

Lehman's Fired U.K. Staff Get 800 Pounds, Bonus Claims in Doubt

By Caroline Byrne

The 750 Lehman Brothers Holdings Inc. U.K. staff that lost jobs today are guaranteed 800 pounds (\$1,426) under law and must line up with other creditors if they hope to get any of their discretionary bonus, lawyers said.

“They’ve been told they will get their pay for the last month and they take their place with all other unsecured creditors,” said **Ronnie Fox**, London-based partner with Fox Lawyers, whose firm has received several calls from former Lehman professionals.

PricewaterhouseCooper LLP, Lehman's U.K. bankruptcy administrator, said yesterday that the jobs will be eliminated in Lehman's European fixed income and personal investment management units. The bank employed about 4,500 in London's Canary Wharf.

Former Lehman bankers, who generally earned at least 60,000 pounds a year plus a discretionary, performance-based bonus, are eligible for so-called statutory redundancy pay up to a maximum of 9,900 pounds after 20 years of service although that isn't guaranteed. It could be years before it's known whether money is left over for redundancy pay or bonuses, lawyers said.

“Normally that could be worked out over a period of months but when you look at the complexities of Lehman it could be longer,” Ian Hunter, an employment law partner with London-based Bird & Bird LLP, said. “This is uncharted waters and I've been through downturns in the 1980s and the dot-com bubble.”

Bankruptcy Collapse

Lehman, Goldman Sachs Group Inc., Morgan Stanley and Bear Stearns Cos. paid about \$50 billion in salaries, benefits and bonuses in 2007. The bonus portion, estimated at 60 percent of the total, rose to \$29.8 billion from \$26.1 billion. New York-based Lehman filed the biggest bankruptcy case in history on Sept. 15.

U.K. bankers hired as part of the takeover of a Lehman unit should receive compensation under the same terms initially offered by Lehman under U.K. law, Jill Andrew, an employment consultant at London-based Dawson Solicitors said.

Japan's Nomura Holdings Inc. agreed to buy Lehman's European investment banking and equities units last week. London-based Barclays Plc bought bankrupt Lehman's investment banking and capital markets units for about \$1.75 billion.

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Neither Barclays nor Nomura returned calls and e-mails seeking comment. PwC spokeswoman Rebecca Mill said information about bonuses wasn't immediately available.

The 750 ex-Lehman staff will attend meetings over the next few days to discuss how the bankruptcy affects them personally, PwC said in a statement yesterday. Lawyers say there are few options for them.

``For the most part, the Lehman people who instruct lawyers are throwing good money after bad," Fox said.

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