
Lehman Brothers Limited – In Administration

Joint Administrators' progress
report for the period 15 March 2014
to 14 September 2014

9 October 2014

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This progress report has been prepared by the Joint Administrators (the "Administrators") of Lehman Brothers Limited ("LBL" or the "Company") under Rule 2.47(3)(a) of the Insolvency Rules 1986 (the "Rules").

This is the twelfth such progress report and provides an update on the work that the Administrators have undertaken, with particular focus on the progress made during the six months from 15 March 2014 to 14 September 2014 (the "reporting period").

Objectives of the Administration

The Administrators are pursuing the objective of achieving a better result for LBL's creditors as a whole than would be likely if LBL were wound up (without first being in Administration).

The specific aims of this Administration have included:

- Realise all assets of LBL, where value may exist;
- Provide ongoing employee and infrastructure support to the other Group companies that are in Administration in exchange for appropriate reimbursement; and
- Mitigate, as far as possible, any further liabilities against LBL by the transfer or termination of contracts
- Adjudicate the claims of creditors and pay distributions to creditors with admitted claims.

Creditors' Committee

The Administrators regularly meet with the Creditors' Committee (the "Committee") and, to date, nineteen meetings of the Committee have taken place.

The meetings with the Committee provide the Administrators with the opportunity to explain in detail how the Administrators are dealing with key aspects of the Administration and to consult the Committee on critical issues.

Outcome for unsecured creditors

As reported previously, the Administrators have paid dividends to former employees with preferential unsecured claims (comprising claims for unpaid wages and holiday pay).

In addition, on 20 June 2014 on the application of the Administrators, the High Court made an Order giving leave pursuant to Paragraph 65 of Schedule B1 of the Insolvency Act 1986 for the Administrators to pay distributions to (non-preferential) unsecured creditors of LBL.

The Joint Administrators therefore gave notice on 8 July 2014, pursuant to Rule 2.95 of the Insolvency Rules 1986, stating their intention to declare a first and interim dividend to unsecured creditors of LBL no later than two months from the last date for proving, being 31 October 2014.

Creditors who have not submitted a claim, and wish to do so, are requested to submit their claims, as soon as possible. Further information is available at:

<http://www.pwc.co.uk/business-recovery/administrations/lehman/LBL-in-administration.jhtml>

Please note that the quantum of the dividend at present is uncertain and materially dependent on LBL, in its capacity as shareholder of Lehman Brothers International (Europe) in Administration ("LBIE"), an unlimited company, being potentially liable for any shortfall to creditors of that estate (which may include interest, subordinated claims and certain other claims). Further information regarding the "Waterfall" application is provided in Section 2.

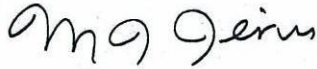
Extension of the Administration

On the application of the Administrators, the High Court granted an Order on 20 June 2014 to further extend the period of the Administration to 30 November 2016.

Future reports

The Administrators anticipate that they will circulate their next report to creditors in approximately six months.

Signed:



MJA Jervis
Joint Administrator
Lehman Brothers Limited

MJA Jervis, AV Lomas, SA Pearson, DY Schwarzmans and JG Parr were appointed as Joint Administrators of Lehman Brothers Limited to manage its affairs, business and property as agents without personal liability. MJA Jervis, AV Lomas, SA Pearson, DY Schwarzmans and JG Parr 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 Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration.

Section 2 Joint Administrators' actions to date

Prior to the Administration and as previously reported, LBL held most of the UK service and employee contracts on behalf of the Lehman Brothers Group of companies (the "Group"), and provided all HR, IT, property, accounting and other services for the Group in the UK and Europe.

From the commencement of the Administration, LBL continued to provide services to the other UK based Lehman Brothers Companies that are in Administration (the "Lehman Administration Companies"). Over the period of the Administration, LBL sought to reduce the level of services provided and with effect from 31 May 2013, the Administrators agreed with LBIE and other Lehman Administration Companies to transfer to LBIE the then continuing services and the 400 retained employees.

Since their appointment, the Administrators have utilised specialist teams from within PricewaterhouseCoopers LLP ("PwC"), who have worked with retained LBL (and latterly LBIE) employees to ensure that the operations of LBL are properly coordinated and the objectives of the Administration are met.

In the period of this report, the teams continued to be formed around the following activities:

- Human Resources & Pensions;
- Corporation Tax and VAT; and
- Intercompany.

Further detail on the activities of the current teams is provided in the following pages of this report.

As at the date of the Administration, LBL's primary assets included inter-company receivables, tax refunds, IT assets and fixtures & fittings. The management and realisation of these assets have been the responsibility of the teams in order to maximise the outcome to the creditors of LBL as a whole.

Key progress from 15 March to 14 September 2014 includes:

- Participation in the "Waterfall" application, which is explained in more detail below;
- Application for leave to pay distributions to unsecured creditors and to extend the period of Administration;
- Commenced adjudication of the claims of unsecured creditors including former

employees, after issuing a Notice of Intended Dividend;

- Continued discussions with LBIE and Lehman Brothers Europe Limited ("LBEL"), in respect of the inter-company balances;
- Further payment of agreed preferential claims to 14 September 2014 accounting for 86% of expected preferential claims by value; and
- Continued to pursue and recover amounts due to LBL from other Lehman Group companies.

The receipts and payments account on page 12 shows cash held increasing by £77.2m to £265.4m in the six month period.

"Waterfall" application

As previously reported, the Administrators applied to the High Court jointly with the Administrators of LBIE and Lehman Brothers International Holdings 2 Ltd ("LBHI2") for directions in relation to the potential liability of LBL and LBHI2 in respect of shares held in LBIE, an unlimited company, and in relation to subordinated debt owed by LBIE to LBHI2.

In March 2014, the Waterfall judgment was handed down and it was held that the shareholders of LBIE may be subject to calls to provide funds to enable LBIE to pay additional sums, including statutory interest, "unprovable debts" such as foreign exchange losses, and subordinated debts.

It was also decided that LBIE may not make a call on its shareholders unless, and until, it goes into Liquidation, although LBIE may seek to submit a contingent claim.

The Administrators of LBL, LBIE, LBHI2 and LBHI have been given leave to appeal certain aspects of the judgment, and appeals have been lodged. The hearing of the appeal has now been listed for March 2015.

“Waterfall II” application

When the appeals process is completed, the Waterfall application is expected clarify a number of issues of principle in relation to the liabilities of LBIE that may form part of contribution claims against LBIE’s shareholders including LBL, and the circumstances in which such contribution claims may be made.

However, the basis of calculation of some actual or potential liabilities of LBIE is not addressed by the Waterfall application.

The Administrators of LBIE have made another application to the Court (the “Waterfall II” application) for directions in relation to a number of questions relating principally to the nature and quantum of LBIE’s liabilities. The Waterfall II application is not expected to be heard until early 2015.

LBL is not party to the Waterfall II application, but its outcome may materially impact the potential liabilities of LBL. The Administrators therefore continue to closely monitor this application and have reserved the right to apply to the Court to be joined, should it appear necessary to do so to ensure LBL’s interests are appropriately represented.

2.1 Human Resources and Pensions

Overview

Following the transfer of all remaining employees to LBIE on 31 May 2013, the focus of the Human Resources (“HR”) workstream for LBL has become the review and evaluation of claims from former employees and HMRC, and realising outstanding loans that LBL made to employees.

Progress

In June 2013, the Administrators commenced with payment of former employees’ agreed preferential claims and as at 14 September 2014, 86% of expected claims by value have been agreed and paid. A further 4% by value have been paid after the reporting period.

In advance of the issuing of the Notice of Intended Dividend, all former employees identified as actual or potential creditors were requested to provide details of their claims by 14 March 2014. Claims received following both the initial request and the Notice of Intended Dividend have been reviewed and (subject to the following) are broadly in line with expectations.

Any former employees who consider they do have a claim but who have not yet provided details of their claim are requested to do so as soon as possible.

Notices of admission and (as applicable) rejection of claims are now being issued in response to proofs of debts submitted.

As previously reported, some former employees’ claims include elements in respect of “Conditional Stock Awards” (“CSAs”) and Stock Options. The Administrators have been advised that LBL is not liable in respect of either CSAs or Stock Options and therefore these elements of claims are expected to be rejected.

In addition, LBL has continued progress with HMRC to resolve pre and post-Administration PAYE / NIC reconciliations and other complex tax issues, as described below.

Issues and Challenges

The challenges for the next six months are:

- Review, adjudicate and pay the preferential claims of former employees’ as they are received;
- Review adjudicate and pay distributions on ordinary unsecured employee claims received;

- Continued recovery of the remaining outstanding loans due to LBL from former employees, either directly or in connection with expatriate tax loans;
- Working with HMRC to resolve pre and post-Administration PAYE / NIC reconciliations and agree the final balance between LBL and HMRC in this respect; and
- Continuing dialogue with HMRC in relation to certain Employee Benefit Trusts and potential tax liabilities arising from such arrangements.

Pensions

LBL is the principle employer in relation to the Lehman Brothers Pension Scheme (“the Scheme”) and, as previously reported, has received from the Trustees of the Scheme a claim under s. 75 of the Pensions Act 2004 for £119 m.

The Pensions Regulator had commenced proceedings seeking Financial Support Directions against a significant number of other Lehman Group entities, under which additional contributions would be paid into the Scheme. The proceedings were listed to be heard in the Upper Tribunal in early 2015.

The Administrators have been informed (and it has been widely reported) that an agreement to settle the Upper Tribunal proceedings was completed shortly before the end of the period covered by this report. It is understood that the settlement provided for the deficiency in the Scheme to be fully funded.

The Administrators have requested further information in relation to the settlement and in particular its impact upon the Trustees’ s. 75 claim of £119 m.

A further update will be provided in the Administrators’ next progress report.

2.2 Corporation Tax and VAT

Overview

LBL was the Group Paying Agent (“GPA”) of the Lehman UK tax Group and continues to be the representative member of the Lehman VAT Group. LBL, therefore, plays a key role in the tax affairs of Lehman UK.

The primary objective of the tax team was the recovery of up to £466m (excluding interest but subject to Crown set-off) of corporation tax. This has largely been achieved, so the ongoing key objectives for the tax team, in addition to agreement of set off issues and recovery of the final repayments of corporation tax, have included:

Compliance

- Ensuring tax compliance and statutory filing obligations are met.

Planning

- Effective projection and planning to minimise tax leakage from the UK Group.

HMRC Relationship

- Maintaining a good working relationship with HMRC to facilitate the pragmatic and timely resolution of issues.

Progress

Specific progress in the reporting period includes:

Corporation Tax

- To date, corporation tax repayments of £505m (including interest) have been received by LBL on behalf of the Group. In the reporting period, the final corporation tax repayment in respect of the tax distribution process (2004-2007) has been received. A distribution in respect of this receipt will be made in the next quarter to other group companies, with LBL’s benefit being c£2m;
- The group relief position for the year ended 14 September 2012 has been finalised. LBL incurred a tax loss of £3.8m, of which £195k has been surrendered as group relief. LBL is expected to receive £24k as payment for these losses. The remaining losses were carried forward to the next accounting period;

- LBL ceased to trade on 31 May 2013, bringing to an end an accounting period for tax purposes. The corporation tax return for this period has been submitted. LBL incurred a loss of £29.7m, of which £1.5m has been surrendered as part of the 2012 group relief pool. LBL can expect to receive £185k for these losses. It is anticipated that the remaining losses will be surrendered to group companies in the 2013 group relief pool and as such LBL will receive further benefit.

VAT

All group VAT returns have been submitted up to, and including, the quarter ended May 2014;

- Since the last report to creditors, LBL has received VAT repayments from HMRC totalling £488k for the November 2013, February 2014 and May 2014 VAT quarters; and
- The VAT return for quarter ended August 2014 has been prepared and will shortly be submitted to HMRC.

PAYE and other employment taxes

- As advised previously, negotiations with HMRC have progressed to the point where HMRC’s claim has been agreed, however, HMRC has referred certain points to their internal counsel to consider whether certain transactions rank as an expense or an unsecured claim in the Administration. Discussions are ongoing; and
- Employment Benefit Trusts (“EBTs”) – a full response to issues raised by HMRC is being finalised and a meeting may be required to discuss issues with a view to obtaining clearance and closure.

Over the next six months, the tax team will:

- Finalise and submit the 2013 Group loss position to HMRC, ensuring tax leakage from the Group is minimised, and prepare the tax return to 31 May 2014;
- Submit VAT returns as applicable;
- Make final tax distributions to other group companies as GPA and seek confirmation from all estates that the final tax distribution represents a full and final settlement of the GPA Tax distribution process; and
- Meet with HMRC to finalise PAYE, EBT and other employment-related tax issues.

2.3 Intercompany

Overview

The global nature of the Lehman business, with highly integrated trading and non-trading relationships across the Group, led to a complex series of intercompany positions being outstanding at the date of Administration. These included 289 debtor and creditor balances between LBL and the rest of the Group, representing at book value, £1.2bn of receivables and £0.7bn of payables as at 15 September 2008. Of these, c.£1.1bn (>90%) of receivables relate to five relationships. In addition, LBL held guarantees from Lehman Brothers Holdings Inc (“LBHI”) in respect of claims against some other group companies.

Progress

The Intercompany team has continued to make progress on a number of significant receivable balances.

As set out in the Administrators’ previous reports, LBL has been seeking to agree its intercompany balances with LBIE and LBEL.

As a service company, LBL recharged to other group companies the costs it incurred in the provision of services. In excess of 95% of such costs were charged to either LBIE or LBEL.

The Administrators have reviewed LBL’s balance sheet as at the date of Administration, to identify the adjustments that should be made to the balance sheet to reflect the estimated actual outcome and the consequential recharge adjustments to the inter-company accounts with LBIE, LBEL and other entities. The final adjustments to be made will depend on the quantum of admitted claims in LBL, following the issue of the Notice of Intended Dividend. Meanwhile, discussions with the Administrators of LBIE and LBEL have continued.

As described in Section 2 above, the Administrators made the “Waterfall” application to the UK High Court, jointly with LBIE and LBHI2, for determination of various issues. At this stage it is not possible to indicate what recovery may be made in relation to LBL’s claim against LBIE.

As previously reported, the final balance with LBEL is uncertain but LBEL may be a net creditor of LBL.

To date, LBEL has paid dividends totalling 100p in the £ to its unsecured creditors.

It is likely that LBEL will pay a surplus to its shareholder, Lehman Brothers Holdings Plc (“LBH Plc”). The amount of the surplus in LBEL to be paid to LBH Plc is currently uncertain as it depends on a number of factors including the inter-company balance with LBL.

However, LBL’s largest claim, being £710m, is against LBH Plc, which is also in Administration.

Following the recent settlement in relation to the Pension Scheme (see Section 2), the Administrators of LBH Plc declared and paid in August 2014 a first interim distribution of 4.08p in £, LBL received £28.9m. The timing and quantum of future dividends from LBH Plc is subject to a number of uncertainties.

Other material developments include:

- As creditors are aware, a Plan of Reorganisation of LBHI and the other Affiliates in US Chapter 11 proceedings, became effective on 6 March 2012. To date, LBL has received distributions totalling £48.9m (\$78.4m) including \$18.2m in this report period. The total recovery from these claims remains uncertain. Further distributions of \$13.5m have been received after the end of the reporting period;
- LBL has received in this report period a further \$14.1m in respect of its \$225m intercompany claim against Lehman Brothers Luxembourg Investment S.A.R.L (“LBLIS”). Recoveries to date total \$65.6m. The quantum and timing of further payments remain contingent on the recovery by LBLIS of intercompany receivables and other balances, but further material recoveries are expected;
- The Liquidators of Lehman Brothers Japan have paid a first interim distribution of £3.76m in respect of LBL’s claim of £5m in the estate.
- A first interim distribution of £3.4m has been received from the Liquidators of Lehman Brothers ODC 3 Limited in respect of LBL’s claim for £20.6m. Further distributions are anticipated in due course; and

A number of smaller recoveries have been received from group companies in a variety of jurisdictions, and further recoveries are anticipated.

The Intercompany team continues to proactively progress approximately 78 smaller LBL Affiliate balances where there remains a reasonable prospect of future realisations.

Section 3 Statutory and other Information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - Case 7945 of 2008
<i>Full name:</i>	Lehman Brothers Limited
<i>Trading name:</i>	Lehman Brothers Limited
<i>Registered number:</i>	846922
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors:</i>	D Gibb (resigned 17/07/2009), CL Heiss (resigned 31/10/2008), IM Jameson (resigned 17/07/2009), AJ Rush (resigned 28/10/2008), PR Sherratt (resigned 06/10/2008)
<i>Company secretary:</i>	M Smith, P Dave, ESE Upton (all resigned 25/01/2010)
<i>Shareholdings held by the directors and secretary:</i>	None of the directors own shares in LBL
<i>Date of the Administration appointment:</i>	15 September 2008
<i>Administrators' names and addresses:</i>	AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and JG Parr, of PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT
<i>Appointer's name and address:</i>	High Court of Justice, Chancery Division, Companies Court
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LBL's creditors as a whole than would be likely if LBL were wound up (without first being in Administration).
<i>Division of the Administrators' responsibilities:</i>	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators may be done by any or one or more of the persons for the time being holding that office.
<i>Details of any extensions of the initial period of appointment:</i>	The Court has granted an extension of the Administration to 30 November 2016.
<i>Estimated dividend for unsecured creditors:</i>	<p>An Order was granted giving the Joint Administrators leave to pay distributions to (non-preferential) unsecured creditors of LBL.</p> <p>The Joint Administrators gave notice on 8 July 2014, pursuant to Rule 2.95 of the Insolvency Rules 1986, stating their intention to declare a first and interim dividend to unsecured creditors of LBL no later than two months from the last date for proving, being 31 October 2014. The quantum is currently uncertain.</p>
<i>Estimated values of the prescribed part and LBL's net property:</i>	There is no qualifying floating charge holder, so there will be no prescribed part.
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</i>	Not applicable as there is no prescribed part.
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</i>	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are the main proceedings.

Section 4 Joint Administrators' Remuneration

Background

This section sets out the process for setting and monitoring the Administrators' remuneration.

In this case, the Creditors' Committee is responsible for agreeing the basis and quantum of the Administrators' remuneration.

Insolvency Rules 1986

By way of context, the manner in which the Administrators' remuneration is determined and approved is set out in the Insolvency Rules 1986 (2.106-2.109).

There are two alternative bases under the Insolvency Rules 1986, either:

- A percentage of the value of the property with which the Administrator has to deal; or
- By reference to the time properly given by the Insolvency Practitioner and his staff in attending to matters arising in the Administration.

The Insolvency Rules also provide that in arriving at its decision on remuneration the Committee is required to consider the following matters:

- The complexity (or otherwise) of the case;
- Any responsibility of an exceptional kind or degree which falls on the Administrators;
- The effectiveness with which the Administrators appear to be carrying out, or to have carried out, their duties; and
- The value and nature of the property which the Administrators have to deal with.

Statement of Insolvency Practice No. 9 ("SIP9")

In addition to the Insolvency Rules, SIP9 provides guidance to insolvency practitioners and creditors' committees in relation to the remuneration of, inter alia, Administrators. The purpose of SIP9 is to:

- Ensure that Administrators are familiar with the statutory provisions relating to office holders' remuneration;
- Set out best practice with regard to the observance of the statutory provisions;

- Set out best practice with regard to the provision of information to those responsible for the approval of fees to enable them to exercise their rights under the insolvency legislation; and
- Set out best practice with regard to the disclosure and drawing of disbursements.

The Committee members have each been provided with a copy of SIP9.

When seeking agreement for remuneration, the Administrators are required to provide sufficient supporting information to enable those responsible for approving their remuneration ('the approving body') to form a judgement as to whether the proposed remuneration is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend upon:

- The nature of the approval being sought;
- The stage during the Administration of the case at which it is being sought; and
- The size and complexity of the case.

Remuneration review and approval process

As the remuneration is based on time costs, the Committee has been provided with the time spent and the charge-out value, together with additional information setting out the approach to the project.

SIP9 guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning;
- Investigations;
- Realisation of assets;
- Trading;
- Creditors; and
- Any other case-specific matters.

The following categories are suggested by SIP9 as a basis for analysis by grade of staff:

- Partner;
- Manager;
- Other senior professionals; and
- Assistants and support staff.

In both cases the level of analysis and disclosure to the Committee has met or exceeded these standards.

SIP9 also suggests that an explanation of what has been done should include an outline of the nature of the assignment and the Administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent;
- The reasons for subsequent changes in strategy;
- Any comments on any figures in the summary of time being spent accompanying the request the Administrator wishes to make;
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement;
- Any existing agreement about fees; and
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

Each of these matters has been covered in some length in the sessions the Administrators have held with your Committee.

Members of the Committee are bound by a confidentiality undertaking as some of the matters the Administrators have covered with them are commercially sensitive and could impact the level of recoveries by creditors if disclosed.

Resolution of the Creditors' Committee

To pay costs on a 'time properly given' basis

Given the fundamental uncertainties about the value of the property with which the Administrators have to deal, the Committee resolved to use the 'time properly given' basis – i.e. an hourly billing basis.

Hourly rates

In accordance with SIP9, details of the hourly rates have been provided to the Committee.

Cost approvals to date

During the period covered by this progress report, the Committee has approved remuneration of £961,278 which comprises 2,381 hours at an average hourly rate of £404 in respect of the period 1 November 2013 to 30 April 2014.

In the period, no work has been performed for or recharged to Affiliate companies.

The table below provides an analysis of the total hours and cost by grade of staff for remuneration approved by the Committee:

Global Grade	Total hours	Total (£)
Partner	75	67,915
Director	142	116,977
Senior Manager	632	333,229
Manager	180	86,025
Senior Associate	954	271,805
Associate	399	85,327
Total	2,382	961,278

The Committee has also resolved that the Administrators may draw 75% of their time costs on account to assist with the smoothing of working capital. All such costs are subject to detailed reporting to the Committee and are ultimately subject to their approval. In the reporting period, the Joint Administrators have drawn remuneration of £1,059,908 in respect of time costs incurred to 31 August 2014.

Part of the net charge to LBL reported in previous periods relates to work on corporation tax and VAT issues on behalf of the Group and has been partially recovered from other Group companies in this and earlier periods. No disbursements were drawn in the six month period from 15 March 2014 to 14 September 2014.

Section 5 Receipts and Payments to 14 September 2014

Amount in millions	As at 14 Sept 2014				As at 14 Mar 2014		Movement
	GBP	EUR	USD	CHF	Total in GBP	Total in GBP	
Receipts							
Contribution from third parties *	141.9	0.6	11.3	-	149.6	149.6	-
Building recharge receipts	130.1	-	-	-	130.1	130.1	-
Payroll recharge receipts	502.0	0.1	57.1	-	538.4	538.3	0.1
Other (including realisations and payments for other companies)	158.6	2.7	148.2	0.2	255.1	197.3	57.8
Tax related receipts	667.5	-	-	-	667.5	621.6	45.9
VAT received on invoices	7.2	-	-	-	7.2	7.2	-
Total receipts for period	1,607.3	3.4	216.6	0.2	1,747.9	1,644.1	103.8
Payments							
Building and occupancy cost	(179.2)	(0.3)	(62.8)	-	(219.5)	(219.5)	-
Payroll and employee costs	(519.8)	(2.8)	(45.2)	-	(550.8)	(550.6)	(0.2)
Return of recharge surplus	(2.4)	-	-	-	(2.4)	(1.4)	(1.0)
Other costs and payments	(65.4)	(0.3)	(1.2)	-	(66.4)	(66.0)	(0.4)
Other advisors' costs	(1.3)	-	-	-	(1.3)	(1.3)	-
Legal fees	(12.8)	-	-	-	(12.8)	(12.1)	(0.7)
Administrators' fees	(19.9)	-	-	-	(19.9)	(18.8)	(1.1)
Return of Corporation Tax to group companies	(445.1)	-	-	-	(445.1)	(445.1)	-
VAT related payments	(151.9)	-	-	-	(151.9)	(129.2)	(22.7)
VAT paid on invoices	(9.1)	-	(1.4)	-	(10.0)	(9.6)	(0.4)
Intercompany transfer	(1.5)	-	-	-	(1.5)	(1.5)	-
Total payments for period	(1,408.4)	(3.4)	(110.6)	-	(1,481.6)	(1,455.1)	(26.5)
Inter-currency transfers							
Receipts from inter-currency transfers	99.3	2.7	57.8	-	138.3	127.0	11.3
Payments from inter-currency transfers	(31.1)	(2.7)	(163.8)	(0.2)	(137.5)	(126.2)	(11.3)
Net inter-currency transfers	68.2	-	(106.0)	(0.2)	0.8	0.8	-
Distributions							
Distribution to preferential creditors	(1.7)	-	-	-	(1.7)	(1.6)	(0.1)
Total distributions	(1.7)	-	-	-	(1.7)	(1.6)	(0.1)
Net cash position	265.4	-	-	-	265.4	188.2	77.2
Bank balances							
Bank of England	-	-	-	-	-	-	-
HSBC	6.7	-	-	-	6.7	1.2	5.5
Money Market Funds	258.7	-	-	-	258.7	187.0	71.7
Net bank balance	265.4	-	-	-	265.4	188.2	77.2

*Includes elements of building & occupancy and payroll related recharges

-Includes £0.1m of payroll costs attributable to Lehman Brothers Limited

GBP £ equivalent is for information purposes only.

Rates used for conversion are Financial Times rates fixed on 14 March 2012.

1 USD = 0.6333 GBP

1 EUR = 0.8686 GBP

1 CHF = 0.7215 GBP

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