



To all known creditors

26 April 2012

Our Reference: DAH/AGW/CSK/ P11-4

Dear Sirs

Lehman Brothers UK Holdings Limited – in Administration (the “Company”)

Pursuant to Rule 2.47 of the Insolvency Rules 1986, I attach a copy of the Joint Administrators’ seventh report on the progress of the Administration for the six months ended 28 March 2012, together with a copy of Form 2.24B.

Yours faithfully
For and on behalf of the Company

A handwritten signature in black ink that reads 'DA Howell'. The signature is written in a cursive style with a long horizontal stroke extending to the right.

DA Howell
Joint Administrator

AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell were appointed as Joint Administrators of Lehman Brothers UK Holdings 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.

PricewaterhouseCoopers LLP, 7 MoreLondon Riverside, London SE1 2RT
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The Insolvency Act 1986

Administrators' progress report

Name of Company Lehman Brothers UK Holdings Limited	Company number 02074637
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In the High Court of Justice, Chancery Division	Court case number 8445 of 2008
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(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
Administrator(s) of the above company attach a progress report for the period

from

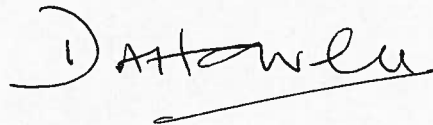
to

(b) 29 September 2011

(b) 28 March 2012

(b) Insert dates

Signed



Joint Administrator

Dated

26 April 2012

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

Lehman Brothers UK Holdings Limited – In Administration

Joint Administrators' progress
report for the period 29 September
2011 to 28 March 2012

26 April 2012

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the seventh progress report by the Joint Administrators (the "Administrators") of Lehman Brothers UK Holdings Limited ("LBUKH" 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 28 March 2012.

Objectives of the Administration

The Administrators are pursuing the objective of achieving a better result for the creditors of LBUKH 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 and control any return on the Company's investments in subsidiaries and intercompany book debts, for the benefit of the unsecured creditors of LBUKH.

Outcome for creditors

Due to the complexity of the intercompany relationships and the impact of insolvencies on intercompany debtor and creditor balances, the Administrators remain uncertain of the timing and quantum of any dividend to unsecured creditors.

Pension Liability

In July 2011 the Court of Appeal heard the Joint Administrators' appeal against a Financial Support Direction ("FSD") ranking as an expense of the Administration. The Court of Appeal Judgment was handed down on 14 October 2011 and upheld the original decision.

The Court of Appeal gave leave for appeal to the Supreme Court and that appeal has now been filed. The Administrators have been advised that the Supreme Court hearing has been listed for May 2013.

The Upper Tribunal hearing to review the findings of the Pensions Regulator Determination Panel that LBUKH should be subject to an FSD has been stayed and is likely to remain so until the Supreme Court appeal is heard.

It will therefore be a significant period of time before any potential liability against the Company can be quantified.

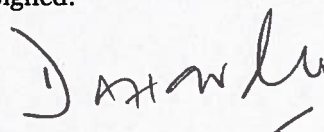
Extension of the administration

On the application of the Administrators, the High Court made an Order to extend the period of the Administration to 30 November 2013.

Future reports

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

Signed:



DA Howell
Joint Administrator
Lehman Brothers UK Holdings Limited

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Section 2 Joint Administrators' actions to date

Overview

LBUKH acted as the holding company and funding vehicle for Lehman Brothers Holdings plc ("LBH") and Lehman Brothers (PTG) Limited relying on the provision of monies from its parent Lehman Brothers Luxembourg Investments S.A.R.L.

Administrators' actions to date

In the period the Administrators have realised a further £240 in respect of recharges of tax function costs.

On 24 October 2011, the Administrators entered into a settlement agreement with Lehman Brothers Holdings Inc ("LBHI") and certain other affiliates previously subject to Chapter 11 proceedings in the USA in conjunction with other UK affiliates. The Plans of Reorganisation became effective on 6 March 2012 following approval from court. Pursuant to this agreement LBUKH had its guarantee claim against Lehman Brothers Holdings Inc ("LBHI") agreed at \$608,943,967 and its direct claim agreed at \$10,645.

The first distribution of 4.5c in the \$ from LBHI was made on 17 April 2012, after the period covered by this report and LBUKH received c.\$27.4m.

Outstanding matters

The Administrators will continue their work to realise the intercompany investments and debtors of LBUKH. This will include providing evidence in support of claims to its debtors.

Section 3 Statutory and other Information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 8445 of 2008
<i>Full name:</i>	Lehman Brothers UK Holdings Limited
<i>Trading name:</i>	Lehman Brothers UK Holdings Limited
<i>Registered number:</i>	02074637
<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) and AJ Rush (resigned 28/10/08).
<i>Company secretary:</i>	M Smith (resigned 25/01/10), P Dave (resigned 25/01/10), ESE Upton (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary:</i>	None of the directors own shares in LBUKH
<i>Date of the Administration appointment:</i>	29 September 2008
<i>Administrators' names and addresses:</i>	AV Lomas, SA Pearson, DY Schwarzmann, 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 LBUKH's creditors as a whole than would be likely if LBUKH 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 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 a further extension to the Administration to 30 November 2013.
<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 LBUKH'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.

Section 4 Financial Information

Administrators' remuneration

In August 2011, the Administrators requested and received consent from the creditors of the Company for the Administrators' time costs to be fixed by reference to the time properly given by them and the various grades of their staff.

The Administrators also requested that they be authorised to draw their remuneration from time to time. However the Administrators have not yet received formal confirmation from creditors that they may do so.

Attached at Section 6 is a summary of the Administrators' time costs for the period 1 May 2011 to 29 February 2012, presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed. Creditors have previously been provided with details of the Administrators' time costs for the period 29 September 2008 to 30 April 2011.

Total time costs for the period 1 May 2011 to 29 February 2012 are £37,985, which comprises 111.88 hours at an average hourly rate of £339.52. Unbilled timecosts since the date of administration total £206,825.

Rate increase

The Administrators have applied an inflationary increase to charge out rates. It is the third increase to rates since appointment and has been put in place with effect from 1 January 2012. Details of increased rates are set out in Section 6.

Receipts and payments account

A loan has been made from LBUKH to a Lehman group Company to cover costs of completing the VAT returns from commencement of administration to date.

An account of Receipts and Payments is shown in Section 5.

Net receipts to 28 March 2012 amount to £34,803.

Section 5 Receipts and Payments Account

	As at 28 March 2012 GBP (£)	Movements GBP (£)	As at 29 September 2011 GBP (£)
Receipts			
Book debts	10,753	-	10,753
Recharge of tax function costs	33,073	240	32,833
Tax repayment	5,735	-	5,735
Interest	585	-	585
Total Receipts	50,146	240	49,906
Payments			
Legal Fees	9,464	5,194	4,270
Payment for tax losses	3,160	-	3,160
Employee costs	1,487	734	753
Loan to Lehman Brothers Limited in respect of VAT costs	1,128	1,128	-
Input VAT	104	-	104
Total Payments	15,343	7,056	8,287
Net Position	34,803	(6,816)	41,619
Cash Balances			
HSBC (non-interest bearing)	34,803	(6,816)	41,619
Total Cash	34,803	(6,816)	41,619

Section 6 Joint Administrators' time costs for the period 1 May 2011 to 29 February 2012

Joint administrators' time costs for the period 1 May 2011 to 29 February 2012

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total hours	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	-	-	0.10	41	2.75	791	6.48	1,401	9.33	2,233
Administration and Planning	4.10	3,280	5.20	2,327	16.70	5,401	5.05	1,067	31.05	12,075
Asset realisations	-	-	9.60	4,437	5.00	1,609	-	-	14.60	6,046
Statutory and Compliance	-	-	1.40	658	26.65	7,123	4.80	1,681	32.85	9,462
Tax and VAT	0.80	712	6.20	3,040	4.80	1,545	7.00	1,420	18.80	6,717
LBL Recharges	0.08	54	2.30	838	1.79	406	1.08	154	5.25	1,452
Grand Total	4.98	4,046	24.80	11,341	57.69	16,875	24.41	5,723	111.88	37,985

Current charge out rates Grade	Business Recovery Services				Specialist	
	Max £/hr		Max £/hr		Max £/hr	
	To 31 Dec 11	From 1 Jan 12	To 31 Dec 11	From 1 Jan 12	From 1 Jan 12	From 1 Jan 12
Partner	800	838	980	1,027		
Director	610	639	890	932		
Senior manager	470	492	830	869		
Manager	395	414	605	634		
Senior Associate	330	346	330	389		
Associate/Support Staff	210	220	195	204		

The Administrators' remuneration has been fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration.

* 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 give 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.

Narrative of the Joint Administrators' time costs for the period 1 May 2011 to 29 February 2012

Accounting and treasury - £2,233

- Undertaking receipts and payments;
- Processing of payroll; and
- Prepare bank reconciliations.

Administration and planning - £12,075

- Discussions regarding flow of funds through the subgroup;
- Review of intercompany relationships;
- Discussions regarding strategy for the administration;
- Applying to court to extend period of administration; and
- Corresponding with creditors in relation to resolutions for Administrators' remuneration.

Asset Realisations - £6,046

- Time spent submitting and agreeing claim in LBHI; and
- Agreeing and implementing the Plan of Reorganisation.

Reporting, Statutory and other compliance – £9,462

- Preparation of Administrators' extension and sixth progress reports;
- Circulate progress report to creditors;
- Statutory filings at Companies House and Court;
- Prepare receipts and payments account for reports to creditors;
- Prepare detailed remuneration summary;
- Analyse timesheets for completeness and accuracy;
- Fee analysis and preparing billing paperwork;
- Manage the LBUKH database; and
- Liaise with Administrators on statutory issues.

Tax and VAT - £6,717

- Dealing with tax and VAT queries; and
- Preparation of Corporation Tax returns.

LBL recharges - £1,452

- This is an apportionment of the costs incurred by Lehman Brothers Limited associated with the administration companies.