

---

# ***LB UK Financing Limited – In Administration***

Joint Administrators' final progress  
report

---

29 September 2015

---

# Contents

<b>Section 1</b>	<b><i>Purpose of the Joint Administrators’ final progress report</i></b>	<b>3</b>
<b>Section 2</b>	<b><i>Joint Administrators’ actions</i></b>	<b>5</b>
<b>Section 3</b>	<b><i>Summary of the Joint Administrators’ proposals</i></b>	<b>7</b>
<b>Section 4</b>	<b><i>Statutory and other information</i></b>	<b>9</b>
<b>Section 5</b>	<b><i>Financial Information</i></b>	<b>10</b>
<b>Section 6</b>	<b><i>Final Receipts and Payments Account</i></b>	<b>11</b>
<b>Section 7</b>	<b><i>Joint Administrators’ time costs for the period 1 March 2015 to 15 September 2015</i></b>	<b>12</b>

# ***Section 1 Purpose of the Joint Administrators’ final progress report***

## ***Introduction***

The Joint Administrators (“the Administrators”) are pleased to provide their final progress report on the Administration of LB UK Financing Limited (“LBUKF” or the “Company”) pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986 (“IR86”).

The Administrators are required to provide a summary of their proposals, which is shown in Section 3 of this report. The Administrators are also required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is shown in Section 4 of this report.

Details of the steps taken by the Administrators and the outcome of the Administration are set out below.

## ***Objectives of the Administration***

The Administrators have been pursuing the objective of achieving a better result for the Company’s creditors as a whole than would be likely if LBUKF were wound up (without first being in Administration).

The specific aims of the Administration were to protect, control and realise the Company’s investment in its subsidiary, LB SF No.1 (“LBSF”), for the benefit of the unsecured, non-preferential creditors.

The Administrators have determined that the objective of the Administration has now been achieved.

## ***Outcome for creditors***

On 24 June 2013, the Court ordered that the Administrators be permitted to make distributions to its unsecured, non-preferential creditors.

During the Administration, the Administrators have made two dividends by way of payment netting totalling £239.97m, distributions in specie totalling £428.00m and declared and paid seven cash distributions totalling £461.28m to the Company’s sole creditor, Lehman Brothers Holdings Inc (“LBHI”).

Further detail regarding the Netting Agreements, distributions in specie and cash distributions is provided in Section 2 of this report.

## ***Changes in officeholder***

Creditors may recall that upon an application to the High Court of Justice, an order was made on 30 November 2009 that SA Pearson and MJA Jervis be appointed as Joint Administrators of LBUKF.

A further order was made on 22 March 2013 that GE Bruce and JG Parr be appointed Joint Administrators and that DY Schwarzmann and MJA Jervis cease to act as Administrators of the Company.

## ***Exit route from Administration.***

In accordance with Paragraph 84, Schedule B1 of the Insolvency Act 1986 (“IA86”) and as envisaged by the Administrators’ proposals, which were approved by creditors on 10 December 2008, a notice will be filed at the Registrar of Companies to move LBUKF from Administration to dissolution. The Company will be dissolved three months after registration of the notice.

---

## ***Discharge***

In accordance with the Administrators' proposals, which were approved by creditors on 10 December 2008, the Administrators have made an application to the Court to obtain their discharge from liability following the end of the Administration.

On 29 June 2015, the Court duly granted an order that the Joint Administrators be discharged from liability in respect of any action of theirs as Administrators after 28 days from the date of ceasing to act.

Signed:

A handwritten signature in dark ink, appearing to read 'G. Bruce', written in a cursive style.

GE Bruce  
Joint Administrator  
LB UK Financing Limited

*AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr were appointed as Joint Administrators of LB UK Financing Limited to manage its affairs, business and property as agents without personal liability.*

*AV Lomas, SA Pearson, DA Howell, GE Bruce 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

### Overview

LBUKF acted as the holding company and funding vehicle for LBSF. LBSF and its subsidiaries invested in a variety of performing and non-performing loan portfolios.

### Administrators' actions to date

The Administrators' actions during the period of the Administration to 1 April 2015 have been detailed in previous progress reports. These actions are set out in summary below by their asset classes.

### Distributions received from subsidiary

The Company's most significant asset was its investment in LBSF. LBSF was placed into Creditors' Voluntary Liquidation on 3 October 2013, having paid its admitted unsecured creditors in full, plus statutory interest.

Following its move into Liquidation, LBSF made a number of cash distributions and a distribution in specie to LBUKF, which is explained in greater detail below.

After a final distribution of the remaining assets by LBSF, the liquidation was concluded on 30 January 2015. Accordingly, no further realisations will be received.

#### (i) Distributions in specie

On 4 February 2014, LBSF made a distribution in specie to LBUKF, comprising an assignment of the receivables due to LBSF from Stepstone Mortgage Funding Limited ("Stepstone") and SM Funding No.1 Limited ("SMF") with an aggregate value of €208.99m.

Stepstone is an Irish mortgage lender which has continued to trade with a view to enhancing the overall recoveries of its loans. No recoveries had been received by LBSF prior to the assignment.

In September 2014, LBSF assigned its \$2.88bn claim against Lehman Brothers Holdings Inc ("LBHI") to LBUKF. This transaction is described in further detail in the Netting Agreement section of this report.

On 19 December 2014, a further distribution in specie was made to LBUKF of the intercompany debtor claims due from Lehman Commercial Mortgage Conduit Limited ("LCMC"), Cherry Tree Mortgages Limited ("Cherry Tree") and Zestdew Limited ("Zestdew") as set out below.

Date	Receivable	Distribution in specie		
		£m	€m	\$m
Feb-14	Stepstone & SMF		208.99	
Sep-14	LBHI			2,875.04
Dec-14	LCMC	239.93		
Dec-14	Cherry Tree	25.25		
Dec-14	Zestdew	13.84		
		<b>278.02</b>	<b>208.99</b>	<b>2,875.04</b>

#### (ii) Cash distributions

In March 2014, LBSF made a first cash distribution of \$143m to LBUKF. In September 2014, LBSF made two further cash distributions totalling £284.27m.

In January 2015, LBUKF received a final cash distribution of £69.09m from LBSF.

### Distributions paid to LBUKF's unsecured creditor

#### (i) Netting agreement

Creditors may recall that LBSF had an admitted claim for c\$2.88bn in the estate of LBHI. In turn, LBHI had an admitted claim of c.£2.14bn in the Administration of LBUKF. This gave rise to a circularity of cashflow the 'roundtripping' issue, whereby cash received by LBSF from LBHI was paid to LBUKF by way of a shareholder distribution and ultimately returned to LBHI as the sole creditor of LBUKF.

In order to prevent roundtripping in future distributions, LBUKF entered into two separate netting agreements with LBHI, one dated 4 September 2014 and a second dated 11 September 2014 (the "Netting Agreements").

Pursuant to the Netting Agreement dated 4 September 2014, LBUKF paid £170.91m, equating to 7.970 pence in the £ by way of payment netting to its unsecured creditor, together with the third interim dividend.

In accordance with the Netting Agreement dated 11 September 2014, on 13 October 2014 the Company paid a fourth interim dividend of £69.06m, equating to a 3.220 pence in the £, by way of payment netting.

Date	Netting	
	£m	p/£
Sep-14	170.91	7.970
Oct-14	69.06	3.220
	<b>239.97</b>	<b>11.190</b>

### Distribution in specie

In February 2015, LBUKF made a distribution in specie of £244.88m to LBHI, comprising the receivable due from LBHI and representing a dividend of 11.430 pence in the £.

In July 2015, a further distribution in specie with an estimated realisable value of £183.13m was made to LBHI, comprising the receivables due from Stepstone, SMF, LCMC, Cherry Tree and Zestdew.

		Distribution in specie	
		£m	p/£
Feb-15	LBHI	244.88	11.430
Jul-15	Stepstone & SMF	148.53	
	LCMC	32.80	
	Cherry Tree	1.20	
	Zestdew	0.60	
	Subtotal	183.13	8.545
		<b>428.01</b>	<b>19.975</b>

### Cash distributions

Total cash distributions paid during the Administration are summarised below:

Date	Cash	
	£m	p/£
Oct-13	1.89	0.088
Mar-14	62.90	2.935
Sep-14	286.12	13.350
Oct-14	10.10	0.470
Feb-15	*98.23	4.58
Jul-15	1.00	0.047
Sept-15	1.04	0.0487
	<b>461.28</b>	<b>21.5187</b>

\*GBP equivalent

During the period, on 6 July 2015, LBUKF paid a sixth interim cash distribution of £1m, equating to 0.047p in the £. A further, final cash distribution of £1.04m (0.0487p in the £), was paid to LBUKF's unsecured, non-preferential creditor on 2 September 2015.

During the course of the Administration, the Administrators have declared and paid cash distributions to the Company's unsecured creditor totalling £461.28m.

In total, LBUKF has made distributions of £1.129bn, equating to 52.6837 pence in the £.

### Pension liability

As previously reported, following a settlement agreement with the pension scheme trustees and all other potential FSD targets, which became effective on 18 August 2014, LBUKF no longer has a potential liability to the pension scheme and accordingly it has been possible to release its reserve against a possible liability to the Lehman Brothers Pension Scheme under a Financial Support Direction.

As part of the settlement, the Company contributed to certain legal costs of the pension scheme trustees and the Pensions Regulator. The Company has not contributed to the cost of funding pension benefits under the settlement, which is being discharged by other Lehman companies.

LBUKF settled pension related legal costs on behalf of other entities and following the recharge of these costs, LBUKF has recently received £927k from these entities in settlement.

### Tax

LBUKF has received £983k in the reporting period for the sale of tax losses to other Group companies, bringing the total received in the course of the Administration to £3.15m.

A total of £24k has also been received in relation to a recharge of tax function costs.

---

## *Section 3 Summary of the Joint Administrators' proposals*

The following proposals for achieving the purposes of the Administration were approved by the Company's creditors on 10 December 2008, with no modifications.

1. The Administrators will continue to manage and finance the business, affairs and property from asset realisations in such manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company had been immediately liquidated.
2. The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985, the Companies Act 2006 or the IA86 or otherwise. In addition, the Administrators shall do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals.
3. The Administrators will at their discretion establish in principle the claims of the unsecured creditors for adjudication by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme or arrangement and the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration
4. The Administrators may at their discretion make an application to Court for permission to make distributions to unsecured creditors under Paragraph 65(3) Schedule B1 IA86.
5. A creditors' committee will be established for the Company if sufficient creditors are willing to act on the relevant committee. The Administrators propose to seek the election of a creditors' committee and to consult with them from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committee to a proposed action rather than convening a meeting of all creditors.
6. The Administrators will consult with the creditors' committee concerning the necessary steps to extend the Administration beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to court or seek consent from the appropriate classes of creditors for an extension.
7. The Administrators may use any one or a combination of "exit route" strategies in order to bring the Administration to an end. The Administrators wish to retain a number of the options which are available to them, including:
  - a) The Administrators may formulate proposals for a scheme of arrangement under Section 899 of the Companies Act 2006 and if so ordered by the court will put them to meetings of the various classes of creditors. If the scheme of arrangement is approved and sanctioned by the court, the Administration will be brought to an end by notice to the Registrar of Companies on completion of the Administration under Paragraph 84 Schedule B1 IA86, following registration of which the Company will be dissolved three months later, OR
  - b) The Administrators may place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that AV Lomas, MJA Jervis and DA Howell be appointed as Joint Liquidators and any act required or authorised to be done by either any or all of them. In accordance with Paragraph 83(7) Schedule B1 IA86 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, OR
  - c) The Administrators may formulate proposals for a company voluntary arrangement ("CVA") and put them to a meeting of the Company's creditors and shareholders for approval. If the CVA is approved, the Administration will be brought to an end by notice of the Registrar of Companies on completion of the Administration under Paragraph 84 Schedule B1 IA86, following registration of which the Company will be dissolved three months later, OR

- 
- d) The Administrators may apply to the Court to allow the Administrators to distribute surplus funds to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Schedule B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any Order of the Court.
8. The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 IA86 in respect of any action of their as Administrators at a time determined by the Court.
9. The Administrators fees will be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff to their firm's usual charge-out rates for work of this nature and that disbursements for services provided by the Administrators own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead.



## Section 4 Statutory and other information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 8604 of 2008
<i>Full name:</i>	LB UK Financing Limited
<i>Trading name:</i>	LB UK Financing Limited
<i>Registered number:</i>	05729776
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors:</i>	D Gibb (resigned 17/07/09), IM Jameson (resigned 17/07/09), AJ Rush (resigned 28/10/08)
<i>Company secretary:</i>	ESE Upton (resigned 25/01/10), P Dave (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary:</i>	None of the directors own shares in the Company
<i>Date of the Administration appointment:</i>	2 October 2008
<i>Current Administrators' names and addresses:</i>	AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Appointer's name and address:</i>	The original appointment of Administrators was made by the directors of the Company, 25 Bank Street, London E14 5LE
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for creditors as a whole than would be likely if the Company was 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 High Court of Justice has granted four successive extensions to the Administration period to: 30 November 2010, 30 November 2011; 30 November 2013 and most recently to 30 November 2015
<i>Proposed end of the Administration:</i>	Dissolution
<i>Estimated dividend for unsecured creditors:</i>	The Administrators have declared and paid seven distributions to the unsecured creditors with an equivalent value of c£1.129bn, equating to 52.6837 pence in the £. No further dividends will be made.
<i>Estimated values of the prescribed part and net property:</i>	Not applicable as there is no qualifying floating charge
<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 these are the main proceedings

---

## ***Section 5 Financial Information***

### ***Receipts and payments account***

An account of the final receipts and payments in the Administration for the period to 18 September 2015, is set out in Section 6.

### ***Administrators' remuneration***

Unsecured creditors previously resolved that the Administrators' remuneration be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators have drawn remuneration totalling £1,003,417 in respect of time costs up to 15 September 2015.

Attached at Section 7, is a summary of the Administrators' time costs for the period 1 March 2015 to 15 September 2015, presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed. Time costs for this period total £152,023 plus VAT, which comprises 406 hours at an average hourly rate of £375. Details of time costs incurred in earlier periods have been provided in earlier reports.

# Section 6 Final Receipts and Payments Account

		As at 29 September 2015 GBP (£)	Movements GBP (£)	As at 1 April 2015 GBP (£)	As at 29 September 2015 USD (\$)	Movements USD (\$)	As at 1 April 2015 USD (\$)	As at 29 September 2015 EUR(€)	Movements EUR(€)	As at 1 April 2015 EUR(€)
	Note									
<b>Receipts</b>										
Shareholder distribution from LB SF No.1		353,356,576	-	353,356,576	143,912,929	-	143,912,929	-	-	-
Distribution received from Stepstone Mortgage Funding Limited		-	-	-	-	-	-	27,365,066	-	27,365,066
Sale of shares in subsidiaries		4	-	4	-	-	-	-	-	-
VAT refunds	1	-	-	-	-	-	-	-	-	-
Recharge of tax function costs		23,827	-	23,827	-	-	-	-	-	-
Recharge of pension legal fees incurred by LB SF No. 1		376,929	-	376,929	-	-	-	-	-	-
Recharge of pension legal fees incurred by LB UK Financing Ltd		927,294	927,294	-	-	-	-	-	-	-
Bank interest		43,446	-	43,446	-	-	-	-	-	-
Sale of tax losses		3,152,337	982,996	2,169,341	-	-	-	-	-	-
<b>Total Receipts</b>		<b>357,880,413</b>	<b>1,910,290</b>	<b>355,970,123</b>	<b>143,912,929</b>	-	<b>143,912,929</b>	<b>27,365,066</b>	-	<b>27,365,066</b>
<b>Payments</b>										
Legal fees		532,515	197,058	335,457	-	-	-	-	-	-
Pension related legal costs		1,184,549	-	1,184,549	-	-	-	-	-	-
Employee costs		125,041	25,548	99,493	-	-	-	-	-	-
Shared occupancy costs		8,254	(3,366)	11,620	-	-	-	-	-	-
IT costs		5,741	-	5,741	-	-	-	-	-	-
Purchase of shares in subsidiaries		4	-	4	-	-	-	-	-	-
Loan to Lehman Brothers Limited in respect of VAT costs		428	-	428	-	-	-	-	-	-
Joint Administrators' remuneration		1,003,417	318,532	684,885	-	-	-	-	-	-
Joint Administrators' Category 1 disbursements		389	-	389	-	-	-	-	-	-
Joint Administrators' Category 2 disbursements		40,000	40,000	-	-	-	-	-	-	-
Statutory advertising		69,870	20,833	49,037	-	-	-	-	-	-
Pension related costs		25,570	-	25,570	-	-	-	-	-	-
VAT irrecoverable		539,121	110,068	429,053	-	-	-	-	-	-
<b>Total Payments</b>		<b>3,534,899</b>	<b>708,673</b>	<b>2,826,226</b>	-	-	-	-	-	-
<b>Intracompany Transfers</b>										
Receipt		23,735,132	-	23,735,132	-	-	-	-	-	-
Payment		-	-	-	(39,427,079)	-	(39,427,079)	-	-	-
<b>Total receipts less total payments</b>		<b>378,080,646</b>	<b>1,201,617</b>	<b>376,879,029</b>	<b>104,485,850</b>	-	<b>104,485,850</b>	<b>27,365,066</b>	-	<b>27,365,066</b>
<b>Distributions to unsecured creditors</b>										
1st dividend of 0.088p in the £, declared in October 2013		(1,886,054)	-	(1,886,054)	-	-	-	-	-	-
2nd dividend of 2.935p in £, declared in March 2014		-	-	-	(104,485,850)	-	(104,485,850)	-	-	-
3rd dividend of 13.350p in the £, declared September 2014	2	(286,123,022)	-	(286,123,022)	-	-	-	-	-	-
4th dividend of 0.470p in the £, declared in October 2014	2	(10,099,412)	-	(10,099,412)	-	-	-	-	-	-
5th dividend of 4.583p in the £, declared in February 2015	3	(77,927,546)	-	(77,927,546)	-	-	-	(27,365,066)	-	(27,365,066)
6th dividend of 0.047p in the £, declared in July 2015	4	(1,000,016)	(1,000,016)	-	-	-	-	-	-	-
7th dividend of 0.0487p in the £, declared in July 2015		(1,044,596)	(1,044,596)	-	-	-	-	-	-	-
<b>Total distributions</b>		<b>(378,080,646)</b>	<b>(2,044,612)</b>	<b>(376,036,034)</b>	<b>(104,485,850)</b>	-	<b>(104,485,850)</b>	<b>(27,365,066)</b>	-	<b>(27,365,066)</b>
<b>Total receipts less total payments and distributions</b>		<b>-</b>	<b>(842,995)</b>	<b>842,995</b>	-	-	-	-	-	-
<b>Cash Balances</b>										
HSBC (non-interest bearing)		-	(842,995)	842,995	-	-	-	-	-	-
Money markets		-	-	-	-	-	-	-	-	-
<b>Total Cash</b>		<b>-</b>	<b>(842,995)</b>	<b>842,995</b>	-	-	-	-	-	-

1. Due to the nature of the Company's former business it is not entitled to recover VAT on its costs, therefore, funds previously received from Lehman Brothers Limited were repaid in the prior period.

2. Pursuant to the Netting Agreement dated 4 September 2014, the Company paid £170.91m, equating to 7.970 pence in the £ by way of payment netting to its unsecured creditor, together with the third interim dividend. Also in October 2014, the Company paid a fourth interim dividend of £69.06m, equating to a 3.220 pence in the £, by way of payment netting.

3. In February 2015, LBUKF also made a distribution in specie of £244.8m to LBHI, representing the value of the receivable due from LBHI and equivalent to a dividend of 11.430 pence in the £.

4. In July 2015, LBUKF also made a distribution in specie of £183.1m to LBHI, representing the value of the receivables due from Stepstone Mortgage Funding Ltd, SM Funding No. 1 Limited, Cherry Tree Mortgages Ltd, Zestdew Ltd and Lehman Commercial Mortgage Conduit Ltd and equivalent to a dividend of 8.545 pence in the £.

## Section 7 Joint Administrators' time costs for the period 1 March 2015 to 15 September 2015

Classification of Work	Partner/Director Hours	£	Senior Manager/Manager Hours	£	Senior Associate Hours	£	Associate/Support Staff Hours	£	Total Hours	£
Accounting and Treasury	0.10	69	10.55	4,841	20.45	6,436	40.00	9,226	71.10	20,572
Strategy and Planning	22.90	17,684	26.50	11,606	47.15	16,815	7.85	1,803	104.40	47,908
Creditors	5.90	4,541	3.00	1,293	-	-	-	-	8.90	5,834
Statutory and Compliance	10.85	8,856	31.20	13,633	97.60	32,872	61.95	14,339	201.60	69,700
Tax and Vat	2.20	2,134	2.55	1,591	4.95	1,491	1.77	298	11.47	5,514
LBL/LBIE Recharges	0.67	445	0.83	342	3.80	1,013	3.09	695	8.39	2,495
<b>Grand Total</b>	<b>42.62</b>	<b>33,729</b>	<b>74.63</b>	<b>33,306</b>	<b>173.95</b>	<b>58,627</b>	<b>114.66</b>	<b>26,361</b>	<b>405.86</b>	<b>152,023</b>
<b>Average Hourly Rate</b>		<b>791</b>		<b>446</b>		<b>337</b>		<b>230</b>		<b>375</b>

Current charge out rates	Business Recovery Services		Specialist		The Administrators' remuneration has been fixed by reference to the time properly given by the Joint Administrators and their staff in matters arising in the Administration. The minimum unit for time charged by the Joint Administrators and their staff is 0.05 of an hour.
	Max £/hr		Max £/hr		
Grade	From 1 January 2015	From 1 July 2015	From 1 January 2015	From 1 July 2015	
Partner	873	899	1,225	1,262	* Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a small number of hours, should we require their expert advice. Their rates do vary, however, the figures shown given an indication of the maximum rate per hour. In common with all professional firms, the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflation cost increase) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.
Director	765	788	1,076	1,108	
Senior manager	512	527	905	932	
Manager	431	444	660	680	
Senior Associate	360	271	490	505	
Associate/Support Staff	229	236	228	235	

## ***Narrative of the Joint Administrators' time costs for the period 1 March 2015 to 15 September 2015***

### ***Accounting and treasury - £20,572***

- Managing investments on the money market;
- Mitigating risk on investments;
- Reconciliation of bank accounts; and
- Undertaking receipts and payments of funds and coding of movements.

### ***Strategy and planning - £47,908***

- Meetings with stakeholders;
- Discussions regarding strategy for the Administration;
- Reviewing financial information and intercompany relationships;
- Discussion regarding exit strategy and relationship with subsidiary companies; and
- Dealing with case closure matters, including sixth interim and final distributions and the final distribution in specie.

### ***Creditors – £5,834***

- Review of intercompany claims;
- Review and maintenance of claim file; and
- Correspondence with creditor.

### ***Statutory and compliance – £69,700***

- Preparation of the Administrators' 13th progress report and final progress report;
- Circulating progress report to creditors;
- Statutory filings at Companies House and Court;
- Preparing receipts and payments account;
- Preparing detailed remuneration summary;
- Preparing Administrators' six monthly milestone review summary;
- Liaising with Administrators on statutory issues;
- Preparation and payments of sixth interim and final distributions;
- Final report to closure;
- Preparing statutory filings for case closure; and
- Maintaining case files and the LBUKF database.

### ***Tax and VAT - £5,514***

- Tax compliance;
- Reviewing tax implications of roundtripping proposal and distribution in specie;
- Preparing tax computations;
- Dealing with tax and VAT queries;
- Preparation of VAT returns;
- Co-ordinating the sale of tax losses; and
- Preparing tax strategy for closure of LBUKF, including seeking tax clearance.

### ***LBL / LBIE recharges - £2,495***

- This is an apportionment of the costs incurred by Lehman Brothers Limited and Lehman Brothers International (Europe) associated with the administration companies.