to treat the publication or disclosure of the agreed term sheet in respect of this Agreement to the ECAPS Account Holders, the Beneficial ECAPS Interest Holders or otherwise to any non-party as not affecting the without prejudice status of the agreed term sheet and not to rely on this Agreement, or the term sheet, or their contents in support of any arguments in respect of Priority Legal Issue 1 (including on any appeal).

26. GOVERNING LAW AND JURISDICTION

- 26.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 26.2 Subject to Clause 3.9, each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation.

IN WITNESS WHEREOF this Agreement has been duly executed on the date stated at the beginning of it.

EXECUTION PAGES

THE PLC ADMINISTRATORS

Signed by **Edward John Macnamara**
without personal liability save as
provided for in Clause 21


) **Joint Administrator of Lehman Brothers
Holdings PLC (in administration)**

Signed by **Gillian Eleanor Bruce**
without personal liability save as
provided for in Clause 21


) **Joint Administrator of Lehman Brothers
Holdings PLC (in administration)**

Signed by **David James Kelly**
without personal liability save as
provided for in Clause 21


) **Joint Administrator of Lehman Brothers
Holdings PLC (in administration)**

PLC

Signed by **Edward John
Macnamara**, for and on behalf of
**Lehman Brothers Holdings PLC (in
administration)** as agent and without
personal liability


.....
) **Joint Administrator**
)

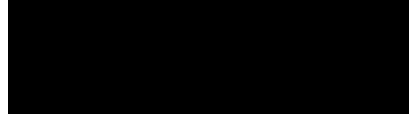
THE JLS

Signed by **Bruce Alexander Mackay**
without personal liability save as
provided for in Clause 22



) **Joint Liquidator of LB GP NO.1 LTD (in**
) **liquidation)**

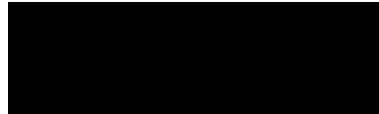
Signed by **Matthew Robert Haw**
without personal liability save as
provided for in Clause 22



) **Joint Liquidator of LB GP NO.1 LTD (in**
) **liquidation)**

GP1

Signed by **Bruce Alexander Mackay**, for and on behalf of **LB GP NO.1 LTD (in liquidation)** as agent and without personal liability



) **Liquidator**
)

THE ECAPS ISSUERS

LP I

Signed for and on behalf of **Lehman Brothers UK Capital Funding LP**, by **LB GP NO.1 LTD (in liquidation)**, general partner, acting by its joint liquidator **Bruce Alexander Mackay** as agent and without personal liability



) **General Partner**
)

LP II

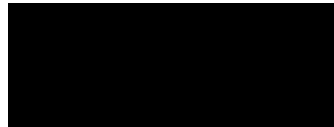
Signed for and on behalf of **Lehman Brothers UK Capital Funding II LP**, by **LB GP NO.1 LTD (in liquidation)**, general partner, acting by its joint liquidator **Bruce Alexander Mackay** as agent and without personal liability



) **General Partner**
)

LP III

Signed for and on behalf of **Lehman Brothers UK Capital Funding III LP**, by **LB GP NO.1 LTD (in liquidation)**, general partner, acting by its joint liquidator **Bruce Alexander Mackay** as agent and without personal liability



) **General Partner**
)

LBHI

Signed for and on behalf of **Lehman
Brothers Holdings Inc.**, a company
incorporated in Delaware by **Ronald
Geraghty** being a person who, in
accordance with the laws of the
territory, is acting under the authority
of the company

)

)
) **Authorised Signatory**

PLP

Signed for and on behalf of **LB Investment Holdings Ltd (in liquidation)** by **Kiri Holland** its joint liquidator as agent and without personal liability


.....
) **Liquidator**
)

PLP JLs

Signed by for and on behalf of the **PLP JLs** by **Kiri Holland** without personal liability and solely for the purpose of receiving the benefit of the provisions of this Agreement in their favour

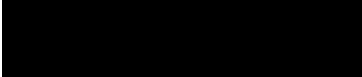

) **Liquidator**
)

DB

Signed for and on behalf of **Deutsche Bank AG (London Branch)**, a company incorporated in Germany,

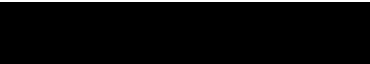
)
)
)
)
)
)
)

by:
Alex Darbyshire



) (Authorised signatory)

and
James Kyle



) (Authorised signatory)

being persons who, in accordance with the laws of the territory, are acting under the authority of the company

Schedule 2

Letter of Support in respect of Term Sheet dated 18 September 2024

Letter of Support

To: LB GP No.1 Limited (in liquidation) ("**GP1**")
RSM UK Restructuring Advisory LLP
9th Floor, 25 Farringdon Street
London EC4A 4AB
FAO: Matthew Robert Haw and David Frederick Shambrook, joint liquidators of GP1 (the "**JLs**")

Dear Sirs

Resolution of certain issues in relation to the estate of Lehman Brothers Holdings PLC (in administration)

1. We refer to the term sheet contained in the Schedule to this letter (the "**Term Sheet**"). Capitalised terms used but not otherwise defined in this letter shall have the same meaning as in the Term Sheet. In this letter "we" shall mean the entities on whose behalf this letter is signed and any affiliate of those entities, including any funds or vehicles managed by such entities.
2. We confirm and represent that we are the holder of ECAPS issued by one or more of Lehman Brothers UK Capital Funding LP ("**LP I**") (ISIN XS0215349357), Lehman Brothers UK Capital Funding II LP ("**LP II**") (ISIN XS0229269856), and Lehman Brothers UK Capital Funding III LP ("**LP III**") (ISIN XS0243852562).
3. We attach details of and proof of our holdings (our "**Holdings**"), which must be kept confidential, except that we consent to the following information being disclosed to the Parties (as defined in the Term Sheet):
 - a. Our name(s);
 - b. The fact we have provided this Letter of Support, along with a copy of it with our holdings redacted; and
 - c. The aggregate (but not individual) holdings of the ECAPS holders who have signed a Letter of Support for each of LPI, LPII and LPIII.
4. The Parties who are not party to this Letter of Support will have the benefit of and may rely on it as third parties.
5. We hereby confirm our support for the resolution of the relevant issues in relation to PLC's estate in the manner described in the Term Sheet and confirm we have no objection to GP1 (acting by its JLs) entering into the Amendment and Restatement Agreement contemplated by the Term Sheet as an amendment to the Framework Agreement dated 8 October 2023
6. We further confirm that, from the effective date of the Amendment and Restatement Agreement (as may be notified by the JLs) (the "**Effective Date**"), we shall not take any action in our capacity as an ECAPS Holder which is inconsistent with the provisions of the Amendment and Restatement Agreement as described in the Term Sheet, or which would be inconsistent if we were party to that agreement or document on similar terms as Deutsche Bank AG, London Branch.
7. We confirm that we will not transfer any or all of our Holdings until the earlier of (i) the Effective Date or (ii) 4 October 2024 (the "**Long Stop**"). If:
 - a. we acquire any more ECAPS (as defined in the Term Sheet), we agree that they will also be subject to this letter; and/or
 - b. we later transfer any of our Holdings, we will provide any transferee with a copy of this letter and require them to agree to be bound by its terms prior to transfer,

provided in each case that our obligations under sub-paragraphs (a) and (b) above shall terminate on the effective date of any scheme of arrangement, restructuring plan, corporate action, consent solicitation or other agreement, resolution, compromise or arrangement, that has the effect of binding all ECAPS Holders to terms equivalent to the Amendment and Restatement Agreement or which otherwise has the effect of preventing all ECAPS Holders from validly taking any ECAPS Prohibited Actions.

Yours faithfully,

.....

For and on behalf of:
[ENTITY NAME(S)]

SCHEDULE TO LETTER OF SUPPORT

Term Sheet

LEHMAN BROTHERS HOLDINGS PLC (IN ADMINISTRATION) ("PLC")

Term sheet: Amendment and Restatement of Framework Agreement dated 8 October 2023 and related matters

This term sheet represents the current understanding of the Parties (as defined below) with respect to the terms of the proposed resolution of certain issues in relation to the estate of PLC to be documented by an amendment and restatement of the Framework Agreement dated 8 October 2023 between the Parties, a copy of which is attached as schedule 1 to this Term Sheet (the "**Framework Agreement**") (such amendment and restatement the "**Amendment and Restatement Agreement**"). Save for the section headed "Binding terms", this term sheet: (i) does not constitute an offer by any Party capable of acceptance by any other Party (and shall not become legally binding on, or otherwise enforceable by or against, any Party); (ii) is not intended to create, evidence or imply any legal relationship or contract between the Parties; (iii) does not represent an exhaustive list of matters to be incorporated into the Amendment and Restatement Agreement; and (iv) is strictly without prejudice and subject to contract and the Amendment and Restatement Agreement being agreed and executed by the Parties.

Date:	18 September 2024
Parties:	<p>The Parties to the Framework Agreement, being: the PLC Administrators, PLC, the JLs, GP1, the ECAPS Issuers, LBHI, the PLP, the PLP JLs, DB.</p> <p>For the avoidance of doubt, any reference to a Party shall include that Party's successors and assigns.</p>
Definitions:	Terms bearing initial capitals shall have the meanings given to them by the Framework Agreement unless otherwise defined in this Term Sheet.
Amendment and restatement of Agreed Distributions:	<p>The Framework Agreement shall be amended and restated such that the concepts of ECAPS Outcome, LBHI Outcome and Alternative Outcome shall be removed and Available Funds shall instead be distributed according to the following scheme (subject in each case to the relevant terms of and the other relevant distribution conditions set out in the Framework Agreement):</p> <p>Tier X: As set out in the Framework Agreement (which Tier X Distributions have already been made in accordance with the Framework Agreement)</p> <p>Tier Y: To be split 73.8 % (GP1) and 26.2% (LBHI)</p> <p>Tier Z: To be split 40% (GP1) and 60% (LBHI)</p> <p>The Parties shall agree in the Amended and Restated Framework Agreement that a PLI 1 Settlement has occurred.</p>
Rights and claims to be settled / released / with covenant not to sue:	<p>The appeal in relation to Priority Legal Issue 1 (the "Appeal") shall be dismissed by the parties to the Appeal executing a consent order whose agreed form will be set out in a schedule to the Amendment and Restatement Agreement. Thereon, those parties will jointly request the Appeal to be dismissed by consent with each Party to bear their own costs of the Appeal (and without prejudice to</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>(i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLS' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement). LBHI is to then liaise with the Court of Appeal as necessary to effect the dismissal.</p> <p>All other settlements, releases, discharges and covenants not to sue shall remain as set out in the Framework Agreement, save that (i) where they operate by reference to Agreed Distributions they shall henceforth operate by reference to the Agreed Distributions as amended and restated (as described above in the section headed "Amendment and Restatement of Agreed Distributions"), and (ii) where they operate by reference to Continuing Claims, they shall henceforth operate by reference to the amended definition of Continuing Claims (as described below in the section headed "Claims to Continue" below).</p>
Claims to continue:	<p>The definition of Continuing Claims shall be limited to:</p> <ul style="list-style-type: none"> (i) the Gross-up Arguments; and (ii) any Claims and Rights that any Party has or may have in relation to it or arising under or from the Amendment and Restatement Agreement, the Framework Agreement, the Reserve and Reimbursement Agreement, the 7(f) Application Settlement, the settlement agreement described below in respect of the Partial Discharge Issue, the First Instance Costs Letter and/or any other agreement entered into to record or document the matters set out in this Term Sheet. <p>Priority Legal Issue 1, the Strike out Application, and the Partial Discharge Issue shall no longer be Continuing Claims.</p> <p>Clause 6.2 of the Framework Agreement shall be deleted.</p> <p>The Parties agree to consult in good faith to seek a mutually acceptable resolution of the Gross-up Arguments prior to the execution of the Amendment and Restatement Agreement, but it is acknowledged that the successful conclusion of such consultations is not a condition precedent to the execution of the Amendment and Restatement Agreement.</p>
Costs:	<p>In respect of the Appeal and other claims/rights/issues released, withdrawn or undertaken not to be pursued, Parties to bear their own costs and agree not to pursue any other party further in respect of them (and without prejudice to (i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLS' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement).</p> <p>LBHI and Deutsche Bank to fully and finally settle the Settled Costs Liabilities (as defined in the letter dated 3 May 2024 from Alston & Bird (City) LLP to Weil</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>Gotshal & Manges (London) LLP (the “First Instance Costs Letter”)) on the terms set out in the First Instance Costs Letter.</p> <p>Clause 7.2 of the Framework Agreement shall be deleted.</p>
Conditions:	<p>The Amendment and Restatement Agreement shall be conditional on:</p> <p>Partial Discharge: Entry into an agreement (whose agreed form shall be set out in a schedule to the Amendment and Restatement Agreement) between PLC, the PLC Administrators, LBHI, GP1, the JLs, DB and Eldon Street Holdings Limited (in Administration) so as to effectively fully and finally settle and dispose of the Partial Discharge Issue on terms by which (i) the further amount to be distributed by PLC to Eldon Street Holdings Limited (in Administration) is limited to between £4,400,000 and £4,500,000; and (ii) LBHI, GP1, the JLs and DB agree that they will not in the future bring any claims or complaints against PLC or the PLC Administrators in relation to the amounts in which distributions are or have been made to PLC’s unsubordinated creditors by reference to the Partial Discharge Issue.</p> <p>First Instance Costs: Settlement of first instance costs orders on the basis set out in the section headed (“Costs”) above.</p>
Representations regarding claims against LBL and MBAM	<p>In the Amendment and Restatement Agreement:</p> <p>LBHI shall represent and warrant that neither it or any Affiliate:</p> <ul style="list-style-type: none"> holds any legal or equitable interest in any claim against Lehman Brothers Limited (in Administration) (“LBL”) or MBAM Investor Limited (“MBAM”) that has not been asserted as at the Effective Date; and has during the period of 90 days ending with the Effective Date, asserted (or encouraged assisted or incited any person to assert) any claim against LBL or MBAM, or acquired a legal or equitable interest in any claim against LBL or MBAM, that in each case has not been asserted as at the date 90 days prior to the Effective Date. <p>LBHI shall undertake that from the Effective Date, neither it nor any Affiliate will assert (or encourage assist or incite any person to assert) any claim against LBL or MBAM nor will acquire a legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date (except, in each case, for claims for which the cause of action has not arisen, or which are based on facts or circumstances that did not exist, before the Effective Date).</p> <p>DB shall represent and warrant that neither it or any Affiliate:</p> <ul style="list-style-type: none"> holds any legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date; and

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<ul style="list-style-type: none"> has during the period of 90 days ending with the Effective Date, asserted (or encouraged assisted or incited any person to assert) any claim against LBL or MBAM, or acquired a legal or equitable interest in any claim against LBL or MBAM, that in each case has not been asserted as at the date 90 days prior to the Effective Date. <p>DB shall undertake that from the Effective Date, neither it nor any Affiliate will assert (or encourage assist or incite any person to assert) any claim against LBL or MBAM nor will acquire a legal or equitable interest in any claim against LBL or MBAM that has not been asserted as at the Effective Date (except, in each case, for claims for which the cause of action has not arisen, or which are based on facts or circumstances that did not exist, before the Effective Date).</p> <p>In each case other than such claims as are disclosed in writing prior to the Effective Date.</p> <p>Where:</p> <p>The “Effective Date” means the effective date of the Amendment and Restatement Agreement.</p>
Timing and efficiency of distributions:	<p>Parties to commit to work on a structure, variation or other terms to minimize delays in timing and maximize quantum of distributions but each Party will retain its discretion with regards to the implementation and timing of any structure, variation or other terms that may be agreed such that it may be the case that any structure, variation or other terms may only be agreed after the execution of the Amendment and Restatement Agreement.</p>
Joint Reserve:	<p>The Amendment and Restatement Agreement shall (i) provide that the provisions of the Framework Agreement relating to the Joint Reserve will continue to apply (for the avoidance of doubt at the level of £3,225,200 as reduced pursuant to clause 3.10 of the Framework Agreement), removing the condition whereby such provisions were only to apply in the event of an ECAPS Outcome; (ii) amend the split by which the Joint Reserve is created such that 73.8% will be retained from amounts that would otherwise have been payable as Tier Y Distributions to GP1 and 26.2% will be retained from amounts that would otherwise have been payable as Tier Y Distributions to LBHI; and (iii) amend the provisions concerning release of the Joint Reserve to provide that any such release is likewise split 73.8 % (GP1) and 26.2% (LBHI).</p> <p>Parties to explore in good faith whether the level of the Joint Reserve can be reduced, with such reduction to be documented in the Amended and Restated Framework Agreement.</p>
Other provisions:	<p>Except as expressly set out in this Term Sheet, the Framework Agreement shall not be varied or amended and shall continue in full force and effect. The</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>Reserve and Reimbursement Agreement and 7(f) Application Settlement shall remain in full force and effect without amendment or variation.</p> <p>Clause 8 of the Framework Agreement shall be amended to record that the Effective Date occurred on 8 October 2023.</p>
Binding terms:	<p>Confidentiality: All drafts of and the substance of all negotiations in connection with this Term Sheet are confidential to the Parties and their advisers, who shall not disclose or otherwise communicate them to any third party without the written consent of the other Parties other than:</p> <ul style="list-style-type: none"> a) the final agreed term sheet may be sent to ECAPS Account Holders and Beneficial ECAPS Interest Holders who are not party thereto and in that process may also be circulated by the JLs via RNS; b) the final agreed term sheet may be sent by DB or Whitefort to ECAPS Account Holders and Beneficial ECAPS Interest Holders with a view to obtaining Letters of Support; c) to the Parties' respective auditors, insurers (and their insurers/reinsurers), firm (in the case of the JLs and PLC Administrators), and their respective advisors, and lawyers on terms which preserve confidentiality; d) pursuant to an order of a court of competent jurisdiction, or pursuant to any proper order or demand made by any competent authority or body where they are under a legal or regulatory obligation to make such a disclosure; e) the final agreed term sheet may be disclosed by the PLC Administrators or the JLs to the extent they reasonably consider necessary or appropriate in the performance of their functions as office holders; f) pursuant to any express requirement under the rules of any listing authority or stock exchange on which a Party's shares are traded; or g) LBHI may publish the final agreed term sheet, and final settlement documentation (including the Amendment and Restatement Agreement and relevant consent orders), on the Bankruptcy Court docket and report and refer to the settlement terms in its quarterly reporting and discuss its terms with LBHI's creditors and investors. <p>Costs and expenses: All Parties will pay their own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation and execution of the Amendment and Restatement Agreement, and the settlement agreement in respect of the Partial Discharge Issue, whether or not those agreements are signed or come into effect (and without prejudice to (i) the PLC Administrators' costs and expenses being paid from the PLC estate; or (ii) the JLs' costs and expenses being paid from GP1 and/or the ECAPS Issuers; or (iii) the Reserve and Reimbursement Agreement).</p> <p>Without Prejudice:</p>

**WITHOUT PREJUDICE SAVE AS TO COSTS
SUBJECT TO CONTRACT**

	<p>The Parties agree to treat the publication or disclosure of this term sheet as not affecting the without prejudice status of the settlement discussions such that without prejudice privilege is not waived and that no Party will refer to the settlement discussions or without prejudice term sheet in court in a manner which would otherwise be contrary to the without prejudice principle.</p>
--	--

Appendix 3.

Comparative Estimated Outcome Statement (“EOS”)

Comparative EOS

	Notes	Base Case Recovery £'m				High Case Recovery £'m			
Estimated surplus available to LBH subordinated creditors	1	132				327			
		LP I £'m	LP III £'m	LP III £'m	Totals £'m	LP I £'m	LP II £'m	LP III £'m	Totals £'m
Scenario 1 - GP1 wins PLI1 (Tier Y)		26.8	41.7	55.5	124.1	45.8	71.1	94.7	211.5
Scenario 1 - GP1 wins PLI1 (Tier Z)		-	-	-	-	9.3	14.4	19.2	42.8
Scenario 1 - GP1 wins PLI1 (Tier Y and Tier Z) totals	2	26.8	41.7	55.5	124.1	55.0	85.5	113.9	254.3
Scenario 2 - GP1 loses PLI1 (Tier Y)		-	-	-	-	-	-	-	-
Scenario 2 - GP1 loses PLI1 (Tier Z)		-	-	-	-	2.6	4.1	5.5	12.2
Scenario 2 - GP1 loses PLI1 (Tier Y and Tier Z) totals	3	-	-	-	-	2.6	4.1	5.5	12.2
Scenario 3 - Proposed terms implemented (Tier Y)		21.1	32.7	43.6	97.4	35.9	55.8	74.3	166.1
Scenario 3 - Proposed terms implemented (Tier Z)		-	-	-	-	8.8	13.7	18.3	40.8
Scenario 3 - Proposed terms implemented (Tier Y and Tier Z) totals	4	21.1	32.7	43.6	97.4	44.8	69.5	92.6	206.9

Notes

1. Estimated funds available to LBH's subordinated creditors as per LBH's March 2024 estimated outcome statement. All calculations in scenarios 1 to 3 work on the basis that the remaining funds available to LBH's subordinated creditors will be £132m in the 'Base' case and £327m in the 'High' case, which are subject to the assumptions set out in LBH's March 2024 update to creditors. GP1's realisations to date in respect of LP III are not reflected in the above calculations.
2. Scenario 1 - Estimated recoveries available to ECAPS Accountholders if GP1 wins Priority Legal Issue 1 ("PLI1") on appeal.
3. Scenario 2 - Estimated recoveries available to ECAPS Accountholders if GP1 loses PLI1 on appeal.
4. Scenario 3 - Estimated recoveries available to Accountholders if GP1 enters into the deal being proposed in the term sheet at Appendix 2.
5. The above calculations do not take costs (past or future) into consideration.