

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 7942 of 2008

**IN THE MATTER OF LEHMAN BROTHERS INTERNATIONAL
(EUROPE) (IN ADMINISTRATION)
AND IN THE MATTER OF THE INSOLVENCY ACT 1986**

B E T W E E N

- (1) ANTONY VICTOR LOMAS**
- (2) STEVEN ANTHONY PEARSON**
- (3) PAUL DAVID COPLEY**
- (4) RUSSELL DOWNS**
- (5) JULIAN GUY PARR**

**(THE JOINT ADMINISTRATORS OF LEHMAN BROTHERS
INTERNATIONAL (EUROPE) (IN ADMINISTRATION))**

Applicants

- and -

- (1) BURLINGTON LOAN MANAGEMENT LIMITED**
- (2) CVI GVF (LUX) MASTER S.A.R.L.**
- (3) HUTCHINSON INVESTORS, LLC**
- (4) WENTWORTH SONS SUB-DEBT S.A.R.L.**
- (5) YORK GLOBAL FINANCE BDH, LLC**

Respondents

SENIOR CREDITOR GROUP'S SKELETON ARGUMENT
FOR A JOINDER APPLICATION ON 23 JUNE 2015

1. This skeleton argument is filed on behalf of Burlington Loan Management Limited, CVI GVF (Lux) Master S.a.r.l, and Hutchinson Investors, LLC (collectively, the "Senior Creditor Group").
2. On 8 May 2015, Goldman Sachs International ("GSI") issued an application to be joined as an additional respondent to the Waterfall II Application for the purposes of participating in all parts of the proceedings relating to Issues 11 – 14

and 27 (the “**Default Rate Issues**”). The Senior Creditor Group supports GSI’s application.

3. GSI and the Senior Creditor Group agree that the definition of Default Rate in the ISDA Master Agreement is not limited to any particular type of funding and, in particular, can include equity funding. While the Senior Creditor Group intends to make appropriate submissions to the court on the Default Rate Issues, there is nonetheless an interest and a value, both to the court and more widely, of having GSI joined to the application and it is desirable to do so for the purposes of resolving the Default Rate Issues:

(1) Although the Senior Creditor Group plays a representative role in the proceedings, it is not formally a representative party. None of its constituents is a banking financial institution.

(2) GSI has a direct financial interest in the outcome of the Default Rate Issues. It is well placed to put relevant evidence before the court on the importance and necessity of equity finance to financial institutions (including the impact of regulatory capital requirements), and the manner in which the cost of such funding should be taken into account for the purpose of the Default Rate Issues (see **Kelly 1 [11]-[12]**).

(3) The desirability of having as parties to the application creditors with a significant financial interest in the outcome of the proceedings was the principal reason for the joinder of multiple parties to the Waterfall I application.

ROBIN DICKER QC

HENRY PHILLIPS

19 June 2015

South Square

Gray’s Inn