
LB UK Financing Limited – In Administration

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

31 October 2011

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the sixth progress report by the Joint Administrators (the "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 October 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.

Progress to date

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 Pension Scheme").

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that an FSD 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 an FSD.

Outcome for creditors

Due to the complexity of the intercompany relationships and the impact of insolvency on LBUKF's subsidiary, LB SF No1 ("LBSF"), and in turn, LBSF's subsidiaries, the Administrators remain uncertain of the timing and quantum of any dividend to unsecured creditors.

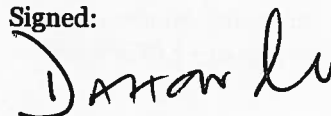
Extension of the administration

On application of the Administrators, the High Court previously made an Order to extend the period of the Administration to 30 November 2011. The Administrators are now applying to Court for a further extension of the Administration.

Future reports

The Administrators will next report to creditors in approximately six months time or when the Administration comes to an end, whichever is sooner.

Signed:



DA Howell
Joint Administrator
LB UK Financing Limited

AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell 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, DY Schwarzmann, MJA Jervis and DA Howell are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

Section 2 Joint Administrators' actions to date

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 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 October 2011, the Administrators have realised £967 from the sale of LBUKF's tax losses.

On 11 October 2011, the Administrators entered into a settlement agreement with Lehman Brothers Holdings Inc ("LBHI"), which will become effective when LBHI's Plan of Reorganisation is approved by the court and itself becomes effective. Pursuant to this agreement LBUKF has agreed the creditor claim of LBHI in the sum of \$3.8bn.

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 Schwarzmenn, MJA Jervis and DA Howell, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
<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>	The current Joint Administrators are DA Howell, AV Lomas, MJA Jervis, SA Pearson and DY Schwarzmenn of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. 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 first extension was granted by the High Court of Justice until 30 November 2010. A second extension was granted by the High Court of Justice until 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 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 4 Financial Information

Administrators' remuneration

In August 2011, the Administrators requested consent from the creditors of the Company for the Administrators' remuneration to be fixed by reference to the time properly given by them and the various grades of their staff, and that they be authorised to draw their remuneration from time to time. The Administrators are currently awaiting formal confirmation from the creditors. Accordingly, no remuneration has yet been drawn.

Receipts and payments account

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

During this period LBUKF repaid the small loan of £1,123 it had borrowed from LBIE to deal with its statutory obligations.

Net receipts to 1 October 2011 amount to £18,562.

Section 5 Receipts and Payments Account

	As at 1 October 2011 GBP (£)	As at 1 April 2011 GBP (£)	Movements GBP (£)
Receipts			
Recharge of tax function costs	23,563	23,563	-
Sale of tax losses	967	-	967
Loan from LBIE	1,123	1,123	-
Total Receipts	25,653	24,686	967
Payments			
Repay loan from LBIE	1,123	-	1,123
Legal fees	3,751	-	3,751
Employee costs	1,094	-	1,094
Statutory advertising	967	967	-
VAT Paid	156	156	-
Total Payments	7,091	1,123	5,968
Net Position	18,562	23,563	(5,001)
Cash Balances			
HSBC (non-interest bearing)	18,562	23,563	(5,001)
Total Cash	18,562	23,563	(5,001)

The Insolvency Act 1986

Administrators' progress report

Name of Company LB UK Financing Limited	Company number 05729776
In the High Court of Justice, Chancery Division [full name of court]	Court case number 8604 of 2008

(a) Insert full name(s) and
address(es) of
administrator(s)

We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann,
Michael John Andrew Jervis and Derek Anthony Howell of

PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

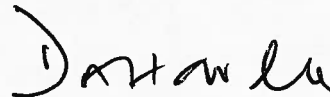
from

to

(b) 2 April 2011

(b) 1 October 2011

Signed



Joint Administrator

Dated

31 October 2011

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

PricewaterhouseCoopers LLP

7 More London Riverside, London SE1 2RT

Tel 0207 583 5000

DX Number

DX Exchange

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

