SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

LEHMAN BROTHERS INTERNATIONAL (EUROPE) (in administration), Plaintiff, - against - AG FINANCIAL PRODUCTS, INC., Defendant.	**SUMMONS** Index No. _____ Plaintiff designates New York County as the place of trial. The basis of venue designated is CPLR §§ 501, 503, 509 and GOL § 5-1402.

TO THE ABOVE-NAMED DEFENDANT:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorneys within twenty days after the service of this summons, exclusive of the day of service or within thirty days after the service is complete if this summons is not personally delivered to you within the State of New York. In case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis of the venue designated is CPLR §§ 501, 503, and 509, and General Obligations Law § 5-1402, by Defendant's written consent and waiver to any potential defense to venue in New York County.

Dated: New York, New York
November 28, 2011

DAVIS POLK & WARDWELL LLP

By: James HR Windels

James H.R. Windels
Marshall S. Huebner
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Attorneys for Plaintiff Lehman Brothers International (Europe) (in administration)

TO:

AG FINANCIAL PRODUCTS, INC.
31 West 52nd Street
New York, New York 10019

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

LEHMAN BROTHERS INTERNATIONAL (EUROPE) (in administration),	:	
Plaintiff,	:	Index No. _____
-against-	:	**VERIFIED COMPLAINT**
AG FINANCIAL PRODUCTS, INC.,	:	
Defendant.	:	

Plaintiff in this action, LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("LBIE"), through its undersigned attorneys, Davis Polk & Wardwell LLP, as and for its Complaint against Defendant AG FINANCIAL PRODUCTS, INC. ("AGFP"), respectfully alleges, upon knowledge as to itself, and otherwise upon information and belief, as follows:

NATURE OF THE ACTION

1. This lawsuit arises out of a series of credit derivative transactions between LBIE and AGFP that were governed by a common contract between LBIE and AGFP dated as of April 7, 2000, based on a template published in 1992 by the International Swaps and Derivatives Association (the "Agreement," which, together with the "Schedule" comprises the "Master Agreement," each as defined below). In total, the parties entered into 37 Transactions,[1] each referring to underlying bonds or securities.

[1] Capitalized terms not defined herein shall have the meaning given to them in the Agreement.

2. On September 15, 2008, LBIE entered into administration in England. As a result, the terms of the Agreement allowed AGFP to terminate the Transactions under the Agreement and calculate a net amount to be paid by one party to the other.

3. Despite its contractual obligations, AGFP has acted in bad faith and far outside the bounds of commercial reasonability and market practice in determining the amount payable following the designation of an Early Termination Date under the Agreement.

4. First, AGFP terminated 9 of the Transactions in December 2008 while in the midst of negotiations with LBIE about novating the Transactions. AGFP's purported reason for the termination was LBIE's failure – in the immediate aftermath of its entry into administration – to deliver certain trustee reports. But AGFP could have obtained these reports from several different sources, including requesting them directly from the LBIE employees with whom it was negotiating. Instead, AGFP simply terminated these 9 Transactions. Under these circumstances, AGFP's termination of these Transactions violated the covenant of good faith and fair dealing implied into the Agreement as a matter of New York law.

5. Second, AGFP improperly calculated the termination payment for the remaining 28 Transactions that it terminated in July 2009. The Agreement required AGFP, as the party which terminated the Transactions, to calculate the termination amount by reference to quotations from leading dealers (as described below), as of, or as soon as reasonably practicable after, the Early Termination Date of the Transactions. The Agreement specifies that AGFP was required to use "Market Quotation" in order to calculate the termination payment, which required it to obtain quotations from four leading dealers for entering into replacement transactions with AGFP on identical terms to the original Transactions (effectively replacing LBIE as the contracting party under the Transactions). The purpose of Market Quotation is to enable the

market price of such replacement transactions to be ascertained and it is implicit that the process followed must be fairly designed to achieve this. AGFP failed to comply with the Agreement by improperly delaying the solicitation of quotations until several weeks after the Early Termination Date. Moreover, when AGFP belatedly solicited quotations, it imposed cumbersome bidding requirements and procedures, which were inconsistent with market practice, in order to minimize the prospect of receiving timely bids from market participants. AGFP then used the absence of the requisite number of quotations – a problem of its own making – as a pretext to justify bypassing Market Quotation and using Loss (which applies where fewer than three quotations are received or the result obtained by the quotation would not, in the reasonable belief of AGFP, be commercially reasonable) instead. Under these circumstances, AGFP breached the Agreement's implied covenant of good faith and fair dealing.

6. Third, in using "Loss" (which required AGFP to determine its "total losses and costs (or gain . . .) in connection with [the] Agreement" without being prescriptive about the procedure that must be followed), AGFP adopted a methodology that failed to reflect the actual losses and costs that it experienced as a result of the termination. Specifically, AGFP failed to calculate Loss by reference to market pricing information, even though several of the underlying securities were publicly traded as of the Early Termination Date. AGFP ignored the standard industry practice of relying on market prices to determine its Loss. Instead, it chose to calculate Loss by determining the purported present value of both parties' payment obligations over the lifetime of the Transactions, assuming that each was held to maturity – ignoring the market consensus as to the likelihood of a default of the underlying bonds and securities prior to maturity. This approach has no support in the relevant case law or commentary, and artificially inflated AGFP's determination, so that the amount determined did not reflect its "total losses and

costs (or gain . . .) in connection with [the] Agreement." Instead, the effect of its determination was to turn its liability to LBIE into a claim against LBIE.

7. By its flawed approach, AGFP concluded that it was owed approximately $24.8 million by LBIE, whereas a proper calculation of the termination amount shows that AGFP owes LBIE in excess of one billion dollars.

PARTIES

8. Plaintiff LBIE is an unlimited company incorporated under the laws of England and Wales and maintains its principal place of business at 25 Canada Square, London, United Kingdom, E14 5LQ. On September 15, 2008, LBIE entered into administration by order of the High Court Chancery Division of England and Wales. A true and correct copy of the High Court's order is attached as Exhibit A. Anthony Victor Lomas, Steven Anthony Pearson, Derek Anthony Howell, Paul David Copley and Russell Downs have been appointed as joint administrators of LBIE.

9. Upon information and belief, Defendant AGFP is incorporated in Delaware and maintains its principal place of business at 31 West 52nd Street, New York, New York 10019.

JURISDICTION AND VENUE

10. This Court may exercise jurisdiction over Defendant AGFP pursuant to CPLR 301, 302(a) and General Obligations Law § 5-1402 because AGFP is present and doing business in the State of New York, and because AGFP irrevocably consented, pursuant to Section 13(b) of the Agreement, as modified by Part 4(j) of the Schedule to the Agreement, to the exclusive jurisdiction of any New York State court sitting in the Borough of Manhattan in the City of New York in any suit, action or proceeding arising out of or relating to the Agreement. Further, each party "waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been

brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party."

11. Venue is proper in New York County pursuant to CPLR §§ 501, 503, and 509, General Obligations Law § 5-1402, and Section 13(b) of the Master Agreement, as described above.

FACTUAL ALLEGATIONS

The Agreement

12. LBIE executed the Agreement dated as of April 7, 2000, with ACE Capital RE Overseas Ltd. The Agreement consists of two interrelated documents – a 1992 ISDA Master Agreement (the "Master Agreement") and a Schedule to the Master Agreement (the "Schedule"), which amends and supplements the terms of the Master Agreement.[2] On December 11, 2001, the rights and obligations of ACE Capital RE Overseas Ltd. under the Agreement were novated to AGR Financial Products Inc., now called AGFP. The Agreement contemplated that the parties would enter into Transactions governed by the Agreement, each evidenced by a confirmation.

13. In Part 4(h) of the Schedule, the parties agreed that the "Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine)."

Events of Default

14. Section 5(a) of the Master Agreement lists certain categories of events which, if continuing, constitute an "Event of Default." One such category is a party's becoming "subject

[2] In accordance with the language of the Master Agreement and Schedule, references and citations to provisions of the Master Agreement are by "Section" or "§" number, and references and citations to provisions of the Schedule are by "Part" number.

to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets." (Master Agreement § 5(a)(vii)(6).)

15. Upon the occurrence of an Event of Default, the Non-defaulting Party may, by no more than 20 days notice to the Defaulting Party, designate an Early Termination Date in respect of the outstanding Transactions under the Agreement. (Master Agreement § 6(a).)

Payments Upon Early Termination

16. The parties agreed in Part 1(f) of the Schedule that any payments due and owed upon an Early Termination Date would be calculated in accordance with "Market Quotation" and would be measured by the "Second Method." Section 6(e)(i)(3) of the Master Agreement states that:

> If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

17. Thus, pursuant to the Second Method, if under the calculation made following an Early Termination Date, the Non-defaulting Party enjoyed a gain on the terminated Transactions, the Non-defaulting Party would be required to pay that amount to the Defaulting Party.

18. The Master Agreement defines "Market Quotation" as "an amount determined on the basis of quotations from Reference Market-makers." (Master Agreement § 14 (definition of "Market Quotation").) More specifically, the Master Agreement sets out details of how to calculate Market Quotation. The Non-defaulting Party must solicit quotations from "four leading dealers in the relevant market." (Id. (definition of "Reference Market-makers").) These

Reference Market-makers are asked to provide quotations for an amount that they would pay or be paid to enter into a replacement transaction "that would have the effect of preserving for [the Non-defaulting Party] the economic equivalent of any payment or delivery" expected under the transaction or transactions terminated by the Event of Default. (Id. (definition of "Market Quotation").) If more than three quotations are obtained, the Market Quotation will be the average after eliminating the high and low quotations. If exactly three quotations are obtained, the Market Quotation will be the middle of the three quotations, and if three quotations cannot be provided, "it will be deemed that the Market Quotation . . . cannot be determined." (Id.)

19. If, however, Market Quotation "cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonably result," then the payment upon Early Termination shall be calculated by the "Loss" method. (Id. (definition of "Settlement Amount").)

20. Section 14 of the Master Agreement defines "Loss" as the:

> amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them).

21. As contemplated by the Agreement, the parties entered into 37 Transactions governed by the Agreement. Each Transaction was evidenced by a written confirmation. These Transactions referenced different underlying mortgage-backed securities and collateralized loan obligations. Several of these securities were publicly traded as of the Early Termination Date.

Termination of the December 2008 Transactions

22. On September 15, 2008, LBIE entered into administration by order of the High Court Chancery Division of England and Wales. After the commencement of LBIE's

administration, LBIE and AGFP engaged in regular and productive discussions concerning possible novation of the 37 Transactions under the Agreement.

23. On November 13, 2008, in the midst of these discussions, and without prior request or notification to the LBIE personnel engaged in the parties' discussions, AGFP sent to LBIE 9 "Notices of Failure to Deliver Reports" which alleged that with respect to 9 of the 37 Transactions (the "December 2008 Transactions"), LBIE failed to provide AGFP with monthly trustee reports relating to the underlying reference obligations.

24. AGFP could easily have obtained these reports from other sources, or it could have requested them directly from LBIE in the context of the parties' ongoing discussions. AGFP's decision to terminate the December 2008 Transactions on the basis of failure to deliver reports was in violation of the covenant of good faith and fair dealing implied into the Agreement as a matter of New York law, in that termination on this basis was intended to avoid paying to LBIE the value of the December 2008 Transactions as would be required by Section 6(e) of the Agreement.

25. On December 23, 2008, on the basis of LBIE's failure to provide the reports, AGFP sent to LBIE notices of termination for the December 2008 Transactions, declaring the occurrence of an Additional Termination Event (as defined in the confirmations documenting these Transactions), and designating December 24, 2008 as the Early Termination Date. Pursuant to Section 8(a)(iii)(B) of the confirmations of the December 2008 Transactions, upon the occurrence of an Additional Termination Event, instead of paying an amount in accordance with the Agreement, LBIE would owe to AGFP an "Accrued Fixed Payment Amount," which consists of the accrued and unpaid premiums that LBIE owes to AGFP as of the Early

Termination Date. Thus, no amount (other than amounts due and not paid) is payable by either party in respect of the termination of the December 2008 Transactions.

26. On October 7, 2009, AGFP delivered a valuation statement for the 9 December 2008 Transactions, in which AGFP stated that LBIE owed it $3,960,319.86.

Termination of the July 2009 Transactions

27. On July 23, 2009, AGFP sent to LBIE a notice designating an Early Termination Date under the Agreement. This notice stated that LBIE's order of administration (nearly a year prior) constituted an Event of Default under the Agreement. Accordingly, AGFP designated July 23, 2009 as the Early Termination Date for the 28 Transactions that had not been terminated in December 2008 (the "July 2009 Transactions").

28. On October 16, 2009, AGFP delivered a valuation statement in relation to the July 2009 Transactions. AGFP acknowledged that the parties had agreed to calculate the amount due upon the occurrence of an Early Termination Date pursuant to the Market Quotation methodology. AGFP provided no explanation as to why it prepared and sent this valuation statement nearly 3 months after the Early Termination Date, nor why it waited nearly a year after the occurrence of the Event of Default to select July 23, 2009 as the Early Termination Date. Section 6(d)(i) requires the party making the calculation of what is due under the Agreement to do so "on or as soon as reasonably practicable following the occurrence of an Early Termination Date." In providing the calculation nearly 3 months after the Early Termination Date, AGFP was in breach of the Agreement.

29. AGFP stated that it had "contacted" 12 Reference Market-makers in an attempt to determine Market Quotations for the terminated transactions but that no Reference Market-maker submitted a bid. In correspondence, AGFP disclosed that it required all 12 Reference

Market-makers to execute and return a confidentiality agreement and agree to bidding procedures established by AGFP. AGFP represented that only 3 of the 12 Reference Market-makers, agreed to abide by AGFP's bidding procedures, and none of the three Reference Market-makers elected to submit a quotation. On that basis, AGFP concluded that it was "not able to determine a Market Quotation for any of the Terminated Transactions," and proceeded to determine the Loss for each of the July 2009 Transactions. Significantly, AGFP did not begin to solicit the quotations required for Market Quotation until almost two months after it had already decided to calculate the amount due in relation to the July 2009 Transactions using the Loss methodology.

AGFP's Calculation of Loss for the July 2009 Transactions Was Improper

30. As stated above, Section 14 of the Master Agreement defines Loss as the "amount that party reasonably determined in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with [the termination of] this Agreement . . . including any loss of bargain [or] cost of funding." Under general principles of New York contract law, Loss requires the Non-defaulting Party to make a genuine assessment of the loss (or gain) made and therefore to take reasonable steps to assess the true market price of replacement transactions. Loss also requires the Non-defaulting Party to act in good faith in valuing the Transactions at issue and measuring the overall gains and losses incurred as a result of the Early Termination Date. Under the Second Method selected by both parties, Loss further obligates a Non-defaulting Party who records a gain on the terminated transactions to pay that gain to the Defaulting Party. Thus, as established by widespread market practice, Loss, as any measure of contract damages, is intended to return the parties to their respective positions at the point the contract was terminated.

31. It is accepted market practice to determine Loss by reference to the market price (as of the Early Termination Date) for replacing the terminated transactions or re-establishing the economic equivalent position of the transactions. Because Loss should reflect the market value of the terminated transactions, it should replicate the value that would otherwise be established by Reference Market-makers. As a result, relevant authority dictates that Loss and Market Quotation should ordinarily yield similar results.

32. In ignoring these principles, AGFP chose to determine Loss by calculating the purported present value of all payments that AGFP expected to receive from LBIE during the entire term of each Transaction and subtracting from it the sum of all payments it purportedly determined that it would likely have to pay to LBIE during the term of each Transaction, many of which have maturity dates as late as 2033 and 2040. These estimates were based upon AGFP's own undisclosed internal assumptions and models about the shortfalls that would occur on the underlying securities, which ignored the then-market consensus as to the likelihood of defaults. AGFP asserted that its methodology followed insurance regulations but nowhere has it ever provided authority supporting that it is accepted market practice to calculate the termination amount of derivative trades on this basis. In fact, it is not accepted market practice to use such a methodology. The methodology used by AGFP is inconsistent with relevant authority and widely established market practice for determining Loss. In calculating its Loss in this novel manner, AGFP breached its contractual obligation to calculate Loss "reasonably" and "in good faith" to reflect its "loss of bargain" as a result of the termination of the July 2009 Transactions.

33. AGFP subtracted the present value of the amounts that it expected to pay to LBIE ($23,331,145.00) from the present value of the amounts that it expected to receive from LBIE, ($35,191,751.62), leaving a total of $11,750,606.62. To this amount, AGFP added

$13,049,366.23, the sum of all unpaid Fixed Amounts that LBIE owed to AGR on the Early Termination Date. These two figures, added together, equal $24,799,972.85.

34. Contrary to accepted market practice, AGFP's calculation of Loss fails to approximate, or even refer to, the market values of the July 2009 Transactions, even though several of the assets underlying these Transactions were liquid and had publicly-available pricing information as of the Early Termination Date, including two that were priced on the Asset-Backed Securities Exchange.

35. AGFP had a duty to assess its Loss reasonably and in good faith. This required it to take reasonable steps to assess the market price of reasonable replacement transactions. As detailed above, AGFP failed to act reasonably or in good faith in calculating the amount due under the Agreement.

36. After receiving AGFP's valuation statement, LBIE determined the proper termination amount for the July 2009 Transactions. Its analysis considered available market and pricing information as of the Early Termination Date for the assets underlying the July 2009 Transactions.

37. Using available market information, LBIE then determined the trading basis between the underlying assets and Transactions referencing those assets. This analysis demonstrates that, under a proper calculation of the termination amount, AGFP owes LBIE approximately $1.4 billion.

FIRST CAUSE OF ACTION
Breach of the Implied Covenant of Good Faith and Fair Dealing – December 2008 Transactions

38. Plaintiff repeats and realleges the allegations in paragraphs 1 through 37 as if fully set forth herein.

39. LBIE and AGFP are parties to the Agreement, a valid and binding contract governed by the laws of the State of New York.

40. New York law implies a covenant of good faith and fair dealing in all contracts, which prevents a party from doing anything to destroy or injure the right of the other party to receive the fruits of the contract.

41. AGFP breached its obligations of good faith and fair dealing under the Agreement and the confirmations documenting the December 2008 Transactions by terminating the December 2008 Transactions on the basis of failure to deliver the investor reports. At the same time that AGFP and LBIE were conducting regular and productive discussions concerning possible novation of the 37 Transactions under the Agreement, AGFP cited LBIE's failure to deliver reports as an Additional Termination Event under those confirmations. Had AGFP wanted the reports for commercial or risk management purposes, however, it could have obtained them from other sources, including the trustee, or it could have requested them directly in the context of the ongoing negotiations. It appears, however, that AGFP was purely interested in establishing non-delivery as a pretext for termination. Under these circumstances, AGFP's termination of the December 2008 Transactions – in the middle of settlement discussions – violated the implied covenant of good faith and fair dealing implied in the Agreement as a matter of New York law, and is therefore invalid.

42. As a result of the breach by AGFP, LBIE has been damaged in an amount to be determined at trial.

SECOND CAUSE OF ACTION
Breach of Contract – July 2009 Transactions

43. Plaintiff repeats and realleges the allegations in paragraphs 1 through 42 as if fully set forth herein.

44. LBIE and AGFP are parties to the Agreement, a valid and binding contract governed by the laws of the State of New York.

45. AGFP breached its obligations under the Agreement by deciding before even terminating the transactions to bypass Market Quotation, the agreed-upon payment methodology selected by the Parties in the Agreement, to calculate the amount payable following the occurrence of an Early Termination Date under the Agreement.

46. Instead, AGFP arbitrarily and irrationally selected the Loss method and then proceeded to improperly calculate Loss without reference to any market information and in a manner that was commercially unreasonable.

47. Pursuant to the terms of the Agreement, AGFP was required to measure the total losses and costs incurred as a result of the early termination of the July 2009 Transactions "reasonably" and "in good faith," and to pay to LBIE any gains it would have recorded on the termination or replacement of those Transactions. Given that objective market data establishes that AGFP would have experienced significant gains on the termination of the July 2009 Transactions, AGFP was contractually required to make a corresponding payment to LBIE equal to the amounts gained. By failing to do so, AGFP breached its obligations under the Agreement.

48. As a result of the breach by AGFP, LBIE has been damaged in an amount to be determined at trial.

THIRD CAUSE OF ACTION
Breach of the Implied Covenant of Good Faith and Fair Dealing – July 2009 Transactions

49. Plaintiff repeats and realleges the allegations in paragraphs 1 through 48 as if fully set forth herein.

50. LBIE and AGFP are parties to the Agreement, a valid and binding contract governed by the laws of the State of New York.

51. New York law implies a covenant of good faith and fair dealing in all contracts, which prevents a party from doing anything to destroy or injure the right of the other party to receive the fruits of the contract.

52. AGFP breached its obligation to perform its contractual obligations under the Agreement in good faith. After waiting a year after LBIE's entrance into administration to declare an Event of Default, AGFP then acted to bypass the parties' selection of Market Quotation to measure the termination payment by making the use of Market Quotation impossible. First, AGFP delayed its request for quotations until well after the Early Termination Date, even though AGFP waited nearly a year after the Event of Default in September 2008 to nominate an Early Termination Date in July 2009. Second, AGFP insisted that all Reference Market-makers sign confidentiality agreements and agree to burdensome bidding procedures, effectively discouraging them from submitting bids for the July 2009 Transactions. Having eliminated the possibility of determining a Market Quotation, AGFP attempted to exploit its invented "flexible" Loss methodology to claim a termination payment from LBIE instead of paying to LBIE the amount that it properly owes.

PRAYER FOR RELIEF

WHEREFORE, LBIE prays that judgment be awarded in its favor and against AGFP as follows:

A. Determining that AGFP's termination of the December 2008 Transactions on the ground of LBIE's failure to deliver investor reports breached the covenant of good faith and fair dealing implied in the Agreement and the confirmations documenting those Transactions, and was therefore invalid;

B. Determining that AGFP's use and calculation of Loss breached the Agreement, and awarding LBIE damages in an amount to be determined at trial;

C. Determining that AGFP's course of conduct preceding its valuation of the July 2009 Transactions breached the implied covenant of good faith and fair dealing in the Agreement, and awarding LBIE damages in an amount to be determined at trial;

D. Awarding LBIE reasonable attorneys fees, costs, expert fees, expenses and all other sums expended by LBIE in connection with the prosecution of this Action; and

E. Awarding LBIE any such other and further relief as the Court may deem just and proper.

Dated: New York, New York
November ~~29~~ 28, 2011

DAVIS POLK & WARDWELL LLP

By: James HR Windels

James H.R. Windels
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Michael Scheinkman
Benjamin Mills

450 Lexington Avenue
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Attorneys for Plaintiff Lehman Brothers International (Europe) (in administration)

VERIFICATION

Anthony Victor Lomas, being duly sworn, deposes and says, that I am a joint administrator of the plaintiff in this action; I have read the foregoing complaint and the contents thereof are true to my knowledge, except those matters which are stated to be alleged upon information and belief, which I believe to be true based on my review of correspondence and other writings relevant to this action available to me.

A V Lomas
Joint Administrator

CITY OF LONDON
UNITED KINGDOM SS.

Subscribed and sworn on the 24TH day of November, 2011 before me:

Notary Public
PHILLIP ANTHONY JOURNEAUX
Notary Public of London, England
My commission expires with life

DE PINNA
35 PICCADILLY
LONDON
W1J 0LJ
NOTARIES PUBLIC

DE PINNA
NOTARIES

ENGLAND AND WALES)
CITY OF LONDON) SS.

BE IT KNOWN that on this twenty-fourth day of November Two thousand and eleven, before me the undersigned, **Phillip Anthony JOURNEAUX**, Notary Public of the City of London, England, by Royal Authority duly admitted and sworn, practising in the said City, personally came and appeared **Anthony Victor LOMAS**, identified by British Passport number **800613535**, known to me to be the individual described in and who signed the foregoing Verification in his capacity as one of the Joint Administrators of the English company styled **"LEHMAN BROTHERS INTERNATIONAL (EUROPE) (IN ADMINISTRATION)"**, a private unlimited company incorporated under the laws of England and Wales, currently in Administration, registered at the Companies Registration Office for England and Wales under number **2538254**, with registered office at Lehman Brothers Level 23, 25 Canada Square, London E14 5LQ, the said **Anthony Victor LOMAS** being duly authorised to sign such Verification for and on behalf of the aforesaid company as appears from a copy of a Court Order issued out of the Chancery Division of the Companies Court in the High Court of Justice in England and Wales dated 15th September 2008, which was produced to me this day.

IN TESTIMONY WHEREOF I have hereunto set my hand and Seal of Office at London aforesaid, the day, month and year first above written.

Phillip Anthony JOURNEAUX
Notary Public of London, England
My commission expires with life

DE PINNA
35 PICCADILLY
LONDON
W1J 0LJ
NOTARIES PUBLIC

APOSTILLE

(Hague Convention of 5 October 1961 / Convention de La Haye du 5 octobre 1961)

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

1. Country: United Kingdom of Great Britain and Northern Ireland
   Pays: Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
   This public document / Le présent acte public

2. Has been signed by **Phillip Anthony Journeaux**
   a été signé par

3. Acting in the capacity of **Notary Public**
   agissant en qualité de

4. Bears the seal/stamp of **The Said Notary Public**
   est revêtu du sceau/timbre de

Certified/Attesté

5. at London/à Londres

6. the/le **24 November 2011**

7. by Her Majesty's Principal Secretary of State for Foreign and Commonwealth Affairs /
   par le Secrétaire d'Etat Principal de Sa Majesté aux Affaires Etrangères et du Commonwealth.

8. Number/sous No **J067398**

9. Stamp:
   timbre:

10. Signature: **Jeremy Crook**

FOREIGN AND COMMONWEALTH OFFICE LONDON

For the Secretary of State / Pour le Secrétaire d'Etat

If this document is to be used in a country which is not party to the Hague Convention of 5th October 1961, it should be presented to the consular section of the mission representing that country.

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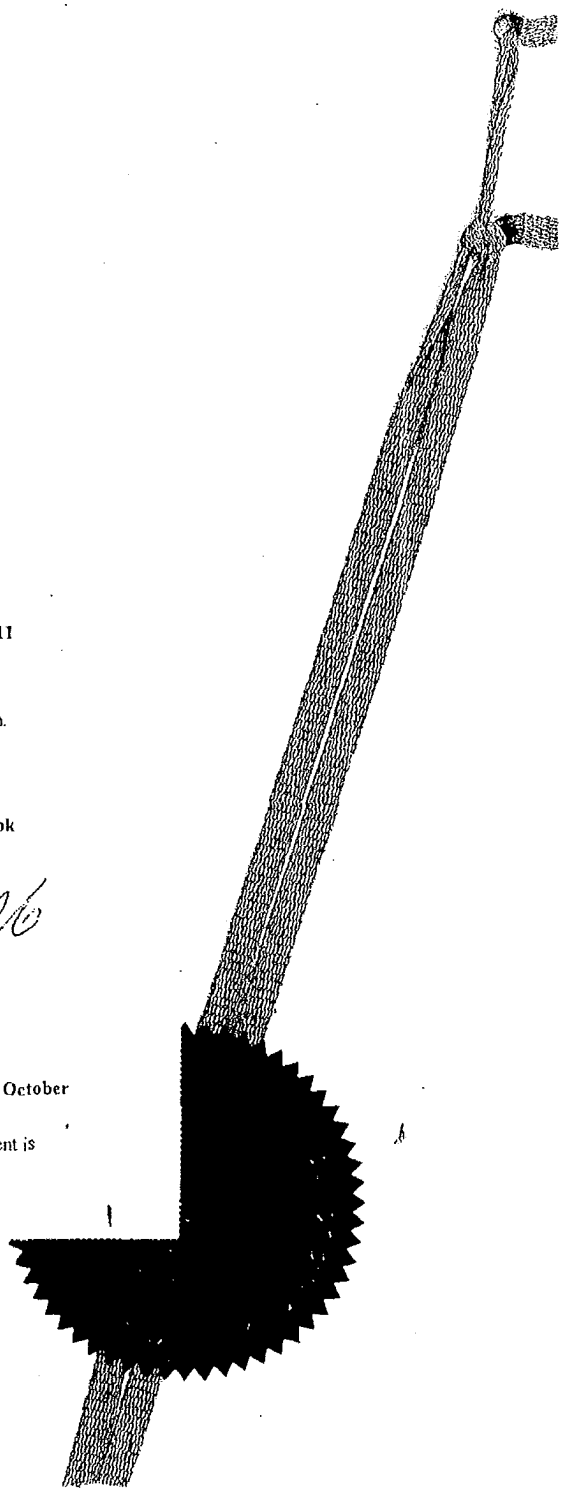

EXHIBIT A

SAVILLE & Co

NOTARIES

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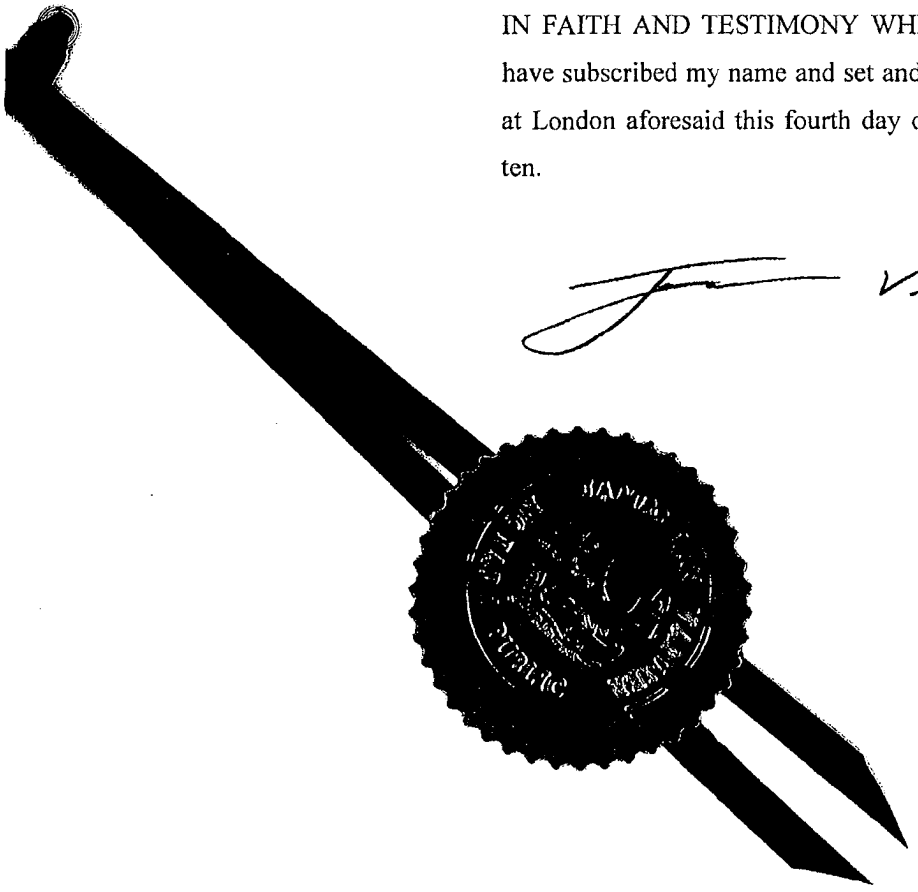
SCRIVENER NOTARIES

TO ALL TO WHOM THESE PRESENTS SHALL COME, I JAMES IAN VANNER of the City of London NOTARY PUBLIC by royal authority duly admitted and sworn DO HEREBY CERTIFY that the photographic copy hereunto annexed is a true copy of the original **Court Order** relating to LEHMAN BROTHERS INTERNATIONAL (EUROPE) (in administration) issued out of the Chancery Division of the Companies Court in the High Court of Justice of England and Wales of which it purports to be a copy, I having carefully collated and compared the said copy with the said original and found the same to agree therewith.

IN FAITH AND TESTIMONY WHEREOF I the said notary have subscribed my name and set and affixed my seal of office at London aforesaid this fourth day of June two thousand and ten.



IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

Nos 7942 of 2008

Before the Honourable Mr Justice Henderson

Monday the 15th day of September 2008

IN THE MATTER OF LEHMAN BROTHERS INTERNATIONAL (EUROPE)

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

~~DRAFT~~ ORDER

UPON THE UNISSUED APPLICATION of the directors of Lehman Brothers International (Europe) (company number 2538254) of 25 Bank Street, London E14 5LE (the "**Applicants**")

AND UPON HEARING Leading Counsel for the Applicants and Leading Counsel for the Financial Services Authority

AND UPON READING the evidence

AND UPON the Applicants undertaking, through Leading Counsel, to issue the Application and to file the evidence as soon as is reasonably practicable

AND UPON the Court being satisfied on the evidence before it that the EC Regulation does not apply

IT IS ORDERED that:

1. Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann and Michael John Andrew Jervis (the "**Joint Administrators**") of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A, 4HT be appointed as joint administrators of Lehman Brothers International (Europe);

2. during the period for which this order is in force the affairs, business and property of the Companies be managed by the Joint Administrators in accordance with the Insolvency Act 1986;

3. any act required or authorised under any enactment to be done by either or all of the Joint Administrators may be done by any one or more of the person for the time being holding that office;

4. service of the Application on the Joint Administrators and on the FSA be dispensed with;

5. the time for hearing the Application be abridged, pursuant to rule 12.9(2) of the Insolvency Rules 1986, so as to enable this to be heard today;

6. the costs of and incidental to this Application be paid as an expense of the administration;

7. the appointments of the Joint Administrators shall take effect from 07:56am on 15 September 2008

Nos. 7942 of 2008

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

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