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# ***Lehman Brothers Limited – In Administration***

Joint Administrators' progress  
report for the period 15 September  
2012 to 14 March 2013

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11 April 2013

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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 ninth 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 since 15 September 2012.

## ***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 are to:

- 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.

## ***Creditors' Committee***

The Administrators regularly meet with the Creditors' Committee (the 'Committee') and, to date, fourteen 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***

The Administrators will shortly commence payment of creditors with preferential unsecured claims (comprising claims for wages and holiday pay).

The Administrators are not in a position to give an estimate of the timing or quantum of any dividend to non-preferential unsecured creditors.

However, creditors should be aware that LBL is a shareholder of Lehman Brothers International (Europe) in Administration ('LBIE'), an unlimited company. LBL is therefore potentially liable for any shortfall to creditors of that estate. Clearly, this could have a significant impact on funds available to other creditors of LBL.

## ***Extension of the Administration***

As previously reported, on the application of the Administrators, the High Court granted an Order on 2 November 2011 to further extend the period of the Administration to 30 November 2013.

## ***Other Matters***

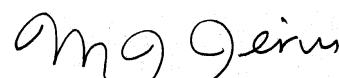
Upon the application of the Administrators, the High Court of Justice ("the Court") made an order on 22 March 2013 that JG Parr be appointed Joint Administrator and that DA Howell cease to be a Joint Administrator of the Company. Mr Howell retires as a partner of PwC on 30 April 2013.

The Court also ordered that the former Administrator shall be released from all liability pursuant to the relevant sections in the Insolvency Act 1986 in respect of his acts and omissions and otherwise in respect of his conduct as administrator of the Company and that such release will take effect 56 days after the date of this progress report. The Court gave permission for each creditor and member of the Company to apply to vary or discharge its Order by an application issued to be made within 28 days of receipt of this progress report.

## ***Future reports***

The Joint Administrators' next progress report to creditors will be sent in approximately six months.

Signed:



MJA Jervis  
Joint Administrator  
Lehman Brothers Limited

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## *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"). Part of this was the responsibility for LBL to maintain the IT and general infrastructure to support the needs of the Group. LBL was also the lessee of the former European headquarters, located at 25 Bank Street, Canary Wharf.

Throughout the Administration, LBL has continued to provide services to the other UK based Lehman Brothers Companies that are in Administration (the "Lehman Administration Companies"). LBL has recovered the associated costs of providing these services and continues to reduce the level of services provided by either discontinuing specific services, novating or transferring services to end users.

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

The teams continue to be formed around the following activities:

- Human Resources & Pensions;
- Corporation Tax and VAT;
- Intercompany;
- Affiliate company relationships; and
- Recharges.

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 together with the reduction of obligations to creditors.

Key progress from 15 September 2012 to 14 March 2013 includes:

- The Administrators have issued jointly with the Administrators of LBIE and LB Holdings Intermediate 2 Limited ("LBHI2"), the other shareholder of LBIE, an application to the UK High Court for determination of various issues in relation to the status of LBL's and LBHI2's claims against LBIE, their obligations to LBIE as shareholders, and respective rights between LBL and LBHI2. Lehman Brothers (Holdings) Inc ("LBHI") (which holds the majority interest in any recoveries made by LBHI2) and Lydian Overseas Partners Master Fund Limited ("Lydian"), an unsecured creditor of LBIE, have joined the application and Lydian has raised a further point for consideration by the Court relating to claims subject to foreign currency losses during Administration. Hearing of the application is scheduled for November 2013.
- Recovery of the penultimate corporation tax repayments from HMRC totalling £106m on behalf of the Lehman UK Group (of which LBL is entitled to retain £9m as part of the corporation tax agreement);
- £509k collected in relation to the outstanding employee-related loan and tax amounts;
- Agreement of all preferential creditor claims received to date, being 57% of the total expected; and
- The receipts and payments account on page 11 shows cash held in the six month period increasing by £2.6m.

Material events after 14 March 2013 include:

- Receipt of further distributions totalling \$14.3m from LBHI and other Affiliates subject to Chapter 11 proceedings, and
- Confirmation from Lehman Brothers Luxembourg Investments SARL ("LBLIS") that it will shortly pay \$44m to LBL in partial settlement of LBL's agreed claim of \$225m.

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## 2.1 Human Resources and Pensions

### Overview

Human Resources (“HR”) is responsible for all matters relating to the provision of ongoing ‘business as usual’ HR support to c.480 LBL employees and contractors. The cost effective management of a stable workforce continues to be critical to achieving the objectives of the Lehman entities in Administration.

### Highlights

We have retained a flexible workforce to meet resourcing requirements. 60% of the workforce are engaged on on-going contracts, 25% are on Fixed Term Contracts and 15% are contractors.

Significant progress has been made in resolving former employees’ preferential claims and payment of agreed preferential claims will commence in the next report period.

### Progress

Notable areas of progress include:

- Completed the 2012 year-end performance management process, with 100% compliance and individual performance assessed against objectives set;
- Finalised 2012 Performance Award determination, communication and payment including cash settlement of 2011 Retention Unit Awards;
- Undertook comprehensive resource review including formal review of the Fixed Term Contract population. Extensions to contracts through to 31 December 2013 offered to 86 employees;
- Implemented formal redundancy process – undertook period of consultation and a selection process before confirming redundancy for employees with roles not required beyond 31 July 2013;
- 2013 objective setting process completed for all employees to align personal objectives to Team and Administration objectives;
- Completed 2013 Target Total Compensation determination and communication process including grant of 2013 Retention Unit Awards;
- Continuation of employee development with 9 employees transferring to new roles in this

period and 50% of employees attending formal Leadership & Development opportunities;

- Continued progress with HMRC to resolve pre and post-Administration PAYE / NIC reconciliations;
- Continued progress made in the recovery of the remaining outstanding loans due to LBL from former employees, either directly or in connection with expatriate tax loans, with £509k collected in this period. A total of £6.59m has been collected overall and there is a further £1.37m in review; and
- Of the submitted preferential claims, 100% have been reviewed and admitted. However only 57% of the former employees have submitted a preferential claim.

### Issues and Challenges

The challenges to be faced by the HR workstream will be to maintain the right level of resource to meet the evolving requirements of the Lehman Administration Companies as objectives are met and workforce requirements reduce. Clear and open dialogue with the employee group is key.

Additional challenges for the next six months are:

- Effective risk management of reduction in headcount;
- Identification and retention of key employees into 2014;
- Maintaining employee focus through a period of high pressure delivery and optimisation of resource profile; and
- Pursuing former employees for claims and processing payments in respect of preferential claims admitted.

### Pensions

There has continued to be no developments in relation to the claim for £119m submitted by the Trustees of the Lehman Brothers Pension Fund in respect of the deficit in the Scheme. Work continues in seeking to establish whether LBL may be able to make recoveries in respect of the Trustees’ claim from affiliate companies which benefitted from the employment of members of the Fund.

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## 2.2 Corporation Tax and VAT

### Overview

LBL was the Group Paying Agent 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 Lehman UK tax affairs.

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 objective was largely completed in the six months ended 14 March 2013, with the receipt of the penultimate repayment from HMRC.

Ongoing key objectives for the tax team, in addition to agreement of set off issues and recovery of the final repayments of corporation tax, include:

#### 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

- Maintenance of good working relationship with HMRC to ensure pragmatic and timely resolution of issues.

### Progress

Specific progress in the period includes:

#### Corporation Tax

- To date corporation tax repayments of £484m (including interest) have been received by LBL on behalf of the Group, of which £106m was received in the six months ended 14 March 2013;
- Only one corporation tax repayment remains outstanding, which may be subject to Crown set-off i.e. reduced by PAYE liabilities due to HMRC;
- A process has been implemented to estimate the 2012 and 2013 UK Group tax position to ensure adherence to the tax quarterly payments regime. Payments on account of corporation tax were made to HMRC accordingly; and

- Submission of 2011 corporation tax returns to HMRC by 30 November 2012 deadline. Of the 79 returns required to be submitted, 3 remain outstanding and should be submitted during the next reporting period.

#### VAT

- LBL is part of a VAT group for which it is the representative member. All group VAT returns have been submitted up to the quarter ending November 2012. The February 2013 VAT return has been drafted and will be submitted shortly; and
- LBL is due a VAT repayment of £920k for the May 2012, August 2012 and November 2012 VAT quarters.

#### PAYE

- Negotiations with HMRC have progressed to the point where the HMRC claim has been agreed, however, there are ongoing discussions as to whether certain elements are an expense (ie post appointment) rather than an unsecured claim; and
- Employee Benefit Trust (EBT) – a full response to issues raised by HMRC is ready for submission.

Over the next six months the tax team will focus on the following areas:

- Preparation and finalisation of 2012 financial accounts to enable 2012 corporation tax returns to be prepared;
- Continue to review, on a quarterly basis, the tax position of the Group and make corporation tax payments to HMRC, as required;
- Finalise and submit the 2011 Group loss position to HMRC, ensuring tax leakage from the Group is minimised;
- Progress the outstanding PAYE matters to facilitate the final corporation tax repayment, after set off; and
- Meet HMRC to discuss issues on EBT submission with a view to obtaining clearance and closure.



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## 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. LBL has a high concentration of its overall Affiliate debtor balances (c.£1.1bn) in just 5 relationships. In addition LBL held guarantees from LBHI in respect of some claims against other group companies.

### Progress

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

- As creditors are aware a Plan of Reorganisation of Lehman Brothers Holdings Inc ('LBHI') and the other Affiliates in US Chapter 11 proceedings ('the US Estates'), became fully operational and binding on 6 March 2012. On 2 October 2012, LBL received \$11.3m in second distribution payments and this means a total of \$28.9m has been recovered to the end of the report period; and a further \$14.3m has been received subsequently. The total recovery from these claims remains uncertain but is anticipated to be in the region of \$55m;
- LBLIS has confirmed it will pay \$44m to LBL in partial settlement of LBL's agreed claim against LBLIS for \$225m. This payment is expected to be received shortly. The overall estimated outcome for LBL and the quantum and timing of further payments remain contingent on the recovery by LBLIS of intercompany receivables and other balances;
- LBL is currently in negotiations with Alvarez and Marsal (acting for LBHI) in respect of 85 of the US Affiliates that were not subject to Chapter 11 proceedings, with a view to agreeing a full and final settlement of the amounts outstanding. An offer has recently been received, but it is too early to advise creditors of the expected outcome; and
- As previously reported, LBL's largest claim, for £710m, is against Lehman Brothers Holdings Plc ('LBH Plc'), which is in Administration.

LBL's overall recovery from LBH Plc remains difficult to assess at this stage;

- LBL has submitted a claim in the estate of Lehman Brothers Europe Limited ('LBEL') and is currently in discussion with the Administrators of LBEL;
- LBL has also submitted a material claim in the estate of LBIE. As described in Section 2 above, the Administrators have made application to the UK High Court, jointly with LBIE and LBHI2, for determination of various issues. It is not possible to indicate what recovery may be made in relation to LBL's claim against LBIE pending the Court's decision;
- LBL has received notification from the liquidators of Lehman Brothers Treasury B.V. ("LBT") that its claim of £1.89m has been provisionally admitted, subject to the approval of the Dutch Court. On 20 March 2013, the LBT plan of composition, which envisages regular distributions, was approved by the Dutch Court. LBL is awaiting formal admittance from the Dutch liquidator in respect of its claim; and
- LBL submitted its revised claim of CHF 1 m on 7 March 2013 against Lehman Brothers Finance AG ("LBF"). Notification was received from the LBF liquidators on 21 March 2013, that the claim had been validly submitted but we await formal admittance.

The Intercompany team continues to proactively progress more than 100 smaller LBL Affiliate balances (out of c.250 identified at the commencement of the Administration) where there remains a reasonable prospect of future realisations. This includes pursuit of a number of balances outstanding from US entities, additional to the 85 companies which are included in the offer recently received.

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## ***2.4 Affiliate company relationships***

### ***Overview***

LBL continued to provide data to overseas Lehman Affiliates under the terms of agreements designed to manage risks, and to enable recovery of the costs of so doing (including a contribution to overheads). No new contracts have been entered into. During the period the agreement with LBB was extended, as discussed below, but LBL's contractual commitments to provide data to Lehman Affiliates expired on 16 December 2012.

### ***Progress***

#### ***LBHI***

The Services Agreement with LBHI ended on 16 December 2012 (an extension was agreed but in the name of LBIE only). LBL's total billing for the period under this agreement was £0.78 m and has been paid in full.

#### ***LBB***

The data agreement with LBB was extended from 30 September 2012 to 30 November 2012 to permit finalisation of unstructured and hardcopy data projects which were then ongoing. No further requests have been received from LBB and in the event any further requests are received from LBB they will be dealt with on a request by request basis. LBL's total billing for the period to expiry of the contract was £0.2 m and has been paid in full.

### ***Issues and challenges***

The release of data to Lehman Affiliates reduced substantially over the period and has now ceased. Control of the release of data was a key risk management exercise for LBL and a full audit trail has been maintained.



## 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 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 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.

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## ***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 £1,086,514 which comprises 4,019 hours at an average hourly rate of £270 in respect of the period 1 May 2012 to 31 October 2012.

Remuneration approved by the Committee includes £407,929 for work performed for and recoverable from 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	81	71,929
Director	166	149,588
Senior Manager	336	175,371
Manager	216	90,941
Senior Associate	1,451	365,451
Associate	1,769	233,234
<b>Total</b>	<b>4,019</b>	<b>1,086,514</b>
Less work recoverable from Affiliate companies		(407,929)
<b>Net charge to LBL</b>		<b>678,585</b>

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 six-month period from 15 September 2012 to 14 March 2013 the Administrators drew remuneration of £1,101,415. However, a reversal was put through in this period via the receipts and payments account that has effectively reduced the total stated remuneration drawn to £0.5m.

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. In addition, the disbursements drawn in the six month period from 15 September 2012 to 14 March 2013 have been fully recovered from Affiliate companies.

# Section 5 Receipts and Payments to 14 March 2013

As at 14 Mar 2013      As at 14 Sept 2012

Amount in millions	GBP	EUR	USD	CHF	Total in GBP	Total in GBP	Movement
<b>Receipts</b>							
Contribution from third parties *	141.2	0.6	11.3	-	148.9	148.7	0.2
Building recharge receipts	129.8	-	-	-	129.8	129.4	0.4
Payroll recharge receipts	490.5	0.1	57.1	-	526.9	470.7	56.2
Other (including realisations and payments for other companies)	106.3	2.3	38.8	0.2	133.1	124.8	8.3
Tax related receipts	579.0	-	-	-	579.0	458.4	120.6
VAT received on invoices	7.1	-	-	-	7.1	7.0	0.1
<b>Total receipts for period</b>	<b>1,453.9</b>	<b>3.0</b>	<b>107.2</b>	<b>0.2</b>	<b>1,524.8</b>	<b>1,339.0</b>	<b>185.8</b>
<b>Payments</b>							
Building and occupancy cost	(178.9)	(0.3)	(62.8)	-	(219.1)	(218.7)	(0.4)
Payroll and employee costs	(507.4)	(2.8)	(45.2)	-	(538.6)	(482.0)	(56.6) ~
Other costs and payments	(64.9)	(0.2)	(1.2)	-	(65.8)	(62.4)	(3.4)
Other advisors' costs	(1.3)	-	-	-	(1.3)	(1.3)	-
Legal fees	(10.2)	-	-	-	(10.2)	(9.7)	(0.5)
Administrators' fees	(16.7)	-	-	-	(16.7)	(16.2)	(0.5)
Return of Corporation Tax to group companies	(445.1)	-	-	-	(445.1)	(338.0)	(107.1)
VAT related payments	(87.6)	-	-	-	(87.6)	(73.4)	(14.2)
VAT paid on invoices	(8.2)	-	(1.4)	-	(9.1)	(8.8)	(0.3)
Intercompany transfer	(1.5)	-	-	-	(1.5)	(1.5)	-
<b>Total payments for period</b>	<b>(1,321.8)</b>	<b>(3.3)</b>	<b>(110.6)</b>	<b>-</b>	<b>(1,395.0)</b>	<b>(1,212.0)</b>	<b>(183.0)</b>
<b>Inter-currency transfers</b>							
Receipts from inter-currency transfers	29.6	2.7	57.8	-	68.7	61.7	7.0
Payments from inter-currency transfers	(31.1)	(2.4)	(54.4)	(0.2)	(67.9)	(60.7)	(7.2)
<b>Net inter-currency transfers</b>	<b>(1.5)</b>	<b>0.3</b>	<b>3.4</b>	<b>(0.2)</b>	<b>0.8</b>	<b>1.0</b>	<b>(0.2)</b>
<b>Net cash position</b>	<b>130.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130.6</b>	<b>128.0</b>	<b>2.6</b>
<b>Bank balances</b>							
Bank of England	-	-	-	-	-	-	-
HSBC	2.1	-	-	-	2.1	14.0	(11.9)
Money Market Funds	128.5	-	-	-	128.5	114.0	14.5
<b>Net bank balance</b>	<b>130.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130.6</b>	<b>128.0</b>	<b>2.6</b>

\* Includes elements of building & occupancy and payroll related recharges

~ Includes £0.2m 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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