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

Joint Administrators' progress  
report for the period 2 October 2010  
to 1 April 2011

21 April 2011

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# ***Section 1 Purpose of the Joint Administrators' progress report***

## ***Introduction***

This is the fifth progress report by the Joint Administrators of LB UK Financing Limited ("LBUKF" or the "Company").

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 1 April 2011.

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

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

The specific aim of this Administration is to protect, control and realise the Company's investments in its subsidiary, for the benefit of the unsecured creditors of LBUKF.

## ***Outcome for creditors***

Owing to the complexity of the intercompany relationships and the impact of insolvency on the subsidiary, the Administrators remain uncertain of the timing and quantum of any dividend to unsecured creditors.

As previously advised, the Pensions Regulator listed LBUKF as one of the Lehman companies from which it was seeking a Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme.

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that a Financial Support Direction should not be issued against LBUKF. However, as the FSD legal process has not yet been completed, the Administrators are not certain at this stage that LBUKF will not have liability under a FSD. Accordingly, the Administrators have written to the trustees of the pension scheme in order to obtain clarification on

whether a liability under an FSD will ever fall to LBUKF.


## ***Extension of the administration***

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2011. In light of the outstanding pension issue, the Administrators are expecting to apply to Court for a further extension to the Administration in due course.

## ***Future reports***

The Administrators will next report to creditors in approximately six months.

Signed:



DA Howell  
Joint Administrator  
LB UK Financing Limited

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## ***Section 2 Joint Administrators' actions to date***

### ***Overview***

LBUKF acted as the holding company and funding vehicle for LB SF No 1 ("LBSF"). LBSF and its subsidiaries invested in a variety of performing and non-performing loan portfolios.

### ***Administrators' actions to date***

The Administrators are monitoring the only material asset of the Company, its investment in LBSF. The level of realisations within LBSF will determine the final level of realisations of LBUKF.

In the period to 1 April 2011, the Administrators have realised recharged tax function costs of £24k. The tax function costs are a reallocation of costs, which are currently unbilled, incurred by a centralised tax team.

## Section 3 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>Administrators' names and addresses:</i>	AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell, of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<i>Appointer's name and address:</i>	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 any or all of the Joint Administrators may be done by any 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 2011.
<i>Proposed end of the Administration:</i>	The Administrators are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them.
<i>Estimated dividend for unsecured creditors:</i>	It is too early to estimate the likely dividend for unsecured creditors.
<i>Estimated values of the prescribed part and LBUKF's net property:</i>	There is no prescribed part 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 does apply to this Administration and these are the main proceedings.

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## ***Section 4 Financial Information***

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

No remuneration has been drawn to date as this may only be drawn when appropriate approval has been received. The Administrators propose to request such approval from creditors in due course.

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

Set out in Section 5 of this report is a receipts and payments account for LBUKF, for the period from 2 October 2010 to 1 April 2011.

## Section 5 Receipts and Payments Account

	As at 1 April 2011 GBP (£)	As at 1 October 2010 GBP (£)	Movements GBP (£)
Receipts			
Recharge of tax function costs	23,563	-	23,563
Loan from LBIE	1,123	1,123	-
<u>Total Receipts</u>	<u>24,686</u>	<u>1,123</u>	<u>23,563</u>
Payments			
Statutory advertising	967	967	-
VAT Paid	156	156	-
<u>Total Payments</u>	<u>1,123</u>	<u>1,123</u>	<u>-</u>
<u>Net Position</u>	<u>23,563</u>	<u>-</u>	<u>23,563</u>
Cash Balances			
HSBC	23,563	-	23,563
<u>Total Cash</u>	<u>23,563</u>	<u>-</u>	<u>23,563</u>

