

# Joint Administrators' progress report from 15 September 2023 to 14 March 2024

**Lehman Brothers Limited**  
(in administration)

High Court of Justice, Chancery Division, Companies Court -  
Court Case 7945 of 2008

12 April 2024



Strictly private and confidential

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## Important Notice

This report has been prepared by Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and David James Kelly of PricewaterhouseCoopers LLP as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at: [www.pwc.co.uk/ibl](http://www.pwc.co.uk/ibl).

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

*Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and David James Kelly of PricewaterhouseCoopers LLP have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
<b>Company / LBL</b>	Lehman Brothers Limited - in administration
<b>Joint Administrators / Administrators / we / us / our</b>	Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and David James Kelly of PricewaterhouseCoopers LLP
<b>Reporting Period</b>	15 September 2023 to 14 March 2024
<b>Firm / PwC</b>	PricewaterhouseCoopers LLP
<b>Committee</b>	The Creditors' Committee of the Company <b>The current members are:</b> LB Holdings Intermediate 2 Limited - in administration Lehman Brothers Holdings Inc PAMI Holdings LLC
<b>Framework Agreement</b>	LBH entered into a Framework Agreement, and which came into effect on 8 October 2023, with key creditors and stakeholders which resolved a number of matters including a complaint by one of its creditors
<b>Group</b>	The UK Lehman Brothers group of companies
<b>HMRC</b>	HM Revenue and Customs
<b>IA86</b>	Insolvency Act 1986
<b>IR16</b>	Insolvency (England and Wales) Rules 2016
<b>LBH</b>	Lehman Brothers Holdings plc - in administration
<b>LBHI</b>	Lehman Brothers Holdings Inc.
<b>LBHI2</b>	LB Holdings Intermediate 2 Limited - in administration
<b>LBIE</b>	Lehman Brothers International (Europe) - in administration
<b>Partial Discharge Issue</b>	The question concerning the correct calculation of certain of the Company's unsecured creditors' remaining entitlement to post-administration statutory interest, where those creditors have received payments from LBHI as guarantor
<b>Preferential claims</b>	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
<b>Sch. B1 IA86</b>	Schedule B1 to the Insolvency Act 1986
<b>SIP9</b>	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
<b>SLP3</b>	Lehman Brothers Holdings Scottish LP3
<b>Subordinated Affiliates</b>	Certain affiliate creditors, which agreed to subordinate their Statutory Interest entitlements to those of third party creditors whose admitted claims ranked equally for the purposes of Statutory Interest, pursuant to the subordination deed approved 21 January 2021
<b>Statutory Interest</b>	Interest calculated in accordance with IR16 on the amount of admitted claims in respect of the periods during which such claims were outstanding since the date of commencement of the administration to the date of full repayment, calculated as the greater of the rate payable in accordance with s.17 of the Judgments Act 1838 (currently 8% simple), and the rate applicable to the debt apart from the administration

# Section 1: Introduction

## Introduction

This is the 31st progress report prepared by the Administrators of the Company.

This report provides an update on the work the Administrators have undertaken, with a particular focus on progress made in the Reporting Period.

Earlier reports can be viewed on the Administrators' website at: [www.pwc.co.uk/lbl](http://www.pwc.co.uk/lbl)

## Objective of the Administration

The Administrators are pursuing the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), and continue to manage the administration in accordance with the proposals approved by creditors. The Administrators continue to review the objective of the administration on a regular basis.

Outcome for creditors

Creditors will recall that by the end of the prior Reporting Period, the Administrators had paid:

- **Preferential creditors** - a dividend of 100p in the £ to former employees with admitted preferential claims.
- **Unsecured Creditors** - two dividends totalling 100p in the £ on admitted ordinary unsecured claims.
  - **Subordinated Creditors**
    - two dividends totalling 100p in the £ on admitted subordinated claims ranking ahead of Statutory Interest.
  - **Statutory Interest**
    - two distributions to preferential, unsecured and subordinated creditors totalling 100% of creditors' respective entitlements to Statutory Interest.
    - three interim distributions have been issued totalling 77.62% to certain affiliate creditors who agreed to subordinate their remaining Statutory Interest entitlements as a result of the settlement of the Clawback litigation.

Details of any distributions made in this Reporting Period are detailed in Section 2.2 later in this report. The quantum and timing of any further distributions to these creditors remains to be determined for reasons also discussed in Section 2.2 below.

## Committee

The Administrators periodically meet with the Committee to explain how key aspects of the administration are being dealt with and to consult with the Committee on relevant issues. To date, the Administrators have held 39 meetings, with the last one being on 6 December 2023. The next Committee meeting is planned for summer 2024.

## Why we remain in office

The Administrators remain in office to deal with various matters, including: (i) collecting outstanding intercompany debts; (ii) making further payments to creditors (both in terms of one unadjudicated principal balance and the remaining Statutory Interest payments on agreed claims), if and when the Company has sufficient funds with which to do so; (iii) compliance with tax and VAT matters; (iv) compliance with statutory tasks; and (v) concluding the administration.

Further details are contained within the body of this report.

## This report and future updates

This report is for your information and you don't need to do anything.

The Administrators' next formal progress report to creditors will be in approximately six months' time, and will be posted to the Administrators' website at [www.pwc.co.uk/lbl](http://www.pwc.co.uk/lbl).

If you have any questions, please contact the Administrators at [uk\\_lbl\\_enquiries@pwc.com](mailto:uk_lbl_enquiries@pwc.com).

Signed



**Z Hussain**  
Joint Administrator  
Lehman Brothers Limited - in administration

# Section 2: Administrators' actions in the Reporting Period

## Background and progress made in the Reporting Period

Creditors will be aware that before the administration, LBL held most of the UK service and employee contracts on behalf of the Group, and provided all human resources, information technology, property, accounting and other services for the Group in the UK and Europe, and continued to provide services to other administration companies following the Administrators' appointment until 31 May 2013 when the then continuing services and 400 retained employees were transferred to LBIE.

Throughout the administration, the Administrators have utilised specialist teams from their Firm, who have worked with retained LBL and latterly LBIE employees to ensure LBL's operations are properly coordinated and the objectives of the administration are met.

The specific aims of the administration of LBL have included:

- Realising all assets of LBL, where value may exist;
- Providing ongoing employee and infrastructure support to the Group in exchange for appropriate reimbursement;
- Mitigating, insofar as possible, any further liabilities against LBL by the transfer or termination of contracts; and
- Adjudicating the claims of creditors and pay distributions to creditors with admitted claims.

The Administrators continue their work to resolve all outstanding matters and the key work streams remaining are set out below:

### Residual Creditor Claims

It is the Administrators' policy to make periodic 'catch-up' dividend payments to creditors when further claims are agreed or bank details provided.

In the Reporting Period the Administrators have continued with their attempts to trace 44 creditors who are yet to receive dividend payments and Statutory Interest entitlements, of which 15 were located in the current period and are currently going through the verification process prior to payment.

One claim totalling c.£1m remains to be adjudicated, and is the subject of continuing discussion with the creditor. The Administrators continue to reserve in full for this claim (including associated Statutory Interest).

### Intercompany balances

During the Reporting Period, £96k was received as dividends from intercompany claims. The largest intercompany balance remaining is from LBH. This is linked to the Partial Discharge Issue, which is discussed in more detail below.

The balance of the intercompany receivables is c.£1.7m. The timing and actual quantum of any further dividends are contingent on a number of issues, including the Partial Discharge Issue, and therefore remains uncertain.

### Receipt of Statutory Interest from LBH

The Administrators have continued to assess LBH's ability to make further payments of LBL's entitlement to Statutory Interest and the timing of such payments, which is dependent on a number of material factors, as set out below:

- the quantum of further payments to LBHI2 from LBIE, and the proportion of such payments retained by LBHI2 under the Wentworth Joint Venture sharing agreement;
- the resolution of the Partial Discharge Issue and how it impacts on the quantum of Statutory Interest flowing to LBL; and
- the duration, future costs and priority expenses of the LBH, LBIE, and LBHI2 administrations.

More detail on this matter is included in Section 2.1 below.

## Distribution to Unsecured Creditors

On 13 March 2024, and during the Reporting Period, LBL paid:

- £5m to a sub-subordinated creditor - this was the full amount of that creditor's principal claim; and
- £13.6m of Statutory Interest distributions to an unsecured Subordinated Affiliate.

## Exit Options / Strategy

The Administrators have continued to work with their legal advisors to develop an optimal exit route that will allow for the completion of LBL's estate and exit from administration, taking into account the interests of creditors and shareholders, and interactions with other Lehman group companies.

As part of that work, the Administrators have held discussions with other key stakeholders, including LBHI, LBH and LBHI2, to explore potential mechanisms to accelerate the payment of further distributions to creditors and close the LBL estate.

This is discussed in more detail in Section 2.1 below.

## Other Matters

Other developments during the Reporting Period include:

- The surrender of £11.3m of tax losses for consideration of £1.1m; and
- Receipt of the November 2023 return VAT repayment of £376k from HMRC, of which £45k relates to LBL's VAT receivable. The balance will be allocated shortly to the other Group companies as applicable.

As stated in the last report to creditors, no VAT repayments had been received from HMRC due to an open enquiry raised by HMRC in respect of a liability to PAYE and Employers' National Insurance showing as due in HMRC's system. We have subsequently provided information to HMRC and as a result we have received partial release of the VAT of £1.39m in respect of the VAT repayments, of which £1.16m was allocated to other Lehman Group companies in the VAT group. HMRC are still withholding some funds of £880k until we provide further information, which will be done shortly.

In Section 2.1 we provide further information on the Framework Agreement and Partial Discharge Issue, including details of the payment of future distributions to subordinated creditors.

## Investigations and actions

Nothing has come to the Administrators' attention during the Reporting Period to suggest that they need to do any more work in line with their duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## Administrators' receipts and payments account

The Administrators set out in Appendix A an account of their receipts and payments in the administration for the six months to 14 March 2024, together with a cumulative total since the beginning of the administration.

The receipts and payments account shows an overview of cash movements. Key movements include:

- Receipt of bank interest totalling £2.4m;
- Receipt of Group VAT repayments of £376k (not yet allocated to Group companies), and the partial release of withheld VAT repayments of £1.39m (of which £1.16m was allocated to Group companies);
- Receipt of intercompany dividends of £96k;
- Sale of tax losses resulting in a receipt of £1.1m;
- Payment of Administrators' fees of £778k and legal fees of £200k;
- Distributions were made to a sub-subordinated creditor (LBHI) totalling £5m; and
- Statutory Interest distributions were made to an unsecured Subordinated Affiliate totalling £13.6m.

The receipts and payments account set out at Appendix A does not show "estimated to realise" values from the directors' statement of affairs as this would not provide a meaningful comparison with actual asset recoveries.

## Administrators' fees

An update on the Administrators' remuneration - which covers the Administrators' fees, disbursements and other related matters in this case - is set out at Appendix C.

## Administrators' expenses

A statement of the expenses incurred to the date covered by this report and an estimate of future expenses is set out at Appendix B.

## Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

Creditors may also wish to refer to the previous creditors' guidance to understand the applicable regulations for appointments prior to 5 April 2010:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2007/a-creditors-guide-to-administrators-fees-1-apr-2007.ashx?la=en>

Creditors can also get copies of these guides free of charge by telephoning Sam Green on 0113 289 4000 or by emailing [uk\\_lbi\\_enquiries@pwc.com](mailto:uk_lbi_enquiries@pwc.com)



## 2.1 Key value drivers

### Partial Discharge Issue

As creditors may recall, shortly after the end of the previous Reporting Period, LBH entered into a Framework Agreement with key creditors and stakeholders which resolved a number of matters. The resolution of these issues has already accelerated payments to creditors and is very likely to reduce overall costs in the estate.

However, a separate question has arisen regarding the correct calculation of the amount LBL is due from LBH in relation to its remaining entitlement to Statutory Interest on its unsubordinated debt. This issue relates to those creditors, including LBL, who have received payments from LBH as guarantor. The question concerns whether the Court of Appeal's decision in the Priority Litigation in 2021 in relation to the partial discharge of the LBH Sub-Debt claim is also applicable to the claims of certain of LBH's admitted unsubordinated creditors who also received payments from LBH as guarantor of such claims.

Several of LBH's creditors have adopted the position that the Court of Appeal decision applies more widely and that amounts of post-administration Statutory Interest, which remain due to the relevant unsubordinated creditors, should be adjusted to account for the guarantee payments received by them. If this position is correct, there remains uncertainty as to the calculation methodology.

As to how this affects LBL, the remaining amount of outstanding Statutory Interest payable by LBH to LBL is between £174.5m and £289.1m. Given the circularity of various cash flows between the key stakeholders, the ultimate impact on LBL is considered limited.

As part of its exit planning, the Administrators have engaged with its shareholder (LBH) on this matter. We understand that the LBH Administrators are in the process of consulting with affected parties and hope to be in a position to reach a consensual agreement with the relevant parties in the near future.

### Intercompany balances

As previously stated, LBL also has debtor balances with other Group companies. There are approximately six other Group balances we continue to monitor and progress where there remains a reasonable prospect of future realisations, albeit the timing and quantum of further dividends remains uncertain at this time. The most significant balance is that due from LBH (as summarised above and is between £174.5m to £289.1m).

### Statutory Interest due from LBH

The key remaining matter in LBL's estate is the receipt of further Statutory Interest receivable in respect of LBL's claim in the LBH estate (the principal claim amount having been paid in full).

LBH's ability to make further payments of LBL's entitlement to Statutory Interest and the timing of such payments is dependent on a number of material factors, the key being:

- the quantum of further payments to LBH12 from LBIE, and the proportion of such payments retained by LBH12 under the Wentworth Joint Venture sharing agreement;
- the resolution of the Partial Discharge Issue and how it impacts on the quantum of Statutory Interest flowing to LBL (see above); and
- the duration, future costs and priority expenses of the LBH, LBIE, and LBH12 administrations.

As previously reported, LBH has a number of assets which it has yet to realise, the largest of which is a subordinated claim in LBH12. Creditors will recall that, following settlement of the Waterfall II proceedings, LBH12 has sufficient assets to enable a distribution to its creditors with subordinated claims.

### Exit Options / Strategy

LBL ultimately expects to have funds available for an equity distribution to LBH, as its shareholder. With that in mind, the Administrators have continued to explore potential mechanisms to accelerate the payment of further distributions to creditors and closure of the LBL estate.

In the Reporting Period, the Administrators have taken further steps to develop a strategy that may see an equity distribution being made to LBH. The quantum and timing of that equity distribution is partly dependent on the Partial Discharge Issue.

## 2.2 Creditor claims and dividend prospects

### Distributions

#### Secured creditors

There are no secured creditors of the Company.

#### Preferential creditors

As mentioned earlier in this report, a dividend of 100p in the £ has been paid to preferential creditors whose claims have been admitted.

#### Unsecured and subordinated creditors

Dividends totalling 100p in the £ have been paid on admitted unsecured claims and on admitted claims subordinated to unsecured claims but ranking ahead of Statutory Interest.

During the Reporting Period, a distribution was paid to a sub-subordinated creditor of £5.0m being 100p in the £ in respect of the principal amount of their claim. The Administrators have reserved in full for all remaining unsubordinated creditor balances.

#### Statutory Interest for post-administration periods

On 13 September 2018 an interim distribution was declared and paid in respect of Statutory Interest, being 31.4% of the respective entitlements to such interest of preferential creditors, unsecured creditors and subordinated creditors with claims ranking ahead of Statutory Interest.

Following the settlement of the Clawback litigation (as set out in the Administrators' 25th Progress Report), the Subordinated Affiliates agreed to subordinate their Statutory Interest entitlements to those of other creditors whose admitted claims ranked equally for the purposes of Statutory Interest.

On 22 March 2021, a final payment of Statutory Interest was declared and paid to preferential and unsecured creditors (other than the Subordinated Affiliates), being the remainder of the respective entitlements such that the cumulative paid amounts total 100%.

#### Subordinated Affiliates

The total of Statutory Interest paid to the Subordinated Affiliates to date is c.£361m, £13.6m of which was paid during the Reporting Period.

#### Claims agreement

The Administrators' Notice of Intended Dividend dated 6 August 2018 gave notice that the last date for proving for claims was 28 August 2018. As such, the deadline for submitting claims has passed and the Administrators are not obliged to adjudicate claims submitted after that date. A number of additional or amended claims were submitted before 28 August 2018. Work continued to review and adjudicate the remaining claims.

In the prior period, two claims totalling £1.1m remained to be adjudicated. One of these claims was from HMRC for c.£77k in relation to a potential future liability to IHT. This claim has been discounted to take into account that the payment of the debt is not due yet. It was subsequently admitted and was paid in the Reporting Period. The other claim (totalling c.£1.0m) remains currently unadjudicated albeit is the subject of continuing discussion with the creditor.

#### Catch-up dividends

It is the Administrators' policy to make periodic 'catch-up' dividend payments to creditors when further claims are agreed or bank details provided.

As mentioned previously, the Administrators have undertaken a tracing exercise and have written to a number of outstanding creditors with the assistance of the Department for Work and Pensions, and other avenues, in efforts to make contact and ultimately payment.

To date, six catch up payments have been made to creditors, comprising £31k of principal unsecured claims and £32k of Statutory Interest as a result of the tracing exercise.

The Administrators continue their work to facilitate payment to those 15 creditors who were located in the Reporting Period whilst continuing their efforts to trace the remaining 29 creditors who have not come forward following our letters issued via the Department for Work and Pensions.

### **Claim reserves and dividend prospects**

The Administrators continue to reserve for claims not yet finally adjudicated. The timing of any further payments in respect of post-administration Statutory Interest to Subordinated Affiliates will depend upon the receipt of distributions from LBHI2 to LBH and the Administrators exit planning strategy discussed earlier in this report.

## 2.3 Tax and compliance

Prior to entering administration, LBL coordinated the Group corporate tax, VAT and PAYE affairs. Since administration, this role has diminished but LBL continues to act as representative member of the Lehman administration Companies VAT group and coordinates the Group loss allocation for corporation tax purposes.

### Progress

Specific progress in the Reporting Period includes:

#### **Corporation Tax**

- Preparation of the year ended 31 May 2023 tax return and corporate interest restriction return, including ongoing review of tax legislative changes;
- Providing tax support regarding potential future payments;
- Preparation and submission of CT61 returns for the purposes of withholding income tax from payments of Statutory Interest and responding to queries from creditors; and
- Compliance with responsibilities under Senior Accounting Officer legislation.

#### **VAT**

All VAT returns have been submitted up to, and including, the quarter ended February 2024.

#### **PAYE and other Employment Taxes**

- Submission of monthly RTI (Real Time Information) returns; and
- Reviewing historic case records to evidence the submission and payment of PAYE tax following the issue raised by HMRC, discussed above.

# Appendix A: Receipts and payments

Covering the period 15 September 2008 - 14 March 2024

Amount in millions	Notes	GBP	EUR	USD	CHF	As at	As at	Movement
						14 Mar 24	14 Sept 23	
						Total in GBP	Total in GBP	
<b>Receipts</b>								
Contribution from third parties	1	142.4	0.6	11.3	-	150.1	150.1	-
Building recharge receipts		130.4	-	-	-	130.4	130.4	-
Payroll recharge receipts		502.0	0.1	57.1	-	538.4	538.4	-
Other (including realisations and payments for other companies)		1,223.5	3.9	222.8	0.9	1,367.6	1,365.1	2.5
Tax related receipts		728.7	-	-	-	728.7	727.6	1.1
VAT received on invoices		15.9	-	-	-	15.9	14.2	1.7
<b>Total receipts for period</b>		<b>2,742.9</b>	<b>4.6</b>	<b>291.2</b>	<b>0.9</b>	<b>2,931.1</b>	<b>2,925.8</b>	<b>5.3</b>
<b>Payments</b>								
Building and occupancy cost		(179.4)	(0.3)	(62.9)	-	(219.7)	(219.7)	-
Payroll and employee costs	2	(520.6)	(2.8)	(45.2)	-	(551.7)	(551.7)	-
Return of recharge surplus		(2.4)	-	-	-	(2.4)	(2.4)	-
Other costs and payments		(74.5)	(0.3)	(1.2)	-	(75.5)	(75.5)	-
Other advisors' costs		(1.3)	-	-	-	(1.3)	(1.3)	-
Legal fees		(43.7)	-	(5.2)	-	(47.6)	(47.3)	(0.2)
Administrators' fees	3	(46.2)	-	-	-	(46.1)	(45.3)	(0.8)
Settlement of Clawback liability		-	-	(112.0)	-	(80.8)	(80.8)	-
Return of Corporation Tax to group companies		(469.9)	-	-	-	(469.9)	(469.9)	-
VAT related payments		(210.1)	-	-	-	(211.8)	(211.8)	-
VAT paid on invoices		(21.3)	-	(1.4)	-	(21.0)	(19.7)	(1.3)
Intercompany transfer		(1.5)	-	-	-	(1.5)	(1.5)	-
<b>Total payments for period</b>		<b>(1,570.9)</b>	<b>(3.4)</b>	<b>(227.9)</b>	<b>(0.0)</b>	<b>(1,729.3)</b>	<b>(1,727.0)</b>	<b>(2.4)</b>

Amount in millions	Notes	GBP	EUR	USD	CHF	As at	As at	Movement
						14 Mar 24	14 Sept 23	
		Total in GBP	Total in GBP					
<b>Inter-currency transfers</b>								
Receipts from inter-currency transfers		164.1	2.7	189.2	-	309.1	309.1	-
Payments from inter-currency transfers		(131.1)	(3.9)	(252.5)	(0.9)	(297.7)	(297.7)	-
Non-cash brought forward FX adjustment		-	-	-	-	(10.3)	(10.3)	-
<b>Net inter-currency transfers</b>		<b>33.0</b>	<b>(1.2)</b>	<b>(63.3)</b>	<b>(0.9)</b>	<b>1.1</b>	<b>1.1</b>	<b>-</b>
<b>Distributions</b>								
	4							
Distribution to preferential creditors @ 100p/£ (declared 07/06/13)		(1.9)	-	-	-	(1.9)	(1.9)	-
Distribution to unsecured creditors @ 1.66p/£ (declared 15/12/14)		(11.3)	-	-	-	(11.3)	(11.3)	-
Distribution to unsecured creditors @ 98.34p/£ (declared 06/09/17)		(674.8)	-	-	-	(674.7)	(674.7)	-
Distribution to subordinated creditors @ 77.44p/£ (declared 06/09/17)		(19.4)	-	-	-	(19.4)	(19.4)	-
Distribution to subordinated creditors @ 22.56/£ (declared 14/04/18)		(5.6)	-	-	-	(5.6)	(5.6)	-
Distribution to sub-subordinated creditor @ 100/£ (declared 14/03/24)		(5.0)	-	-	-	(5.0)	-	(5.0)
Gross distribution to preferential, unsecured and subordinated creditors of Statutory Interest @ 31.4% (declared 13/09/18)		(160.9)	-	-	-	(160.9)	(160.9)	-
Gross distribution to unsecured creditors of Statutory Interest @ 33.6% (declared 12/03/21)		(146.5)	-	-	-	(146.5)	(146.5)	-
Gross distribution to preferential and unsecured creditors of Statutory Interest @ 68.6% (declared 13/04/21)		(47.8)	-	-	-	(47.8)	(47.8)	-
Gross distribution to unsecured creditors of Statutory Interest @ 12.62% (declared 16/09/21)		(56.6)	-	-	-	(56.6)	(56.6)	-
Gross distribution to unsecured creditors of Statutory Interest @ 22.38% (declared 14/03/2024)		(13.6)	-	-	-	(13.6)	-	(13.6)
<b>Total distributions</b>		<b>(1,143.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,143.5)</b>	<b>(1,124.8)</b>	<b>(18.6)</b>
<b>Net cash position</b>		<b>61.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.4</b>	<b>75.2</b>	<b>(15.7)</b>
<b>Bank balances</b>								
HSBC	5	3.4	-	-	-	3.4	1.5	1.9
Money Market Funds		55.8	-	-	-	55.8	73.5	(17.7)
<b>Net bank balance</b>	6	<b>59.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.2</b>	<b>75.0</b>	<b>(15.7)</b>

## Notes to the receipts and payments account

1. Amounts include elements of building & occupancy and payroll-related recharges.
2. Amounts include payroll costs attributable to LBL.
3. Amounts shown include Administrators' disbursements of c.£0.8m.
4. A detailed breakdown of distributions paid is included in the below table.

	£'m
Distribution to preferential creditors at 100p/£, declared 07/06/13	1.9
Distribution to unsecured creditors at 1.66p/£, declared 15/12/14	11.3
Distribution to unsecured creditors at 98.34p/£, declared 06/09/17	674.7
Distribution to subordinated creditors at 77.44p/£, declared 06/09/17	19.4
Distribution to subordinated creditors at 22.56p/£, declared 14/04/18	5.6
Gross distribution to preferential, unsecured and subordinated creditors of Statutory Interest at 31.4%, declared 13/09/18	160.9
Gross distribution to Subordinated Affiliates of Statutory Interest at 33.6%, declared 12/03/21	146.5
Gross distribution to unsecured creditors of Statutory Interest at 68.6%, declared 13/04/21	47.8
Gross distribution to Subordinated Affiliates of Statutory Interest at 12.62%, declared 16/09/21	56.6
Gross distribution to Subordinated Affiliates of Statutory Interest at 22.38%, declared 14/03/24	13.6
Distribution to sub-subordinated creditor @ 100p/£, declared 14/03/24	5.0

Shortly following the Reporting Period end, withholding tax was paid to HMRC as a result of the Statutory Interest distribution declared on 14 March 2024.

5. Funds are held in interest-bearing accounts.
6. Due to the effect of historic exchange rates on the brought forward amounts, the bank account balance shown in the Total in GBP column included in the table does not reflect the actual cash held at the end of the reporting period. The GBP equivalent of bank balances held on 14 March 2024 was c.£59m.

As stated in our previous report, the GBP equivalent of bank balances held on 14 September 2023 was c.£74.7m.

7. The table below shows the cash held in all bank accounts as at 14 March 2024.

Bank balances	GBP	EUR	USD	CHF	GBP Eqv
HSBC	3,255,967	-	-	-	3,255,967
Barclays	162,111	-	-	-	162,111
Money Market Funds	55,813,815	-	-	-	55,813,815
<b>Total cash held</b>	<b>59,231,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,231,893</b>

8. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties.
9. Figures in the table may not be perfectly cast due to rounding.
10. Brought forward amounts are as per the previous progress report.

Funds have been held in different currencies in order to reduce the risk to the estate of exchange rate fluctuations when settling non-GBP liabilities (for example, legal fees payable in USD). All of the estate funds are now held in GBP.

# Appendix B: Expenses

Expenses are amounts properly payable by the Administrators from the estate. They include the Administrators' fees but exclude distributions to creditors.

Expenses also include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. Expenses fall into two categories:

Expense	SIP9 definition
<b>Category 1</b>	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
<b>Category 2</b>	Payments to the Administrators' firm or their associates, or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

Approval from creditors is not required to draw Category 1 expenses as these have all been provided by third parties, but approval is required to draw Category 2 expenses. The body of creditors who approve the Administrators' fees (in this case the Committee) also have the responsibility for agreeing the policies for payment of Category 2 expenses and the Committee have approved our Category 2 expenses policy.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 1 expenses that have been incurred as disbursements by PwC in the current reporting period and will be recharged to the case.

Category	Provided by	Basis of cost	Costs incurred £
1	PwC	IT/Licence costs	104

## Payments to associates and subcontracted work

No payments have been made to associates, or subcontractors used, during the Reporting Period.

## Analysis of Administrators' expenses

The table below provides details of all the expenses incurred in the administration (stated in GBP). It should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Reporting Period and the total paid to date.

The table excludes any potential tax liabilities that may need to be paid as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

R&P category (£'m)	Notes	Paid and/or incurred in		Incurred in period but not paid	Cumulative	Estimated future	Estimated total
		previous periods	Paid in period				
Building and occupancy costs		219.8	-	-	219.8	-	219.8
Payroll and employee costs		551.5	-	-	551.5	-	551.5
Return of recharge surplus		2.4	-	-	2.4	-	2.4
Other costs and payments		75.4	-	-	75.4	0.1	75.5
Other advisors' costs	1	1.3	-	-	1.3	-	1.3
Legal fees	1	49.4	0.2	-	49.6	2.0	51.6
Administrators' time costs	1,2	44.8	0.8	0.2	45.8	3.0	48.8
Administrators' disbursements	2	1.3	-	-	1.3	0.5	1.8
<b>Total</b>	<b>3,4</b>	<b>945.9</b>	<b>1.0</b>	<b>0.2</b>	<b>947.1</b>	<b>5.6</b>	<b>952.7</b>



## Notes to the expenses table

1. Legal fees have been incurred during the Reporting Period including to develop and implement the exit strategy, however, these costs have not yet been quantified and therefore are not accrued in this report.
2. The Administrators estimate that the costs currently required to maintain the routine aspects of the administration and progress the closure of the LBL estate at £3m.
3. Excludes VAT, which is partly recoverable.
4. Future expenses are uncertain but relate in part to an archiving agreement, the details of which are commercially sensitive. The bases of these costs have been approved by the Committee during a previous reporting period.

## Legal and other professional firms

The Administrators have instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
<b>Legal services, including:</b> <ul style="list-style-type: none"><li>• Legal input into the claims adjudication process and settlement where required</li><li>• Advice in respect of unclaimed dividends</li><li>• Advice on other ad hoc matters</li><li>• Advice on the proposed extension to the Administration term</li><li>• Advice on the various options in relation to the exit strategy</li></ul>	<ul style="list-style-type: none"><li>• Linklaters LLP</li></ul>	Specialist knowledge and experience (in overseas jurisdictions, where applicable)	Time cost basis
<b>Legal services, including:</b> <ul style="list-style-type: none"><li>• Legal advice in matters concerning the creditor complaint received by the Joint Administrators of LBH</li></ul>	<ul style="list-style-type: none"><li>• Winston &amp; Strawn London LLP</li></ul>	Specialist knowledge and experience (in overseas jurisdictions, where applicable)	Time cost basis

The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether conflicts exist.

All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators are satisfied that the level of legal costs is appropriate.

# Appendix C: Remuneration update

The Administrators' fees were approved by the Committee by reference to time properly given by the Administrators and their staff in attending to matters arising in the administration. To 14 March 2024, the Administrators have drawn fees of £46.2m in line with the approval given, as shown on the receipts and payments account. During the Reporting Period, the Administrators drew fees of £778k on account of their time costs for the period from 1 June 2023 to 31 December 2023.

The time cost charges incurred in the Reporting Period are £741,422. An analysis of the total hours and cost incurred by grade of staff can be found later in this appendix.

Set out later in this appendix are details of the work undertaken to date and anticipated future work.

## Time charging policy and hourly rates

The Administrators and their team charge time for the work they need to do in the administration. Tasks are delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and the Administrators supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by senior staff or the Administrators.

All PwC staff who work on the administration (including the Firm's cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members.

Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). The Administrators do not charge general or overhead costs.

Set out below are the maximum charge-out rates per hour for the grades of PwC staff who worked on the administration during the Reporting Period.

Grade	Restructuring, Insolvency & Forensics (£)	Tax, Legal, Data & Technologists (£)
Partner	1,060	1,385
Director	975	1,310
Senior Manager	775	1,060
Manager	625	775
Senior associate	510	570
Associate and support staff*	320	315

\*inc. Offshore Professionals

## Relationships

The Administrators have no business or personal relationships with the parties who approve their fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

## Analysis of Administrators' time costs for the period 1 September 2023 to 29 February 2024

Reporting Category	Partner		Director		Senior Manager		Manager		Senior Associate		Associate		Support		Total		Average hourly rate (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Accounting and Treasury					13	9,116	39	24,125	126	64,388	16	5,184			194	102,813	531
Employee and Creditor Claims	1	1,060			9	7,880	22	14,985	18	9,053	31	10,032			81	43,010	530
Intercompany			2	2,340	0	143	4	2,781	0	128					7	5,392	739
Statutory and Compliance	32	33,973	3	3,023	23	16,464	24	17,363	14	7,115	6	1,824	1	315	103	80,075	780
Strategy and Planning	17	18,338	1	488	210	159,148	81	50,594	63	32,130	6	1,936			378	262,633	695
Tax & VAT	46	61,827	12	15,720	29	28,304	181	137,773	7	3,672			1	205	276	247,500	898
<b>Total</b>	<b>97</b>	<b>115,198</b>	<b>18</b>	<b>21,570</b>	<b>284</b>	<b>221,055</b>	<b>351</b>	<b>247,620</b>	<b>228</b>	<b>116,484</b>	<b>59</b>	<b>18,976</b>	<b>2</b>	<b>520</b>	<b>1,039</b>	<b>741,422</b>	<b>714</b>

Please note, following our last meeting with the Committee on 6 December 2024 additional time costs came to light incurred during the month of November totalling £4,543. These time costs are included within the time analysis above, however, approval has not yet been sought from the Committee to draw these costs in full. The Committee will be requested to approve these time costs at the next meeting, which we expect to be in July 2024.

During the Administration term, we have incurred time costs totalling £45,423,262 representing 134,713 hours at an average hourly rate of £339.

## Work undertaken in the Reporting Period

Included earlier in this section is an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table more detail is provided on the key areas of work.

Category	Description of tasks
<p><b>Accounting and treasury</b></p> <p>This is an essential function for the management of funds held by the Administrators on behalf of the Company. The Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.</p>	<ul style="list-style-type: none"> <li>• Facilitating payments of Statutory Interest;</li> <li>• Investment, monitoring and control of LBL's free cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits;</li> <li>• Monitoring investment strategy and reviewing in response to changing market conditions;</li> <li>• Reviewing liquidity and investment maturities to ensure sufficient cash to meet administration expenses;</li> <li>• Periodic audit of treasury processes and procedures;</li> <li>• Adherence to the UK and US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard);</li> <li>• Preparing of periodic receipts &amp; payments reports and information to support financial management and decision making;</li> <li>• Periodic reconciliation of bank accounts to ledger;</li> <li>• Providing input to VAT returns and distribution of VAT receipts to other Lehman administration companies; and</li> <li>• Processing of general day to day payments and receipts.</li> </ul>
<p><b>Employee and creditor claims</b></p> <p>This relates to tasks undertaken in relation to creditors, including the calculation and payment of distributions and responding to inbound creditor queries received.</p>	<ul style="list-style-type: none"> <li>• Obtaining and verifying revised bank account details from creditors;</li> <li>• Corresponding with untraced creditors following the tracing exercise via the Department for Work and Pensions and with additional untraced creditors who have come forward since;</li> <li>• Calculating and issuing payment to creditors who have successfully been verified to received payment;</li> <li>• Calculating and paying the unsecured and Statutory Interest distributions discussed earlier in this report;</li> <li>• Negotiating waivers with LBH and LBHI2 in relation to them agreeing to defer receipt of their senior unsubordinated Statutory Interest to allow LBL to distribute to a Subordinated Affiliate;</li> <li>• Negotiating the terms of a waiver with LBH to defer receipt of the Company's senior unsubordinated Statutory Interest in order to allow LBH to make distributions to its creditors in line with the Framework Agreement;</li> <li>• Updating creditor contact details when notified; and</li> <li>• Liaising with HMRC regarding the Statutory Interest element of the claim for IHT arising from the 2024 ten-year anniversary.</li> </ul>
<p><b>Intercompany</b></p>	<ul style="list-style-type: none"> <li>• Liaising with connected companies with regard to insolvent debtor collections.</li> </ul>
<p><b>Statutory and other compliance</b></p> <p>This relates to work the Administrators undertake in order to ensure compliance with statutory and regulatory requirements.</p>	<ul style="list-style-type: none"> <li>• Preparing, reviewing and issuing of the September 2023 progress report to creditors and Companies House;</li> <li>• Six monthly review of case progress;</li> <li>• Monitoring adherence of statutory and compliance tasks, and statutory filings at Companies House and Court;</li> <li>• Review of statutory and compliance matters in relation to the exit options and exit planning;</li> <li>• Work in relation to the change in Committee membership and filing relevant form at Companies House;</li> <li>• Preparing, reviewing and issuing of Committee reports prior to the meeting held on 6 December 2023; and</li> <li>• Recording, monitoring and reporting of time spent by administration case staff.</li> </ul>

## Category

## Description of tasks

### Strategy and planning

The inherent complexities of the Company's estate mean that the Administrators and their staff continue to invest a significant proportion of their time in the planning and delivery of their strategy for the progression of the administration, for the ultimate benefit of creditors as a whole.

- Considering and directing the overall strategy for LBL, including engagement with stakeholders and legal advisers in particular with regard to potential mechanisms to accelerate payments to creditors;
- Significant work in relation to considering exit options from administration and exit planning;
- Oversight of the claims adjudication process and reserving for claims and other matters including provisioning for any outstanding claims and matters to a sufficient level;
- Reviewing and approving legal and other third party costs and invoices;
- Coordinating, directing and resourcing work stream activities;
- Preparing for and reporting to the Committee at the meeting held on 6 December 2023;
- Oversight of reporting and accounting, including periodic meetings to monitor progress; and
- Oversight of funds management and investment strategy.

### Tax and VAT

Work reported in this category includes compliance with tax legislation under the Administrators' obligations as proper officers for tax, and planning to ensure the efficient realisation of assets for the benefit of the Company's creditors as a whole.

- Preparation and submission of quarterly VAT returns;
- Working with HMRC to reconcile the PAYE liability shown in HMRC's records, and provide information to support the Administrators' records;
- Receipt of partial release of VAT from HMRC and subsequently reconciling and allocating VAT due to the other Lehman Group companies within the VAT group;
- Preparation of corporation tax return and CIR return for the year ended 31 May 2023;
- Submission of monthly RTI (Real Time Information) returns;
- Drafting and reviewing tax loss settlement agreement document and the subsequent facilitation of the sale of the tax losses, including receipt of funds;
- Compliance with various reporting obligations including tax strategy, Senior Accounting Officer and corporate criminal offence legislation;
- Preparing and submitting tax and VAT returns; and
- Providing tax support regarding potential future payments.

## Future work

Examples of work remaining to be done to achieve the purpose of the administration are shown below. This is not an exhaustive list and contains samples of the work still to be undertaken. Due to the complexities and uncertainties regarding certain work streams, estimated costs have not been provided with our summary below. Costs are reported to and approved by the Committee on a c. six monthly basis.

Category	Description of tasks
<b>Accounting and treasury</b>	<ul style="list-style-type: none"> <li>• Investment, monitoring and control of LBL's free cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits;</li> <li>• Adherence to the UK and US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard);</li> <li>• Processing of general day to day payments and receipts; and</li> <li>• Facilitating payments of catch-up and reissued dividends and future dividends.</li> </ul>
<b>Employee and creditor claims</b>	<ul style="list-style-type: none"> <li>• Continuing work to trace the remaining 29 creditors;</li> <li>• Adjudication of the final creditor claim;</li> <li>• Payment of further catch-up dividends and Statutory Interest; and</li> <li>• Re-issue of returned dividends to creditors.</li> </ul>
<b>Intercompany</b>	<ul style="list-style-type: none"> <li>• Continued recovery of intercompany balances and coordination of distributions between intercompany debtor balances.</li> </ul>
<b>Statutory and other compliance</b>	<ul style="list-style-type: none"> <li>• Preparing and issuing of further progress reports to creditors;</li> <li>• Six monthly review of case progress; and</li> <li>• Other statutory filings at Companies House and Court.</li> </ul>
<b>Closure</b>	<ul style="list-style-type: none"> <li>• Seeking various clearances from third parties;</li> <li>• Implementing the exit strategy once finalised;</li> <li>• Preparing the Administrators' final progress report;</li> <li>• Paying any unclaimed creditor balances into the Insolvency Services Account;</li> <li>• Final review; and</li> <li>• Closure of internal systems.</li> </ul>
<b>Strategy and planning</b>	<ul style="list-style-type: none"> <li>• Considering and directing the overall strategy for LBL, including reviewing options and strategy for completing distributions to creditors, and (if recoveries from LBH permit), potential returns of equity to LBH as shareholder;</li> <li>• Progressing and finalising exit strategy;</li> <li>• Preparation of and reporting to the Committee on a periodic basis; and</li> <li>• Oversight of reporting and accounting, including periodic meetings to monitor progress.</li> </ul>
<b>Tax and VAT</b>	<ul style="list-style-type: none"> <li>• Providing tax support to discuss approach and potential methodologies to accelerate repayments of cash to creditors;</li> <li>• Preparation and submission of VAT returns;</li> <li>• Finalising PAYE reconciliation with HMRC to release final VAT held back by HMRC;</li> <li>• Consideration of impact on the Company of changes to UK tax legislation, including loss restriction and interest deductibility rules, and the potential impact as part of the corporation tax returns; and</li> <li>• Compliance with various reporting obligations including tax strategy and corporate criminal offence legislation.</li> </ul>

# Appendix D: Other information

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<b>Court details for the administration:</b>	High Court of Justice, Chancery Division, Companies Court - Court Case 7945 of 2008
<b>Company's registered name:</b>	Lehman Brothers Limited
<b>Trading name:</b>	Lehman Brothers Limited
<b>Registered number:</b>	00846922
<b>Registered address:</b>	7 More London Riverside, London, SE1 2RT, United Kingdom
<b>Date of the administration appointment:</b>	15 September 2008
<b>Joint Administrators' names, addresses and contact details:</b>	Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and David James Kelly of PricewaterhouseCoopers LLP of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Email: uk_lbl_enquiries@pwc.com
<b>Changes in Administrator:</b>	Derek Anthony Howell was appointed as an additional Joint Administrator on 30 November 2009.  Julian Guy Parr replaced Derek Anthony Howell as a Joint Administrator on 22 March 2013.  Zelf Hussain replaced Dan Yoram Schwarzman as a Joint Administrator on 1 June 2016, on which day Anthony Victor Lomas, Steven Anthony Pearson and Julian Guy Parr also ceased to act as Joint Administrators.  Gillian Eleanor Bruce, Edward John Macnamara and Russell Downs were appointed as additional Joint Administrators on 26 July 2018.  David James Kelly replaced Russell Downs as a Joint Administrator on 30 November 2021.  Michael John Andrew Jervis passed away on 4 January 2023 and therefore ceased to act.
<b>Current membership of the Creditors' Committee:</b>	LB Holdings Intermediate 2 Limited - in administration Lehman Brothers Holdings Inc. PAMI Holdings LLC (transferred from 314 Commonwealth Avenue Inc)
<b>Extensions to the initial period of appointment:</b>	The Court has granted seven successive extensions to the administration to: 30 November 2011; 30 November 2013; 30 November 2014; 30 November 2016; 30 November 2020; and 30 November 2022 and 30 November 2025

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