

# ***Receivers from PwC distribute the net Hong Kong Minibond collateral***

Receivers from PricewaterhouseCoopers (“PwC”) Ted Osborn, Anthony Boswell and Jan Blaauw announced today that the underlying collateral for the Minibond series 10 to 12, 15 to 23 and 25 to 36 (the “Relevant Series”) has been distributed to the nominal holders of the Relevant Series via the Clearing Systems in accordance with the terms of the settlement agreement with Lehman Brothers Special Financing Inc. (“Lehman Brothers”). Minibond investors (“Investors”) of the Relevant Series can expect to receive distributions via the parties through whom they hold their Minibonds later this month.

*“Following the successful Noteholder meetings in May, we are pleased to be able to inform stakeholders of this significant positive step in distributing the recoveries to Investors in the near future,” says Mr Boswell.*

## ***The agreement***

The agreement with Lehman Brothers became effective on 20 May 2011 following satisfaction of the two conditions namely confirmation from the US Bankruptcy Court on 13 April 2011 that an order made on 16 December 2008 (known as the Derivatives Procedures Order) applies to the notes underlying the Relevant Series and the passing of an Extraordinary Resolution approving (amongst other things) the settlement at the meetings of the holders of each Relevant Series held on 18, 19 and 20 May 2011. Since then, the Receivers have worked together with the collateral trustee to facilitate the release of the collateral underlying the Relevant Series.

*“It has been a lengthy and challenging process to reach this stage. We hope that the forthcoming distributions, which will result in significant and substantial returns, will bring an end to what has been a difficult period for Investors,” says Mr Osborn*

## ***Recovery levels for Minibond investors***

The per tranche percentage recovery is set out in the information box opposite.

The Receivers are pleased to advise that the recovery percentages on a weighted basis are an average 1.6% higher than the indicative recovery rates stated in the announcement dated 28 March 2011. This is due to increases in the final net collateral balances. The increase in recoveries range from 1.12 to 2.91 percentage points higher than the previously estimated recoveries.

The recovery to Investors from the collateral varies from series to series and by tranches within each series due to differences in the characteristics of the swap contracts relating to each Minibond series,

including the maturity dates, the reference entities against which credit protection was sold and the currency denomination for each tranche.

### ***Distributions to Minibond investors***

Payments of the net underlying collateral were made to the nominal holders of the Relevant Series on 13 and 14 June 2011 via the Clearing Systems. Investors should contact the party through whom they hold their Minibonds for further information about their recoveries including the timing of receipt of recovery.

*“This important final resolution would not have been possible without the patience shown by Investors. It also took substantial efforts by many parties working together to bring about this conclusion for noteholders, including the Government, the SFC, the HKMA, the Trustees, the distributing banks, the legal advisors and our staff,” says Mr Blaauw.*

Further information in connection with the settlement agreement and the distribution to Investors can be found on the Receivers’ website: <http://www.pwchk.com/minibonds>.

### ***Recovery to Minibond Investors as a percentage of the principal amount invested***

<b>Series / Tranche</b>	<b>Recovery*</b>	<b>Series / Tranche</b>	<b>Recovery*</b>	<b>Series / Tranche</b>	<b>Recovery*</b>
10A	87.68%	22A	80.90%	29D	74.66%
10B	87.73%	22B	80.60%	30A	85.65%
11A	95.10%	22C	78.72%	30B	82.89%
11B	95.10%	23A	83.22%	30C	78.23%
11C	93.37%	23B	82.89%	30D	75.47%
11D	93.40%	23C	85.90%	31A	79.80%
12A	87.83%	23D	85.11%	31B	79.48%
12B	87.68%	25A	82.14%	31C	73.10%
15A	84.34%	25B	81.53%	31D	71.80%
15B	82.72%	25C	84.06%	32A	79.36%
16A	86.34%	25D	82.44%	32B	78.47%
16B	84.70%	26A	74.12%	32C	74.28%
17A	84.53%	26B	73.49%	32D	72.80%
17B	83.26%	26C	71.43%	33A	85.73%
18A	83.54%	27A	88.42%	33B	83.91%
18B	82.30%	27B	86.41%	33C	78.01%
19A	82.83%	27C	81.40%	33D	77.00%
19B	81.96%	27D	79.51%	34A	86.12%

Series / Tranche	Recovery*
20A	84.98%
20B	83.99%
20C	80.09%
20D	80.94%
21A	85.52%
21B	84.74%
21C	82.86%

Series / Tranche	Recovery*
28A	86.42%
28B	83.57%
28C	79.53%
28D	76.70%
29A	85.19%
29B	82.28%
29C	77.48%

Series / Tranche	Recovery*
34B	85.53%
35A	80.12%
35B	79.53%
36A	81.00%
36B	80.14%

\* Rounded to two decimal places

For avoidance of doubt, the settlement agreement which has been reached with Lehman Brothers does not relate to series 5, 6, 7 and 9. The agreement only applies to the collateral underlying series 10 to 12, 15 to 23 and 25 to 36.

**The Receivers and PwC cannot and do not offer any form of financial or legal advice to Minibond investors and noting herein should be construed as such. Minibond Investors should seek independent professional advice with respect to their own legal and financial positions**

15 June 2011