

Quadrilateral Meeting May 26, 2011



Cross-Border Insolvency and Enhanced Supervisory Tools for Crisis Management

**Lehman Case – Experience in and from Japan
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Lehman case – multinational insolvency

- On September 15, 2008 Chapter 11 petition was filed in the US court by LBHI (and subsequently by a number of affiliates in the US)
- Over 7,000 legal entities in more than 40 countries
- 75 separate bankruptcy proceedings
- Over \$630 billion of assets

* LBHI: Lehman Brothers Holding Inc.



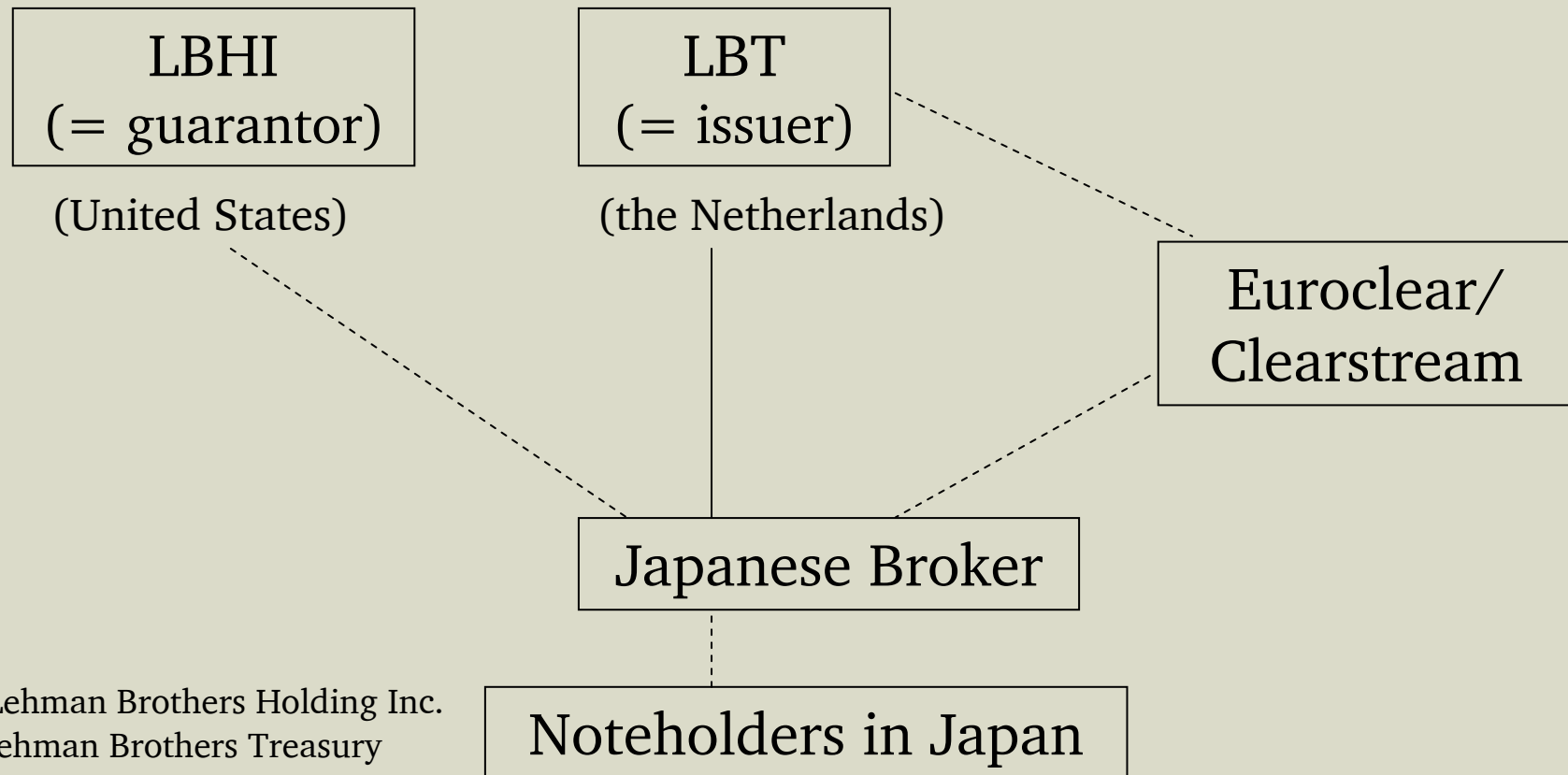
Cross-Border Coordination

- “Cross-Border Insolvency Protocol” signed in May 2009
- Nature and basis of Protocol
 - not legally enforceable
 - coordination, communication, information sharing
- Not all Lehman entities have participated

□ Proceedings in Japan

- On September 16, 2008 petition was filed for Civil Rehabilitation Proceedings
- Lehman Brothers Japan Inc. (a broker-dealer; “LBJ”) and other 3 entities
- On September 1, 2010 Civil Rehabilitation Plan for LBJ was approved by the creditors meeting
- First payment under the Plan was made in October 29, 2010

□ Euro-Bond Holders in Japan – (1)



* LBHI: Lehman Brothers Holding Inc.
LBT: Lehman Brothers Treasury
Company B.V.

□ Euro-Bond Holders in Japan – (2)

■ Issues:

- Who should file a claim?
- To which entity should noteholders go?
- Notice of acceleration permitted?
- Japanese regulatory issues

□ Remaining agenda?

- Stronger framework for multinational coordination?
- Harmonization of substantive law?
- Others



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