



## **PRESS RELEASE**

### **ACTIONS TAKEN TO PROTECT INTERESTS OF NOTEHOLDERS OF THE LEHMAN MINIBOND NOTES PROGRAMME**

Singapore, 12 November 2008... MAS has been informed by HSBC Institutional Trust Services (Singapore) Ltd, the trustee for the Lehman Minibond notes programme, that in view of current market conditions, it decided to take certain steps in the interests of noteholders. Specifically, actions have been taken to terminate the swaps in the underlying securities for series 1 to 8 of the Minibond notes programme. This removes the risk of credit events in the underlying securities and helps to preserve the value of the underlying collateral. This action is not necessary for series 9 and 10 as the underlying securities for these notes are corporate bonds and have no swaps.

#### **Trustee Appoints Receivers**

2. The trustee has appointed three partners from PricewaterhouseCoopers Singapore (PwC) as receivers for series 5 to 8 which have defaulted since the relevant coupon payments were not made by the due dates. The other series will also default after the relevant coupon payments are not received by the due dates and the relevant grace periods have lapsed. The trustee would then appoint the three PwC partners as receivers for these series. The receivers' role is to take control of the assets of these notes and to work closely with the trustee towards a solution which is in the best interests of noteholders.

#### **Restructuring Options Still Open**

3. The trustee and the receivers have assured MAS that they have not ruled out any restructuring proposals received from interested parties and that these will be explored for all series of the notes.

4. To provide noteholders with an independent opinion on the options that best serve their interests, MAS has appointed Deloitte & Touche Corporate Finance Pte Ltd (DTCF) as an independent financial adviser on the Lehman Minibond notes programme. Andrew Grimmett and Tam Chee Chong head the DTCF team. MAS has asked DTCF to assist noteholders in three ways:

- a. First, to work closely with the trustee and receivers to explore restructuring options. DTCF will consider the proposals that have



- been submitted by financial institutions and any modifications that may be necessary;
- b. Second, if a viable proposal emerges, noteholders' approval would be needed. DTCF will advise noteholders on the merits and risks of the proposal;
  - c. Third, if the receivers, in consultation with DTCF, conclude that restructuring is not viable, the receivers will proceed to liquidate the underlying securities and the proceeds will be paid out to noteholders after deducting any liabilities that are payable. The receivers are mindful that this should be done in an orderly manner to maximise the liquidation value for noteholders.

5. MAS cautions that restructuring the Minibond notes programme is a complex exercise which entails the agreement of several parties and resolution of challenging legal issues. It would also need noteholders' approval. These steps will take time. The receivers would also have to take into account the risks to noteholders, including the continued credit and market risk to the underlying collateral. Hence, whether a viable restructuring proposal will materialise depends on several factors which are not within the control of the trustee and the receivers.

### **MAS' Views**

6. MAS understands that noteholders are anxious to know what they should do and what to expect next. At the moment, there is no action required on their part. MAS and the trustee will continue to keep noteholders updated on all developments including any options for them to consider. MAS has asked the trustee to work towards providing noteholders with an update on whether restructuring is still a viable option by the end of the month at the latest.

7. Heng Swee Keat, Managing Director, MAS, said "MAS has been in close consultation with the trustee and receivers. We believe that these are reasonable and appropriate steps for the trustee to take to protect the interests of noteholders given current market conditions. The appointment of DTCF as the independent financial adviser is also an important step to ensure that noteholders' interests are served." Mr Heng added, "Our work on other fronts, on the formal inquiries and in seeing to the serious and impartial process of handling investors' complaints, is progressing. We will provide updates at the relevant juncture."

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