

---

Joint Administrators' progress  
report for the period 23 March 2019  
to 22 September 2019

***Lehman Brothers  
Europe Limited  
(in administration)***

18 October 2019

High Court of Justice, Business & Property  
Courts of England & Wales, Insolvency &  
Companies List (ChD)

Case 8243 of 2008

---

# Contents

---

<b><i>Section 1</i></b>	<b><i>Abbreviations and definitions</i></b>	<b><i>1</i></b>
<b><i>Section 2</i></b>	<b><i>Purpose of the Administrators' progress report</i></b>	<b><i>2</i></b>
<b><i>Section 3</i></b>	<b><i>Administrators' actions to date</i></b>	<b><i>4</i></b>
<b><i>Section 4</i></b>	<b><i>Statutory and other information</i></b>	<b><i>6</i></b>
<b><i>Section 5</i></b>	<b><i>Financial information</i></b>	<b><i>7</i></b>
<b><i>Section 6</i></b>	<b><i>Receipts and payments account</i></b>	<b><i>9</i></b>
<b><i>Section 7</i></b>	<b><i>Statement of expenses</i></b>	<b><i>10</i></b>
<b><i>Section 8</i></b>	<b><i>Summary of the Administrators' work</i></b>	<b><i>11</i></b>
<b><i>Section 9</i></b>	<b><i>Appendix – Distribution information</i></b>	<b><i>14</i></b>

# Section 1 Abbreviations and definitions

The following table shows the abbreviations and insolvency terms used in this report.

<b>Abbreviation or definition</b>	<b>Meaning</b>
“Administrators”	DY Schwarzmann, EJ Macnamara, R Downs and GE Bruce
“Administration”	LBEL’s administration
“Committee”	LBEL’s creditors’ committee
“Company” or “LBEL”	Lehman Brothers Europe Limited (in administration)
“Court”	High Court of Justice
“Firm”	PricewaterhouseCoopers LLP
“Group”	Lehman Brothers UK group
“HMRC”	HM Revenue & Customs
“IA86”	Insolvency Act 1986
“IR16”	Insolvency (England and Wales) Rules 2016
“LBIE”	Lehman Brothers International (Europe) (in administration)
“LBH”	Lehman Brothers Holdings Plc (in administration)
“LBHI”	Lehman Brothers Holdings Inc.
“LBL”	Lehman Brothers Limited (in administration)
“M&A”	Mergers and Acquisitions
“Period”	The six months from 23 March 2019 to 22 September 2019
“Proposals”	The Administrators’ statement of proposals for achieving the purpose of the Administration, dated 14 November 2008
“Sch.B1 IA86”	Schedule B1 to the Insolvency Act 1986
“SAO”	Senior Accounting Officer
“SIP”	Statement of Insolvency Practice
“unsecured creditors”	Creditors who are neither secured nor preferential
“VAT”	Value Added Tax
“WHT”	Withholding tax

---

# ***Section 2 Purpose of the Administrators' progress report***

## ***Introduction***

This is the 22nd progress report by the Administrators of LBEL.

Copies of the Proposals which were approved at a meeting of creditors held on 1 December 2008 or the previous 21 progress reports are available on the Administrators' website at

<http://www.pwc.co.uk/business-recovery/administrations/lehman/lehman-brothers-europe-limited-in-administration.jhtml>.

Alternatively, please contact Nigel Rackham at PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT.

This report provides an update on the work that the Administrators have undertaken with particular focus on developments in the Period.

This report is for your information and you do not need to do anything.

## ***Business activities***

The Company's principal activity before the Administrators' appointment was the provision of investment banking services such as advising on M&A transactions.

LBEL utilised employees from LBL and operated from the Group's former premises at 25 Bank Street, London, E14 5LE.

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

The objective of the administration is achieving a better result for LBEL's creditors as a whole than would be likely if LBEL were wound up (without first being in administration).

## ***Committee***

The payment of statutory interest to creditors and the subsequent payment of WHT to HMRC means that all creditors including the former Committee members have been paid in full and are therefore no longer creditors. On 20 June 2018, the Committee members were informed that their membership had therefore automatically ceased.

## ***Distributions and outcome for creditors***

As reported in previous progress reports, the Administrators have paid dividends totalling 100 pence in the pound, together with statutory interest at a simple rate of 8% per annum on admitted claims. Please refer to Section 3 for further details.

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

Upon the application of the Administrators, the Court made an order on 5 November 2015 extending the period of the Administration to 30 November 2019. Options are being considered for when the Administration comes to an end, but it is likely that the Company will be placed into liquidation at the conclusion of the Administration.

## ***Creditors' rights***

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-administrators-fees-final.ashx?la=en>

This guide is for appointments on or after 1 November 2011 and whilst not all the provisions apply to this administration (which commenced 23 September 2008) it is the most appropriate guide currently available following the changes made by IR16.

You can also obtain a copy free of charge by telephoning Darryl Lockhart on +44 (0) 20 7583 5000.

---

## ***Future reports***

The Administrators' next report will be the final report and will be in approximately three months at the conclusion of the Administration.

Signed:



**D Y Schwarzmans**  
**Joint Administrator**  
**Lehman Brothers Europe Limited**

*DY Schwarzmans, EJ Macnamara, R Downs and GE Bruce were appointed as Joint Administrators of Lehman Brothers Europe Limited to manage its affairs, business and property as its agents without personal liability. The Joint Administrators are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.*

*The Joint Administrators may act as Data Controllers of personal data as defined by UK data protection law depending upon specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Administrators.*

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:  
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

---

## **Section 3 Administrators' actions to date**

### **Progress to date**

The key outstanding matters and developments in the Period are described below.

In the Period, the Company entered into a transaction with its parent company, LBH (the "LBEL Transaction") which included, among other things, (i) in broad terms, the distribution by LBEL of its remaining receivables and part of its remaining cash to LBH; and (ii) the provision of an indemnity by LBH to LBEL and the Administrators in respect of certain tax liabilities. Future realisations from debtors will therefore be paid directly to LBH.

### **Debtor Claims**

#### **a) LBHI and its US debtor affiliates**

LBEL, in conjunction with other UK affiliates, reached a final settlement agreement with LBHI and its US debtor affiliates in Chapter 11. This agreement became fully binding and operational on 6 March 2012. As a result, LBEL has received a total of \$10.5m in dividends from LBHI and its US debtor affiliates, including \$0.1m received during the Period.

#### **b) LBL**

Previous progress reports explained that LBEL's claim in the LBL Administration was admitted and paid in full in the amount of £282.2m. In a previous period £63.7m of statutory interest was received. Should any further statutory interest be payable, it will be paid directly to LBH as a result of the LBEL Transaction.

#### **c) Other Debtors**

LBEL does not expect to submit any further inter-company claims.

The Company received dividends on previously agreed claims, including £0.1m in the Period.

### **Distributions to creditors**

As previously reported, all claims have been admitted for dividend purposes and have been paid in full. In addition a distribution of statutory interest at 8% per annum has been paid on these claims less applicable WHT. The WHT has been paid to HMRC.

### **Surplus**

During the Period an additional £20m was distributed to the shareholder LBH.

Should additional funds be available for distribution after necessary provisions and reserves have been made for any prior ranking claims and costs, these will also be paid to LBH.

### **Taxation**

All corporation tax returns up to and including the year ended 5 October 2016 are closed to HMRC enquiry. The corporation tax return for the year ended 5 October 2017 has been filed and drafting has commenced on the returns for 2018 and 2019.

New tax legislation may affect the use of LBEL's carried forward losses and the availability of losses in the wider group for group relief purposes. LBEL has £5.3m of tax losses carried forward as at 5 October 2016.

The Company received £4.7m from Storm Funding Limited, which was a repayment of purchased intra group tax losses that are no longer required.

Additional tax and accounting analysis was performed in the Period to enable LBEL to distribute cash to LBEL's shareholder, LBH and to facilitate the closure of LBEL.

The Administrators have met their obligations under the SAO legislation and submitted the 2018 certificate and notification and complied with their obligations regarding the publication of the Lehman group Tax Strategy. The Administrators have also adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards and have considered their obligations under the new Corporate Criminal offences rules which came into effect in September 2017.

To date, VAT totalling £5.4m has been repaid to LBEL, with £0.2m being received in the Period in relation to the November 2018 and February 2019 VAT returns.

VAT of £27k has been received by LBL, the VAT representative member, in relation to the May 2019 VAT return and will be distributed to the Company in the near future. In the Period, work commenced to prepare the return for the August 2019 quarter.

---

## ***Investigations and actions***

Nothing has come to the Administrators' attention during the Period to suggest that they need to do any more work in line with their duties under the Company Directors' Disqualification Act 1986 and SIP 2.

## ***Future strategy***

The Administrators will:

- Deal with any remaining reserves for costs and other matters;
- Submit and agree the corporation tax returns for the years to 5 October 2018 and 2019 and seek final clearance to close the Administration from HMRC;
- Where appropriate, make dividend payments to LBEL's shareholder, LBH; and
- Vacate office without any further extension of their appointments, which are due to expire on 30 November 2019.

## ***Connected parties***

Except where disclosed elsewhere in this report, there have been no sales or transactions with connected parties and the Company in the Period.

---

## Section 4 Statutory and other information

---

<i>Court details for the Administration:</i>	High Court of Justice, Business & Property Courts of England & Wales, Insolvency & Companies List (ChD) - case 8243 of 2008.
<i>Full name:</i>	Lehman Brothers Europe Limited.
<i>Trading name:</i>	Lehman Brothers Europe Limited.
<i>Registered number:</i>	03950078.
<i>Registered address:</i>	7 More London Riverside, London, SE1 2RT.
<i>Date of the Administration appointment:</i>	23 September 2008.
<i>Administrators' names and addresses:</i>	DY Schwarzmann, EJ Macnamara, R Downs and GE Bruce of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. Email: <a href="mailto:Lbel.claims@uk.pwc.com">Lbel.claims@uk.pwc.com</a> telephone: 020 7583 5000
<i>Appointer's / applicant's name and address:</i>	High Court of Justice, Chancery Division, Companies Court on the application of the directors.
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LBEL's creditors as a whole than would be likely if LBEL were wound up (without first being in administration).
<i>Division of the Administrators' responsibilities:</i>	In relation to Paragraph 100(2) Schedule B1 of the 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 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 five successive extensions to the Administration period being to 30 November 2010, 30 November 2011, 30 November 2013, 30 November 2015 and 30 November 2019.

---



---

## ***Section 5 Financial information***

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

The manner in which the Administrators' remuneration is determined and approved is set out in the Rules.

There are three bases of remuneration, which can be used in any combination, under IR16, being:

- A percentage of the value of the property with which the Administrators have to deal;
- By reference to the time properly given by the insolvency practitioner and his staff in attending to matters arising in the Administration; and
- As a set amount.

IR16 also provides that in arriving at its decision on remuneration the fee approving body 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 have carried out, their duties; and
- The value and nature of the property with which the Administrators have to deal.

In October 2008 a Court order authorised the Administrators, subject to ratification by the Committee, to draw remuneration of 75% of the time costs incurred at the time of the application, being £2.8m including VAT. At a meeting held by correspondence on 20 February 2009, the creditors resolved to form a Committee whose duties would include approving the basis and quantum of the Administrators' remuneration.

The Committee did not agree that the Administrators' remuneration be fixed on a time cost basis, but instead the Committee resolved that the Administrators' remuneration be fixed at 5% of the value of the property with which the Administrators have to deal. The Administrators were authorised to draw such remuneration as and when realisations became available.

On 19 May 2017, the Administrators agreed to restrict their remuneration and shall be entitled to

receive remuneration of 5% of cash received up to £280m from the date of that agreement.

In addition, it was agreed that the Administrators shall be entitled to receive fees of 2.5% of cash received above £280m from the date of the agreement, up to a maximum amount of £3.5m of fees received.

To date, remuneration of £38.8m (excluding VAT) has been drawn.

During the Period, fees of £2m plus VAT became available to be drawn down as remuneration, which will be the maximum and final fee to be drawn under the 19 May 2017 agreement.

### ***SIP 9***

In addition to IR16, SIP 9, issued by the Joint Insolvency Committee, provides guidance to insolvency practitioners in relation to the disclosure of payments to insolvency office holders and their associates.

The purpose of SIP 9 is to set out the principles and key compliance standards with which insolvency practitioners are required to comply with regard to the provision of information to creditors and other interested parties who have a financial interest in the level of office holders' remuneration, disbursements and expenses paid from an insolvent estate.

In accordance with SIP 9, which was revised with effect from 1 December 2015, Section 8 of this report shows a summary of the work undertaken by the Administrators in the Period and, to the extent that is not prejudicial to the Company's interests, the expected future work the Administrators are to carry out to achieve the purpose of the Administration.

### ***Relationships***

The Administrators have no business or personal relationships with the parties who approve the basis of their fees or who provide services to the Administration where the relationship could give rise to a conflict of interest.

---

## ***Disbursements***

The Administrators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by their Firm, including room hire, document storage, photocopying and communication facilities. These types of expenses are called “Category 2” disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same parties which approve the Administrators’ fees.

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders’ insurance.

The Administrators’ expenses policy allows for all properly incurred expenses to be recharged to the Administration.

A total of £15 in Category 2 disbursements were incurred during the Period in relation to postage. No Category 1 disbursements were incurred during the period.

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

An account of the receipts and payments for the six months to 22 September 2019, and a cumulative total since commencement of the Administration, is set out in Section 6.

Significant receipts in the Period include:

- £4.7m in relation to the return of purchased intra-group tax losses;
- £0.2m in relation to a VAT repayment; and
- £0.3m in relation to interest earned on funds invested.

Significant payments in the Period include:

- £20m payment to LBH as part of the LBEL Transaction.

Total cash held as at 22 September 2019 was approximately £81.8m (GBP equivalent).

As advised earlier in the Administration, all of the Company’s assets are uncharged, and there are therefore no secured creditors.

The receipts and payments account does not show estimated to realise values from the directors’

statement of affairs as this would not provide a meaningful comparison with actual asset recoveries.

## ***Investments***

All the Company’s funds as detailed in Section 6 are currently invested in money market deposits, except for a nominal amount held in an interest bearing current account to fulfil ongoing working capital requirements. Funds are converted into GBP to avoid any currency risk exposure.

## ***The Administrators’ expenses***

Expenses are amounts properly payable by the Administrators from the estate including fees but excluding distributions to creditors. A statement of LBEL’s expenses for the Period is set out in Section 7. The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

In addition to expenses paid in the Period shown in the receipts and payments account, the Administrators incurred expenses of £0.5m plus VAT in respect of outstanding legal fees, which have not yet been paid.

## ***Subcontracted work***

LBEL has contracted out tax compliance to the Lehman finance team whose employer is LBIE. This work has been subcontracted because it is more cost efficient than if the Administrators were to do it themselves.

## ***Legal firms***

The Administrators have instructed Linklaters LLP to act as their legal advisors in the Period because of their prior knowledge of LBEL. Linklaters LLP is remunerated on a time-cost basis.

All third-party professionals are required to submit a detailed time-cost analysis and narrative in support of all invoices rendered.

The Administrators have satisfied themselves that the level of legal and professional costs is appropriate.

## Section 6 Receipts and payments account

RECEIPTS	As at 22 September 2019			As at 22 September 2019 TOTAL GBP equivalent £	Movements 23 March 2019 to 22 September 2019 (GBP equivalent) £	As at 22 March 2019 (GBP equivalent) RESTATED at 22 September 2019 exchange rate £	As at 22 March 2019 (GBP equivalent) £
	GBP (£)	US (\$)	EUR (€)				
	000s	000s	000s	000s	000s	000s	000s
Book debts	4,856	20,847	21,373	40,353	79	40,280	38,783
LBL claim	345,884	-	-	345,884	-	345,884	345,884
GMRA settlement agreement proceeds	371,583	-	-	371,583	-	371,583	371,583
Interest	5,896	36	110	6,022	283	5,739	5,734
Corporation tax repayment	48,443	-	-	48,443	-	48,443	48,443
Return of payment of group relief losses	4,675	-	-	4,675	4,675	-	-
VAT repayment	5,500	-	-	5,500	206	5,294	5,294
Foreign currency conversions*	31,178	-	1,541	32,535	31	32,504	32,462
<b>Receipts Grand Totals</b>	<b>818,020</b>	<b>20,883</b>	<b>23,024</b>	<b>855,007</b>	<b>5,274</b>	<b>849,733</b>	<b>848,195</b>
<b>PAYMENTS</b>							
Employee costs	6,125	80	67	6,248	8	6,240	6,234
Building and occupancy costs	352	-	-	352	-	352	352
Legal fees	5,343	240	-	5,535	2	5,533	5,523
Tax function costs	350	-	6	356	-	356	356
Payment for group relief losses	4,325	-	-	4,325	-	4,325	4,325
Corporation Tax	7,703	-	-	7,703	-	7,703	7,703
Distribution to unsecured creditors	117,738	-	2,677	120,156	-	120,156	120,082
Distribution to shareholder, LBH	492,437	-	-	492,437	20,000	472,437	472,437
Pension settlement	50,418	-	-	50,418	-	50,418	50,418
Administrators' remuneration**	46,403	-	-	46,403	-	46,403	46,403
Administrators' disbursements	33	-	-	33	-	33	33
Investment management charges	2,433	-	-	2,433	-	2,433	2,433
Foreign currency conversions*	1,250	20,514	20,274	35,519	33	35,486	34,037
<b>Payments Grand Totals</b>	<b>736,188</b>	<b>20,834</b>	<b>23,024</b>	<b>773,136</b>	<b>20,043</b>	<b>753,093</b>	<b>751,554</b>
<b>NET POSITION</b>	<b>81,833</b>	<b>49</b>	<b>-</b>	<b>81,871</b>	<b>(14,769)</b>	<b>96,641</b>	<b>96,642</b>
<b>CASH BALANCES</b>							
HSBC	5,544	49	-	5,582	-	-	-
Barclays	2	-	-	2	-	-	-
Money markets	76,287	-	-	76,287	-	-	-
<b>Total Cash</b>	<b>81,833</b>	<b>49</b>	<b>-</b>	<b>81,871</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Exchange rate as at 22 March 2019

US\$ 1 : GBP	0.7544
EURO 11 : GBP	0.8534

### Exchange rate as at 22 September 2019

US\$ 1 : GBP	0.7999
EURO 11 : GBP	0.8809

### Amounts include VAT where applicable

\* The difference in total GBP equivalents arises from converted sums being restated at exchange rates as at the end of each reporting period. No actual gains/losses on currency were made in the Period.

\*\* This amount includes £2.76m that had previously been paid by another Lehman Group company on behalf of LBEL.

## Section 7 Statement of expenses

	Brought forward as at 22 March 2019 RESTATE <del>D</del> as at 22 September 2019 GBP (£) 000s	Incurred in the period under review GBP (£) 000s	Cumulative to 22 September 2019 GBP (£) 000s	Estimated future GBP (£) 000s	Anticipated total GBP (£) 000s
Employee costs	6,240	8	6,248	-	6,248
Building and occupancy costs	952	-	952	-	952
Legal	5,542	626	6,169	300	6,469
Tax function costs	356	-	356	-	356
Payment for group relief losses	4,925	-	4,925	-	4,925
Pension settlement	50,418	-	50,418	-	50,418
Administrators' remuneration	46,409	2,405	48,814	-	48,814
Administrators' disbursements	55	15	70	-	70
Investment management charges	2,433	-	2,433	-	2,433
<b>Expenses Total</b>	<b>117,331</b>	<b>3,054</b>	<b>120,385</b>	<b>300</b>	<b>120,685</b>

Amounts include VAT where applicable

---

# ***Section 8 Summary of the Administrators' work***

## ***Work carried out in the Period***

Whilst this is not an exhaustive list, the key areas of work have been as follows:

### **Accounting and treasury**

The Administrators' statutory duties include managing the affairs, business and property of the Company and keeping proper books and records. The work undertaken in this area was necessary in order to pay Administration expenses, to maintain the books and records of LBEL and to ensure that funds invested are maximised at minimum risk. Approximately £0.3m in interest on funds invested was received in the Period:

- Processing other receipts and payments in various currency accounts;
- Performing bank account reconciliations for all bank accounts;
- Exploring investment strategies to maximise returns on the invested funds of £102m held on deposit for the majority of the Period;
- Monitoring of credit limits and counterparty credit ratings, credit default swap prices and market capitalisation to minimise risk;
- Moving deposits between counterparties when credit limits or counterparty credit ratings are not in line with the investment strategy;
- Ensuring deposits are repaid from counterparty banks on the correct value date;
- Preparing and reviewing the receipts and payments reports, authorising all payments and reviewing and managing cashflow;
- Producing monthly management and ad hoc reporting; and
- Investigating future investment options.

### **Claims due to and from LBEL**

The Administrators have a duty to act in the best interests of all creditors and its shareholder. It is an objective of the Administration to realise assets and distribute funds to unsecured creditors with admitted claims:

- Updating the debtor schedule as and when required; and
- Transferring receivables to LBH as part of the LBEL Transaction.

### **Strategy and planning**

The Administrators are required by statute to perform their functions as quickly and efficiently as possible. The activities undertaken in the Period were necessary to resolve outstanding matters in line with the purpose of the Administration:

- Consulting with the shareholder to discuss strategy;
- Consulting with legal advisors where necessary;
- Setting and agreeing the strategy for the estate including regular team meetings; and
- Preparing detailed status updates for the Administrators to review strategy and key issues.

---

## **Statutory and compliance**

The work in this area was necessary in order for the Administrators to comply with regulatory requirements or statute:

- Preparing and finalising the 21st progress report and circulating to all creditors;
- Ensuring Administrators' statutory obligations are discharged;
- Ensuring that time recording is properly managed and reviewed;
- Preparing the budget for future Administration costs; and
- Updating the compliance database and the Administrators' internal databases.

## **Tax and VAT compliance**

This work is required by statute. Tax losses may shelter future profits, thus reducing the level of corporation tax and maximising dividends to LBEL's sole shareholder, LBH. VAT refunds will increase the level of funds available for distribution:

- Ongoing Analysis and modelling in relation to the new tax rules and the tax implications of the settlements with LBL and other Lehman affiliates;
- Working with the Administrators, directors and Linklaters to analyse the Company accounts and tax implications of simplifying the Company's balance sheet to facilitate a distribution to LBH, review of the reserves position and review of the documents for signing;
- Reviewing tax controls within the Lehman group to ensure compliance with the SAO legislation, including preparation and submittal of the SAO certification;
- Considering the Corporate Criminal offences rules which came into effect from September 2017;
- Preparing the Corporation Tax returns for 5 October 2018 and 2019;
- Preparing the VAT reconciliation for the 2018 VAT return;
- Finalising and submitting the VAT returns for the February and May 2019 quarter ends;
- Commencing work for preparation of the August 2019 quarter end VAT return;
- Attending regular strategy meetings; and
- Drafting tax input into the 21<sup>th</sup> progress report to creditors.

## ***Future work***

The Administrators will need to do the following work to achieve the purpose of the Administration. These activities are not exhaustive and exclude matters which are commercially sensitive.

## **Accounting and treasury**

- Reconciling post-appointment bank accounts to internal systems;
- Investing funds in accordance with the investment strategy; and
- Monitoring and reviewing invested funds.

## **Strategy and planning**

The Administrators have a duty to close down the administration in an orderly manner:

- Internal meetings to review and update ongoing strategy;
- Allocating tasks between team members and following up on progress;
- If applicable, distributing further shareholder dividends to LBH;
- Liaising with the LBEL director as appropriate;
- Consulting with legal advisors as required;
- Considering options for when the Administration comes to an end; and
- Concluding exit route planning.

---

## **Statutory and compliance**

This work is required by statute and professional regulations:

- Compliance requirements including final review process; and
- Preparing and circulating the Administrators' final progress report to the shareholder.

## **Tax and VAT Compliance**

This work is required by statute. Tax losses may shelter future profits, thus reducing the level of corporation tax and maximising dividends to LBEL's sole shareholder, LBH. VAT refunds will increase the level of funds available for distribution:

- Finalising the 2018 and 2019 corporation tax position;
- Drafting clearance letters to HMRC;
- Liaising with HMRC in regard to any queries regarding open tax computations;
- Complying with the Administrators' obligations as SAO and under the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards and Corporate Criminal offences rules;
- Complying with the Administrators' obligations in relation to the publication of the Lehman group Tax Strategy; and
- Preparation of VAT reconciliations for VAT returns.

As stated in Section 5, the Administrators' remuneration is now limited as per the 19 May 2017 agreement. By reason of the ongoing matters detailed in Section 3 above, the Administrators are able to draw down a maximum of £2m in fees.

---

## *Section 9 Appendix – Distribution information*

---

	<b>Date of Distribution</b>	<b>Pence in the Pound</b>	<b>Amount Distributed</b>
First	13 November 2012	40.00	35,853,132.98
Second	14 November 2013	10.00	10,387,842.29
Third	23 September 2014	50.00	43,967,676.62
<b>Sub total</b>		<b>100.00</b>	<b>90,208,651.89</b>
Statutory interest	6 September 2017	8.00 p.a.	37,556,639.35
<b>Total</b>			<b>127,765,291.24</b>





PricewaterhouseCoopers LLP does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the relevant contract for the matter to which this document relates (if any), or (ii) as expressly agreed by PricewaterhouseCoopers LLP at its sole discretion in writing in advance.

© 2019 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network.

Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.