

IN THE HIGH COURT OF JUSTICE

Nos 7942 and 7945 of 2008 and No. 429 of 2009

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF LEHMAN BROTHERS INTERNATIONAL (EUROPE)

(IN ADMINISTRATION)

AND IN THE MATTER OF LEHMAN BROTHERS LIMITED (IN ADMINISTRATION)

AND IN THE MATTER OF LB HOLDINGS INTERMEDIATE 2 LIMITED (IN ADMINISTRATION)

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

CHRONOLOGY

This document identifies, in chronological order, the key events that constitute the background to the Application.

Save where otherwise indicated, abbreviations and definitions used in the Statement of Agreed Facts are adopted in this document.

Date	Event
10-Sep-90	LBIE was incorporated (as LBIL) with an issued share capital of \$2. One \$1 share was allotted to each of Alistair Francis Bird and Colleen Ann Harney.
05-Oct-90	Each initially allotted share was transferred. Alistair Francis Bird transferred his single \$1 share to LBHPLC (which was,

Date	Event
	at that time, named Shearson Lehman Brothers Holdings PLC). Colleen Ann Harney transferred her single \$1 share to Martin William Cornish.
30-Nov-90	59,999,998 ordinary \$1 shares in LBIE issued and allotted to LBHPLC for cash at par value of \$1 each.
02-Oct-91	Martin William Cornish transferred his single \$1 share in LBIE to Peter Robert Sherratt.
22-Sep-92	<p>Peter Robert Sherratt transferred his single \$1 share in LBIE to LBHPLC.</p> <p>Between this date and 23-Nov-94, LBHPLC was the sole shareholder of LBIE.</p>
10-Dec-92	<ul style="list-style-type: none"> • LBIE's authorised share capital increased by the creation of 50 million £1 shares.
18-Dec-92	<ul style="list-style-type: none"> • LBIE (by its then sole shareholder, LBHPLC) adopted a written shareholder resolution amending its articles of association to, amongst other things, limit its number of shareholders to one unless otherwise determined by special resolution. • 30,000,010 LBIE ordinary shares of £1 each were allotted to LBHPLC.
21-Dec-92	LBIE re-registered as an unlimited company, and changed its name from LBIL to LBIE.
23-Sep-94	5,250,000 LBIE ordinary shares of £1 each were allotted to LBHPLC.
23-Nov-94	<ul style="list-style-type: none"> • LBIE (by its then sole shareholder, LBHPLC) adopted a written shareholder resolution amending its articles of association to, amongst other things, remove the restriction on LBIE having more than one shareholder which had been entered into its articles on 18 December 1992. • LBHPLC transferred to LBL one £1 share in LBIE, to be held as nominee on behalf of LBHPLC.

Date	Event
01-May-97	LBIE resolved to cancel and extinguish all sterling shares, including the single £1 share held by LBL and the 35,250,009 £1 shares held by LBHPLC and the LBIE board resolved to allot to LBL one \$1 share and 59,999,999 \$1 shares to LBHPLC.
19-Jul-04	<ul style="list-style-type: none"> • LBIE entered into the following subordinated debt facility agreements with LBHPLC: <ul style="list-style-type: none"> • €3 billion long term (ten year repayment term); and • \$4.5 billion long term (ten year repayment term). <p>Both agreements were dated 19 July 2004 and had an effective date of 30 July 2004.</p>
30-Nov-04	At this date LBIE's subordinated debt balance with LBHPLC was \$3.5 billion.
31-Oct-05	LBIE entered into a short term (five year repayment term) \$8 billion subordinated debt agreement with LBHPLC.
29-Nov-05	350 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
30-Nov-05	At this date LBIE's subordinated debt balance with LBHPLC was \$4.1 billion.
28-Mar-06	50 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
27-Apr-06	100 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
12-May-06	100 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
30-Jun-06	250 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
05-Oct-06	LBHI1 and LBHI2 were incorporated.

Date	Event
27-Oct-06	Authorised share capital of LBIE increased to \$7 billion by creation of 1 billion ordinary \$1 shares and 2 million 5% redeemable \$1,000 preference shares.
30-Oct-06	250 million ordinary \$1 shares in LBIE allotted and issued to LBHPLC for cash at par value of \$1 each.
01-Nov-06	<ul style="list-style-type: none"> • Insertion of two intermediary companies, LBHI1 and LBHI2, between LBIE and LBHPLC. LBHPLC transferred its entire shareholding of 4,098,113,999 ordinary \$1 shares in LBIE to LBHI1, which in turn transferred the entire shareholding to LBHI2. • The three existing subordinated debt agreements between LBIE and LBHPLC were terminated. • Three new subordinated debt agreements were signed between LBIE and LBHI2: <ul style="list-style-type: none"> • €3 billion long term (ten-year repayment term); • \$4.5 billion long term (ten-year repayment term); and • \$8 billion short term (five-year repayment term). <p>These are the LBHI2 Sub-Debt Agreements that are in issue in the Application.</p> • 2 million 5% redeemable preference shares in LBIE allotted and issued to LBHI2 for cash at par value of \$1,000 each.
30-Nov-06	<ul style="list-style-type: none"> • 375 million ordinary \$1 shares in LBIE allotted and issued to LBHI2 for cash at par value of \$1 each. • At this date, LBIE's subordinated debt balance with LBHI2 was \$4.7 billion and the preference shares issued totalled \$2 billion.
1-Apr-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$5.1 billion and the preference shares issued totalled \$2 billion.

Date	Event
27-Apr-07	LBIE drew down \$600 million subordinated debt from LBHI2.
30-Apr-07	Increase in authorised share capital of LBIE through the creation of 5.1 million redeemable non-cumulative 5% "Class B" preference shares of \$1,000 each.
01-May-07	<ul style="list-style-type: none"> • LBHI2 discharged LBIE from the obligation to repay \$5.1 billion of subordinated debt. • In full and final settlement of the \$5.1 billion subordinated debt, LBIE issued \$5.1 billion of redeemable non-cumulative 5% "Class B" preference shares to LBHI2. • Terms of preference shares were 10 years, non-cumulative, callable at 5 years by issuer. Preference shares issued by LBIE were treated and reported to the FSA as lower tier two regulatory capital (with the excess over LBIE's lower tier 2 capital limit reported as tier three capital).
22-May-07	LBIE drew down \$750 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$1.35 billion.
31-May-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$1.35 billion and the preference shares issued totalled \$7.1 billion.
18-Jun-07	LBIE drew down \$500 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$1.85 billion.
26-Jun-07	LBIE drew down \$1 billion subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$2.85 billion.
29-Jun-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$2.85 billion and the preference shares issued totalled \$7.1 billion.

Date	Event
23-Jul-07	LBIE drew down \$700 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$3.55 billion.
24-Jul-07	300 million ordinary \$1 shares in LBIE allotted and issued to LBHI2.
31-Jul-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$3.55 billion and the preference shares issued totalled \$7.1 billion.
31-Aug-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$3.55 billion and the preference shares issued totalled \$7.1 billion.
28-Sep-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$3.55 billion and the preference shares issued totalled \$7.1 billion.
05-Oct-07	<ul style="list-style-type: none"> • LBIE drew down \$350 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$3.9 billion. • Increase in the authorised share capital of LBIE to \$13.1 billion through the creation of 1 billion ordinary \$1 shares. • 250 million ordinary \$1 shares in LBIE allotted and issued to LBHI2 for cash at par value of \$1 each.
31-Oct-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$3.9 billion and the preference shares issued totalled \$7.1 billion.
20-Nov-07	LBIE drew down \$500 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$4.4 billion.
26-Nov-07	500 million ordinary \$1 shares in LBIE allotted and issued to LBHI2.

Date	Event
29-Nov-07	LBIE drew down \$375 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$4.775 billion.
30-Nov-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$4.775 billion and the preference shares issued totalled \$7.1 billion.
31-Dec-07	At this date, LBIE's subordinated debt balance with LBHI2 was \$4.775 billion and the preference shares issued totalled \$7.1 billion.
31-Jan-08	At this date, LBIE's subordinated debt balance with LBHI2 was \$4.775 billion and the preference shares issued totalled \$7.1 billion.
29-Feb-08	<ul style="list-style-type: none"> • LBIE repaid \$1 billion of subordinated debt to LBHI2. The subordinated debt balance immediately following this repayment was \$3.775 billion. • Authorised share capital of LBIE increased to \$18.1 billion by creation of \$5 billion new ordinary \$1 shares. • 750 million ordinary \$1 shares in LBIE allotted and issued to LBHI2. • At this date, LBIE's subordinated debt balance with LBHI2 was \$3.775 billion and the preference shares issued totalled \$7.1 billion.
07-Mar-08	LBIE drew down \$400 million subordinated debt from LBHI2. The subordinated debt balance immediately following this drawdown was \$4.175 billion.
31-Mar-08	At this date, LBIE's subordinated debt balance with LBHI2 was \$4.175 billion and the preference shares issued totalled \$7.1 billion.

Date	Event
30-Apr-08	At this date, LBIE's subordinated debt balance with LBHI2 was \$4.175 billion and the preference shares issued totalled \$7.1 billion.
29-May-08	LBIE repaid \$700 million of subordinated debt to LBHI2. The subordinated debt balance immediately following this repayment was \$3.475 billion.
31-May-08	<p>At this date, LBIE's subordinated debt balance with LBHI2 was \$3.475 billion and the preference shares issued totalled \$7.1 billion. These balances were included in the 31 May 2008 FSA003 report as follows:</p> <ul style="list-style-type: none"> • at row 42, <i>“Lower tier two capital [\$]3,382,413[,000]”</i>; • at row 43, <i>“Lower tier two capital instruments [\$]7,100,000[,000]”</i>; • at row 44, <i>“Excess on limits for lower tier two capital [\$]3,717,587[,000]”</i>; • at row 58, <i>“Total tier three- capital [\$]7,332,618[,000]”</i>; • at row 59, <i>“Excess on limits for total tier two capital transferred to tier three capital [\$]3,717,587[,000]”</i>; • at row 60, <i>“Short term subordinated debt [\$]3,475,000[,000]”</i>.
30-June-08	<p>At this date, LBIE's subordinated debt balance with LBHI2 was \$3.475 billion and the preference shares issued totalled \$7.1 billion. These balances were included in the 30 June 2008 FSA003 report as follows:</p> <ul style="list-style-type: none"> • at row 42, <i>“Lower tier two capital [\$]3,382,413[,000]”</i>; • at row 43, <i>“Lower tier two capital instruments [\$]7,100,000[,000]”</i>; • at row 44, <i>“Excess on limits for lower tier two capital [\$]3,717,587[,000]”</i>;

Date	Event
	<ul style="list-style-type: none"> • at row 58, <i>“Total tier three capital [\$]7,461,501[,000]”</i>; • at row 59, <i>“Excess on limits for total tier two capital transferred to tier three capital [\$]3,717,587[,000]”</i>; and • at row 60, <i>“Short term subordinated debt [\$]3,475,000[,000]”</i>.
31-July-08	<p>At this date, LBIE's subordinated debt balance with LBHI2 was \$3.475 billion and the preference shares issued totalled \$7.1 billion. These balances were included in the 31 July 2008 FSA003 report as follows:</p> <ul style="list-style-type: none"> • at row 42, <i>“Lower tier two capital [\$]3,382,413[,000]”</i>; • at row 43, <i>“Lower tier two capital instruments [\$]7,100,000[,000]”</i>; • at row 44, <i>“Excess on limits for lower tier two capital [\$]3,717,587[,000]”</i>; • at row 58, <i>“Total tier three capital [\$]7,350,546[,000]”</i>; • at row 59, <i>“Excess on limits for total tier two capital transferred to tier three capital [\$]3,717,587[,000]”</i>; and • at row 60, <i>“Short term subordinated debt [\$]3,475,000[,000]”</i>.
29-Aug-08	<p>LBIE repaid \$1.25 billion of subordinated debt to LBHI2. The subordinated debt balance immediately following this repayment was \$2.225 billion.</p>
31-Aug-08	<p>At this date, LBIE's subordinated debt balance with LBHI2 was \$2.225 billion and the preference shares issued totalled \$7.1 billion. These balances were included in the draft 31 August 2008 FSA003 report as follows:</p> <ul style="list-style-type: none"> • at row 42, <i>“Lower tier two capital [\$]3,382,413[,000]”</i>;

Date	Event
	<ul style="list-style-type: none"> • at row 43, “Lower tier two capital instruments [\\$]7,100,000[,000]”; • at row 44, “Excess on limits for lower tier two capital [\\$]3,717,587[,000]”; • at row 58, “Total tier three capital [\\$]6,040,268[,000]”; • at row 59, “Excess on limits for total tier two capital transferred to tier three capital [\\$]3,717,587[,000]”; and • at row 60, “Short term subordinated debt [\\$]2,225,000[,000]”.
15-Sep-08	LBIE and LBL entered into administration.
14-Jan-09	LBHI2 entered into administration.
2-Dec-09	The LBIE Joint Administrators were granted permission to make a distribution to LBIE’s unsecured creditors.
4-Dec-09	The LBIE Joint Administrators gave notice of their intention to make a distribution to LBIE’s unsecured creditors.
21-Dec-11	LBL lodged a proof of debt for £363 million in LBIE’s administration.
2-Nov-11	High Court agreed to extend LBIE’s administration for a further 5 years to 30 November 2016.
24-Apr-12	LBHI2 lodged a proof of debt in LBIE’s administration for £38,089,911.30, and £1,254,165,598.48.
19-July-12	Lydian Overseas Partners Master Fund Ltd lodged in the LBIE administration an amended proof of debt for unsecured claims in respect of a contractual debt of \$218,539,783.61 and a contingent contractual debt of \$45,648,338.38 which have been converted for the purpose of proving to £122 million and £25 million respectively.

Date	Event
26-Nov-12	The LBIE Joint Administrators sent out a notice to LBIE's creditors who had proved their debt declaring a first interim dividend of 25.2 pence in the pound (the " First Interim Dividend ") to all LBIE's unsecured creditors whose claims have been admitted for dividend purposes.
30-Nov-12	The LBIE Joint Administrators paid the First Interim Dividend to LBIE's unsecured creditors (totalling approx. £1,611,000,000).
26-Apr-13	The LBIE Joint Administrators obtained an order from the court permitting them to make further distributions out of LBIE's administration as they consider appropriate without the need, in each case, to return to the court for further approval.
1-May-13	The LBIE Joint Administrators sent out a notice to all known creditors and other counterparties who had filed a Proof of Debt announcing that they intend to pay a second interim dividend to LBIE's unsecured creditors on or around 28 June 2013.
19-Jun-13	The LBIE Joint Administrators sent out a notice to all creditors who had proved their debt declaring a second and interim dividend of 43.3 pence in the pound to all creditors whose claims had been admitted for dividend purposes to be made around 28 June 2013.

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CHANCERY DIVISION

COMPANIES COURT

**IN THE MATTER OF LEHMAN BROTHERS
INTERNATIONAL (EUROPE) (IN ADMINISTRATION)**

**AND IN THE MATTER OF LEHMAN BROTHERS
LIMITED (IN ADMINISTRATION)**

**AND IN THE MATTER OF LB HOLDINGS
INTERMEDIATE 2 LIMITED (IN ADMINISTRATION)**

**AND IN THE MATTER OF THE INSOLVENCY ACT
1986**