
Lehman Brothers Holdings plc – In Administration

Joint Administrators' progress
report for the period 15 September
2018 to 14 March 2019

11 April 2019

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Reliance on data:

We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment.

Lehman Brothers Holdings Plc, the Administrators, their firm, its members, partners, staff and advisers accept no liability to any party for any reliance placed upon this report.

Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the twenty-first progress report by the Joint Administrators (the "Administrators") of Lehman Brothers Holdings plc ("LBH" or the "Company") prepared in accordance with Rule 18.3 of The Insolvency (England and Wales) Rules 2016 ("IR16").

This report provides an update on the work that the Administrators have undertaken and the progress made since their appointment, with particular focus on the progress made in the six months to 14 March 2019 ("the Reporting Period").

The Administrators have sought to limit unnecessary duplication of information disclosed to creditors in previous updates, reports and announcements. Copies of previous reports and significant announcements are available on the Company's website at the link below:

<https://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/lbh-plc-in-administration.html>

Objectives of the Administration

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

Outcome for creditors

Unsubordinated creditors

Creditors may recall that on 2 May 2014, the Court granted the Administrators permission to make distributions to the Company's unsecured creditors.

At the date of this report, in total, dividends of £1,074.7m have now been paid on admitted, unsubordinated creditor claims, equivalent to a cumulative dividend of 100 pence in the £. In addition, payments totalling £27.1m have been paid towards creditors' entitlement to post-administration statutory interest, of which £1.2m is soon to be paid to HMRC in relation to

UK withholding tax. Further information is in Section 2.

The quantum of further distributions remains uncertain, being contingent mostly on the level of any further recoveries made by the Company both from its subordinated claim against LB Holdings Intermediate 2 Limited (in Administration) ("LBHI2") and from its equity holdings in Lehman Brothers Limited (in Administration) ("LBL"), Lehman Brothers Europe Limited (in Administration) ("LBEL") and MBAM Investor Limited ("MBAM").

Subordinated creditors

The Company has received claims in respect of three types of subordinated debt from the following parties:

- Lehman Brothers Holdings Inc. ("LBHI") in relation to claims under subordinated debt instruments transferred from its subsidiaries;
- LB GP No.1 Limited (in Liquidation) ("LBGP"), where the liquidators have submitted claims on behalf of three Lehman Capital Fund partnerships ("the Partnerships") which LBGP manages as general partner; and
- Individual investors in the Partnerships under a guarantee provided by the Company ("the Guarantee Creditors").

The Administrators issued a court application for directions as to the priority in which the holders of these subordinated claims should receive any distributions to the extent that any funds are available for such payments ("the Priority Application"). Since the Priority Application was issued, the parties to it have each confirmed their view that, to the extent that the Guarantees have not already been terminated, the claims of the Guarantee Creditors are junior to the other two categories of claim.

The priority ranking of the other two categories of claim relative to one another is presently uncertain. This is explained in more detail in Section 2 and on the Company's website.

Creditors' Committee

The Administrators have met with the Creditors Committee ("Committee") on eight occasions since its constitution on 12 December 2008. The most recent meeting with the Committee was held on 30 November 2017.

The membership of the Committee remains unchanged since our last report and comprises LBHI; Lehman Brothers International (Europe) (in Administration) ("LBIE"); LBL; Lehman Brothers Securities Asia Limited; and LBGP.

The Administrators continue to consult with the Committee to seek its views on key matters regarding the conduct of the Company's Administration.

Future reports

The Administrators' next progress report to creditors will be sent in approximately six months and will be posted on the Company's website.

Signed:



GE Bruce
Joint Administrator
Lehman Brothers Holdings plc

DA Howell, GE Bruce, ID Green, R Downs and EJ Macnamara were appointed as Joint Administrators of Lehman Brothers Holdings plc to manage its affairs, business and property as 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 are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the 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 Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

Section 2 Joint Administrators' actions to date

Realisations

LB Holdings Intermediate 2 Limited

At the date of Administration the Company had subordinated and unsubordinated claims in LBHI2.

As previously reported, the Company, together with certain other Lehman UK Affiliates including LBHI2, entered into the first Inter-Affiliate Settlement Deed ("First IASD"), which agreed commercial terms to settle the Waterfall III litigation. Pursuant to the First IASD, the Company's unsubordinated, unsecured claim against LBHI2 was admitted in the amount of £183.6m. The First IASD enabled LBHI2 to pay the Company's unsubordinated, unsecured claim of £183.6m in full, together with £63.7m towards the Company's entitlement to post-administration, statutory interest on its claim.

In September 2018 the same Lehman UK Affiliates which had completed the First IASD then entered into another agreement, the Second Inter-Affiliate Settlement Deed ("Second IASD"), in order to facilitate further distributions to creditors.

Through the Second IASD, the remainder of the Company's statutory interest entitlement that had accrued on its unsubordinated, unsecured claim into LBHI2 was paid in full, in the sum of £63.3m.

In addition to the Company's unsubordinated, unsecured claim referred to above and now paid in full, the Company has a subordinated claim of c.£1.5bn into LBHI2. We understand that LBHI2 has received a competing claim from Lehman Brothers Holdings Scottish LP3 ("SLP3") and that the administrators of LBHI2 consider that there is uncertainty as regards the priority of these claims. This uncertainty is also the subject of the Priority Application referred to in Section 1 and more detail is provided below.

Despite the uncertainty as to priority, and in accordance with the Second IASD, LBHI2 has partially admitted, in the amount of £44.7m, the Company's subordinated claim and has distributed £44.7m in full settlement of the admitted portion of the Company's subordinated claim.

On 12 February 2019 a further agreement was entered into between the Company, LBHI2, LBHI and SLP3 such that LBHI2 partially admitted and

paid the Company's subordinated claim in the further amount of £160m.

The above two distributions by LBHI2 in relation to the Company's subordinated claim were possible despite uncertainty about the ranking of the subordinated claims, because the administrators of LBHI2 and the Company were able to reach an agreement with SLP3 whereby it waived any entitlement to a share in those distributions. SLP3 has reserved any right it may have to receive a catch-up dividend at a later stage, to the extent that it establishes sufficient priority to do so and LBHI2 has adequate funds in the future to make such payments.

In their progress report dated 8 February 2019, the administrators of LBHI2 stated that the future return to its subordinated creditors is materially uncertain. Based on information at that time, they estimated that a future return may be in the range £500m to £1,000m. However, they cautioned creditors against relying on their estimate and explained that the eventual outcome is subject to a number of factors, including:

- the eventual outcome of the LBIE estate,
- the return to LBHI2 from LBL, which is affected by the circularity of claims among Lehman estates,
- the outcome of a court application issued by the LBHI2 administrators for directions as to the priority in which the holders of subordinated claims against LBHI2 should receive any distributions,
- resolution of LBHI's claim against LBHI2 to have guarantee payments repaid, and
- the costs and expenses of LBHI2's administration.

Since that update the Company has received a further £160m from LBHI2 as described above.

Other debtor realisations

Other realisations in the Reporting Period include:

- A further dividend from Lehman Brothers Special Financing Inc. ("LBSFI") of \$0.1m. This receipt was converted to GBP to minimise any foreign exchange loss risk.
- A further dividend from Mable Commercial Funding Limited of £0.8m.

Investments in subsidiary undertakings

At the date of Administration the Company held an equity interest in 22 Lehman group companies. Of these, the key shareholdings that remain to be dealt with are in LBL, LBEL and MBAM.

Whilst no distributions were received from these subsidiary undertakings in the Reporting Period, LBEL and MBAM are solvent companies and future recoveries may be received, although the quantum and timing of such receipts is uncertain. LBL is insolvent, it not having repaid its creditors' in full, however it is possible it may return to solvency and be in a position to pay an equity distribution to the Company at some point in the future.

The Administrators continue to monitor these and other investment estates although the timing and quantum of further realisations remain uncertain.

Distributions

Unsubordinated creditors

Prior to the First IASD, the Company had paid dividends to unsubordinated creditors totalling the equivalent of 6.08 pence in the pound. Following the first and second IASDs, further dividends equivalent to 62.96 and 18.59 pence in the pound were paid in September 2017 and September 2018 respectively, bringing the total distributions to 87.63 pence in the pound up to the end of the Reporting Period.

Just after the end of the Reporting Period, on 15 March 2019 the Company declared and paid a fifth interim dividend of £132.9m, equating to 12.37 pence in the pound, bringing total distributions to 100 pence in the pound to date. In addition, on the same date payments totalling £27.1m were paid towards creditors' entitlements to post-administration statutory interest, of which £1.2m is soon to be paid to HMRC in relation to UK withholding tax.

Subordinated creditors and priority ranking

As described in section 1, the Company has received claims in respect of three types of subordinated debt. As the relative ranking of these claims is uncertain, the Administrators have issued the Priority Application for directions as to the priority in which the holders of these claims should receive any distributions to the extent of any funds available for that purpose. The uncertainty as regards the priority of subordinated claims in LBHI2, as referred to above, is also the subject of the Priority Application.

Following an initial directions hearing of the Priority Application on 23 and 24 July 2018 to address the management of the case, a second procedural hearing is listed to take place in a hearing window of 20-22 May 2019, with a Pre-Trial Review hearing expected to take place during the week of 14 October 2019. The full hearing is listed to begin during the week commencing 11 November 2019. As and when there are material developments to report, the Administrators will update creditors on their website at:

<https://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/lbh-plc-in-administration.html/>

Outcome

The eventual outcome for unsubordinated and subordinated creditors remains materially uncertain. Based on current information, we estimate that it may be as set out in the following table. The LBHI2 outcome ranges stated are those used by the LBHI2 administrators in their progress report dated 8 February 2019. The eventual outcomes for the Company's unsubordinated and subordinated creditors are subject predominantly to the same factors which affect the eventual outcome of the LBHI2 estate and which are listed under 'Realisations', above:

All figures in £'m

	Paid to date	Future distributions (based on LBHI2 outcome range):	
LBHI2 outcome:		Low - £500m	High - £1,000m
LBH creditors:			
Unsubordinated:			
Principal	1,074 (100%)	n/a	n/a
Statutory Interest	27 (3%)	-	764 (97%)
Subordinated:	-	-	600

We caution creditors against relying on these estimates and refer creditors to the 'Reliance on Data' wording on the Contents page of this report.

Tax

All corporation tax returns up to and including the year ended 14 September 2016 have been agreed by HM Revenue & Customs. The corporation tax return for the year ended 14 September 2017 has been drafted and will be submitted shortly. The return shows a profit of £104.5m, after utilising the Company's brought forward tax losses of £5.6m, which is currently being sheltered with group relief claimed from other Lehman entities.

The Finance (No. 2) Act 2017, which includes changes to corporation tax loss relief and interest deductibility, received Royal Assent on 16 November 2017. These new rules are likely to affect the availability of losses for group relief purposes. The changes regarding interest expense restriction and carry forward loss restriction mean that there is a greater possibility of future tax liability.

The Administrators have 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 Offence rules which came into effect in September 2017.

VAT repayments of c.£0.3m in relation to the VAT return quarters November 2017 to August 2018 were received in the Reporting Period. A VAT repayment of c.£0.1m in relation to the November 2018 VAT return has been received by LBL, the VAT representative member, and will be distributed to the Company in the near future. In the reporting period, work commenced to prepare the return for the February 2019 quarter.

Investigations and actions

Nothing has come to the Administrators' attention during the Reporting Period to suggest that any further work is required in accordance with their duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No. 2.

Section 3 Statutory and other information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court – case 7943 of 2008
<i>Full name:</i>	Lehman Brothers Holdings plc
<i>Trading name:</i>	Lehman Brothers Holdings plc
<i>Registered number:</i>	01854685
<i>Registered address:</i>	7 More London Riverside, London SE1 2RT
<i>Date of the Administration appointment:</i>	15 September 2008
<i>Administrators' names and addresses:</i>	DA Howell, GE Bruce, ID Green, R Downs and EJ Macnamara, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
<i>Appointer's / applicant's name and address:</i>	High Court of Justice, Chancery Division, Companies Court, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL (former address The Strand, London, WC2A 2LL) on the application of the directors of the Company, 25 Bank Street, London, E14 5LE
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LBH's creditors as a whole than would be likely if LBH 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 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 High Court of Justice has granted five successive extensions to the Administration period to: 30 November 2010, 30 November 2011, 30 November 2013, 30 November 2015 and to 30 November 2020.

Section 4 Financial Information

Receipts and payments account

An account of the receipts and payments for the six months to 14 March 2019, together with a cumulative total since the beginning of the Administration, is in Section 5.

Administrators' expenses

As previously reported, Statement of Insolvency Practice number 9 ("SIP9"), issued by the Institute of Chartered Accountants in England and Wales, was revised with effect from 1 December 2015 and applies to all open insolvency cases. SIP9 details the disclosure standards required by insolvency office holders in respect of fees, expenses and payments to associates.

In accordance with SIP9, there is a statement of the expenses that the Administrators have incurred from the date of their appointment to 14 March 2019, together with an estimate of future expenses. This is in Section 6.

Administrators' remuneration

The Committee is responsible for approving the basis and amount of the Administrators' remuneration. The Committee has resolved that the Administrators' remuneration be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration.

In accordance with SIP9, the following information has been provided in Section 7:

(i) an analysis of the Administrators' time costs for the period 1 September 2018 to 28 February 2019, including the cumulative total time costs from the date of the Administrators' appointment to 28 February 2019; and

(ii) a summary of the Administrators' time costs for the period, including the key categories of work, further information on the work undertaken, a description of why the work was necessary, how the work benefits creditors and whether it was required by statute.

In line with the Committee's approval, as at 14 March 2019, the Administrators have drawn remuneration of £8.5m plus VAT in respect of time costs incurred to 31 December 2018.

Disbursements

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders' insurance. The Administrators are not required to seek approval to draw Category 1 disbursements. Category 1 disbursements incurred during the Reporting Period total £10.5k plus VAT.

Category 2 disbursements for shared or allocated services provided by our own firm, including room hire, document storage, photocopying and communication facilities must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves the Administrators' fees. Category 2 disbursements incurred during the Reporting Period total £44.2k plus VAT.

The Administrators' disbursements policy allows for all properly incurred disbursements to be recharged to the Administration. The disbursements referred to above have not yet been drawn.

Creditors' rights

Creditors have the right to ask for information and challenge the Administrator's fees if they believe that they are too high. You can find an explanatory note online at:

<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/a%20creditors%20guide%20to%20administrators%20fees%20010407.ashx>

Creditors can request a paper copy of the above guide by contacting Lehman.affiliates@uk.pwc.com

Section 5 Receipts and Payments Account

Figures are in £'m, \$'m, €'m and are rounded to the nearest 0.1m.

	GBP Movements			USD Movements			EUR Movements		
	14-Mar-19	in Period	14-Sep-18	14-Mar-19	in Period	14-Sep-18	14-Mar-19	in Period	14-Sep-18
Receipts									
Investments in subsidiaries	521.1	-	521.1	0.5	-	0.5	-	-	-
Intercompany debtors (Note 1)	568.0	160.8	407.2	57.4	0.1	57.3	-	-	-
Book debts	0.1	-	0.1	14.1	-	14.1	-	-	-
Sale of tax losses	9.1	-	9.1	-	-	-	-	-	-
Proceeds from sale of ESO	1.0	-	1.0	-	-	-	0.3	-	0.3
Bank Interest	1.7	0.2	1.5	0.2	-	0.2	-	-	-
LBAM tax loss receipts	2.5	-	2.5	-	-	-	-	-	-
Net proceeds from sale of LBAM	(0.8)	-	(0.8)	74.1	-	74.1	-	-	-
Total Receipts	1,102.7	161.0	941.7	146.3	0.1	146.2	0.3	-	0.3
Payments									
Legal fees	6.0	1.1	4.9	-	-	-	-	-	-
Legal fees relating to Pension costs	0.4	-	0.4	-	-	-	-	-	-
Payments on behalf of subsidiaries	0.1	-	0.1	-	-	-	-	-	-
Wages & salaries	0.6	0.1	0.5	-	-	-	-	-	-
IT costs	0.2	-	0.2	-	-	-	-	-	-
Joint Administrators' remuneration	8.5	0.5	8.0	-	-	-	-	-	-
Professional fees	0.1	-	0.1	-	-	-	-	-	-
Insurance	0.2	-	0.2	-	-	-	-	-	-
Contribution to tax costs	0.2	-	0.2	-	-	-	-	-	-
Net VAT irrecoverable (Note 2)	0.8	0.1	0.7	-	-	-	-	-	-
Net VAT recoverable (Note 2)	0.7	(0.1)	0.8	-	-	-	-	-	-
Total Payments	17.8	1.7	16.1	-	-	-	-	-	-
Intracompany Transfers									
Payment	-	-	-	146.3	0.1	146.2	0.3	-	0.3
Receipt	99.9	0.1	99.8	-	-	-	-	-	-
Total receipts less total payments	1,184.8	159.4	1,025.4	-	-	-	-	-	-
creditors									
1st dividend of 4.08p in the £, declared 3 September 2014	43.8	-	43.8	-	-	-	-	-	-
2nd dividend of 2p in the £, declared 10 February 2016	21.6	-	21.6	-	-	-	-	-	-
3rd dividend of 62.963p in the £, declared 6 September 2017	676.7	-	676.7	-	-	-	-	-	-
4th dividend of 18.587p in the £, declared 13 September 2018	199.8	-	199.8	-	-	-	-	-	-
Total distributions	941.9	-	941.8	-	-	-	-	-	-
Total cash receipts less total payments less total distributions	242.9	159.4	83.6	-	-	-	-	-	-
Cash Balances									
HSBC	162.2	151.9	10.3	-	-	-	-	-	-
Money market deposits (Note 3)	80.7	7.5	73.2	-	-	-	-	-	-
Total Cash/Movements	242.9	159.4	83.5	-	-	-	-	-	-

Notes:

(1) Intercompany debtor balance includes settlements from all classes of debtors

(2) LBH is VAT registered and entitled to reclaim 63.09% of input VAT. Therefore 36.91% of VAT is irrecoverable. Payment of recoverable VAT = £0.3m.

(3) Funds are invested on the money markets in order to accrue interest and to manage risk.

(4) Sums have been rounded to the nearest 0.1m (£'m, \$'m or €'m as appropriate)

(5) All of the Company's assets are uncharged, there being no secured creditors.

(6) The estimated to realise values of assets shown in the directors' statement of affairs do not represent a meaningful comparison with the current position and are therefore excluded.

Section 6 Expenses

The information in the table below provides details of the Administrators' expenses. Expenses are defined as amounts payable by the Administrators from the estate, they include the Administrators' fees but exclude distributions to creditors. The table also excludes any potential tax liabilities that may be payable as an Administration expense other than VAT. Tax amounts becoming due will depend on the position at the end of the accounting period and the impact of any tax reform.

The information in the below table should be read together with the receipts and payments account in Section 5, which shows expenses actually paid during the Reporting Period but excludes those incurred which have not yet been paid.

In estimating future expenses, assumptions have been made relevant to the annual run rate and the possible duration of the Administration, where appropriate.

Sums have been rounded to the nearest £0.1m.

	Brought forward from preceding period £	Incurred and paid in the period under review £	Cumulative £	Incurred and not paid £	Estimated future £	Anticipated total £
Legal fees and disbursements	4.9	1.1	6.0	0.2	5.0	11.2
Pension related legal costs	0.4	-	0.4	-	-	0.4
Payments on behalf of subsidiaries	0.1	-	0.1	-	-	0.1
Wages & salaries	0.5	0.1	0.6	-	-	0.6
IT costs	0.2	-	0.2	-	-	0.2
Joint Administrators' remuneration	8.0	0.5	8.5	0.8	7.1	16.4
Professional fees	0.1	-	0.1	-	-	0.1
Insurance	0.2	-	0.2	-	-	0.2
Contribution to tax costs	0.2	-	0.2	-	-	0.2
General reserve for uncertain future costs	-	-	-	-	30.0	30.0
Irrecoverable VAT of 36.91% (Note 1)	0.7	0.1	0.8	0.2	3.1	4.1
Total	15.3	1.8	17.1	1.2	45.2	63.5

Note

1. LBH is VAT registered and entitled to reclaim 63.09% of input VAT. The rate of irrecoverable VAT is 36.91% as shown above.

Section 7 Joint Administrators' time costs

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	-	-	75.55	37,783	150.10	53,646	20.10	4,617	245.75	96,046
Strategy and Planning	362.35	302,152	131.70	69,657	312.50	102,929	44.90	9,878	851.45	484,615
Statutory and Compliance	1.20	974	108.55	54,425	85.70	32,924	-	-	195.45	88,323
Tax and VAT	71.80	85,418	106.40	85,146	19.60	5,551	37.00	9,500	234.80	185,615
Creditors and Distributions	-	-	59.85	31,692	31.55	11,364	-	-	91.40	43,056
Total for six months ended 28 February 2019	435.35	388,544	482.05	278,703	599.45	206,414	102.00	23,995	1,618.85	897,655
Average hourly rate for the six month period to 28 February 2019										555
Cumulative total to 28 February 2019										9,266,914

Current charge out rates	Business Recovery Services	Specialists
	£/hr	£/hr
Grade	From 1 July 2017	From 1 July 2017
Partner	935	1,312 - 1,445
Director	820	1,152 - 1,325
Senior Manager	548 - 590	925 - 969
Manager	462 - 510	675 - 707
Senior Associate	386 - 425	525 - 545
Associate/Support Staff	245 - 265	244 - 290

Notes:

- (1) The cumulative total refers to the time costs incurred to 28 February 2019, of which £8.5m has been paid to date.
- (2) Time costs are net of VAT.

Summary of the Joint Administrators' time costs for the six months ended 28 February 2019

Accounting and Treasury - £96,046

This is an essential function for the management of funds held by the Administrators on behalf of the Company. The Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.

- Provision of information for the purposes of statutory reporting;
- Analysis of interest rates available with counterparties;
- Active management of deposits held in various institutions including mitigating risk on such deposits;
- Due consideration of best strategy for dealing with cash;
- Execution of foreign exchange transactions;
- Reconciling bank accounts;
- Arrangement of receipts and payments of funds and coding of movements;
- Monitoring flow of funds into the bank accounts;
- Monthly reporting of outstanding deposits and month end bank balances; and
- Daily monitoring of funds required for immediate cash needs, to ensure that the optimal level of funds is held on deposit.

Strategy and Planning - £484,615

The inherent complexities of the the Company's estate mean that the Administrators and their staff continue to invest a significant proportion of their time in the planning and delivery of their strategy for the progression of the Administration. This is whilst ensuring that the Company's interests in relation to the wider Lehman Brothers group are appropriately represented.

The Administrators continue to explore strategies that will enable the Administration to be brought to a conclusion and they anticipate that the Company will be dissolved after the conclusion of the Administration.

Recoveries from debtors and investments in the Reporting Period total £160.9m. Activities include:

Subordinated debt proceedings

- Ongoing development of strategy for subordinated debt priority application;
- Liaising with Lawyers and Counsel and other interested parties' legal teams;
- Engagement with other interested parties e.g. LBHI2 and LBL;
- Input into drafting and review of position paper; and
- Review and consideration of other interested parties' position papers.

General matters

- Consideration of strategy to maximise the outcome for the Company's creditors and updating strategy documents;
- Discussions with stakeholders in regards to this strategy;
- Continued development of financial models to estimate possible ranges of outcomes for the estate;
- Review and maintenance of financial information including updating the estimated outcome statement;
- Liaising with tax specialists in respect of provisions for the estimated outcome statement;
- Regular case team meetings to manage case progression;
- Ongoing review of assets in subsidiary companies and determining strategies to maximise recoveries;
- Liaising with debtors and liquidators in order to collect balances payable; and
- Planning and delivering the strategy for the fifth interim distribution to the Company's creditors.

Statutory and Compliance - £88,323

The following tasks were undertaken in accordance with the Joint Administrators' statutory obligations and/ or internal compliance:

- Preparing and circulating to creditors the Administrators' 20th progress report to creditors;
- Generating monthly time cost information in support of the Administrators' remuneration;
- Dealing with statutory filings at Companies House and the Court;
- Preparing the Administrators' internal six monthly case reviews in accordance with professional requirements; and
- Managing and updating communications on the Company's website; maintaining and managing case files, records and the Company database; and dealing with other ad-hoc compliance and statutory issues.

Tax and VAT - £185,615

The following tasks were undertaken for VAT and tax compliance purposes:

-
- Preparation of the 2017 tax return including:
 - Further work on analysis of LBH specific tax issues (e.g. analysis of foreign exchange position on claims);
 - Continued work on analysing the application of the new loss restriction rules and corporate interest restriction rules; and
 - Reviewing the draft tax computation for the period ended 14 September 2017 and the accompanying tax accounts.
 - Preparation for and attending various calls and meetings requested by LBH's key stakeholder to discuss potential future distribution scenarios;
 - Follow up work considering the tax implications of the various distribution scenarios;
 - Quarterly tax update meetings and regular internal update meetings;
 - Complying with the Administrators' responsibilities under Senior Accounting Officer legislation, Tax Strategy and Corporate Criminal Offence legislation;
 - Analysis of tax considerations for pending payment of dividend and statutory interest including application of withholding tax;
 - Analysis of tax implications re potential transfer of assets from subsidiaries;
 - Working with lawyers regarding changes to the sub-debt agreement to documentation pre-Administration;
 - Preparation of the 2018 VAT reconciliations;
 - Preparation and submission of the quarterly VAT returns for November 2018 and February 2019; and
 - Work in arranging for VAT repayments of £0.3m to be distributed to LBH.

Creditors and Distributions - £43,056

The following tasks were undertaken for the benefit of the creditors:

- Responding to creditor enquiries received via the Lehman Affiliate mailbox and updating creditor information;
- Preparing and circulating the 5th Notice of Intended Dividend to unsubordinated creditors;
- Reviewing and analysing the level of claims admitted ahead of the 5th interim distribution; and
- Calculating and paying the 5th interim distribution, including statutory interest entitlements, and dealing with associated legal notices.

Section 8 Joint Administrators' estimate of future time costs

The Company is central to the UK Lehman structure. As such, the ultimate resolution of the estate is not only subject to a range of complex matters affecting the Company itself, but also to matters where the Company is affected by its relationships with entities in the wider Lehman group.

The Company's principal outstanding concerns are its shareholdings in LBEL, MBAM and LBL, and its subordinated claim against LBHI2.

The Administrators have set aside a reserve of £7.1m for their future time costs, broadly analysed as follows:

Classification of work	£'m
Accounting and Treasury	0.4
Strategy and Planning	5.3
Statutory and Compliance; Tax and VAT	0.9
Creditors and Distributions	0.5
Total	7.1

The above figures assume that:

- The Administration will not be concluded prior to 30 November 2020, which is when the Administration is currently due to end;
- Time costs relating to progression of the case and associated litigation will be incurred at a similar rate to that incurred in the Reporting Period; and
- There will be further distributions to the Company's creditors.

Relationships

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

Details of subcontracted work

Certain centralised services are undertaken on behalf of the Company by employees retained by LBIE and LB SF Warehouse Limited for their prior and ongoing knowledge of the Company's affairs. Included in these services are the provision of certain tax and VAT services, claims review services and key staff resource. The benefit to the Company's creditors is through cost savings. This is because the Administrators consider it more efficient that this work is carried out by subcontractors and by the centralisation of services. The costs of such services are recharged to the Company on a time costs basis and are invoiced directly to the estate.

Legal and other professional firms

The Administrators have instructed the following professionals on this case to assist with various legal matters arising in the Administration. In addition, the directors of some of the Company's subsidiaries have instructed Reed Smith LLP.

The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether a conflict exists. All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators have satisfied themselves that the level of legal and professional costs is appropriate.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services:	<i>Linklaters LLP</i>	<i>Industry knowledge</i>	<i>Time costs</i>
	<i>Dentons UKMEA LLP/ Dentons US LLP</i>	<i>Industry knowledge</i>	<i>Time costs</i>
	<i>Maples and Calder</i>	<i>Territory knowledge</i>	<i>Time costs</i>
	<i>Reed Smith LLP</i>	<i>Territory knowledge (instructed by subsidiaries)</i>	<i>Time costs</i>
	<i>Hogan Lovells International LLP</i>	<i>Industry knowledge</i>	<i>Time costs</i>



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 1 8 5 4 6 8 5

Company name in full Lehman Brothers Holdings plc

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gillian Eleanor

Surname Bruce

3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

4 Administrator's name ①

Full forename(s) Derek Anthony

Surname Howell

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	^d 1	^d 5	^m 0	^m 9	^y 2	^y 0	^y 1	^y 8
To date	^d 1	^d 4	^m 0	^m 3	^y 2	^y 0	^y 1	^y 9

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 1	^d 1	^m 0	^m 4	^y 2	^y 0	^y 1	^y 9
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name **Diane Adebowale**

Company name **PricewaterhouseCoopers LLP**

Address **7 More London Riverside**

Post town **London**

County/Region

Postcode **S E 1 2 R T**

Country **United Kingdom**

DX

Telephone **+ 44 (0) 7583 5000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ^①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Russell

Surname

Downs

3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

Continuation page

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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Ian David

Surname

Green

3 Insolvency practitioner's address

Building name/number

PricewaterhouseCoopers LLP

Street

7 More London Riverside

Post town

London

County/Region

Postcode

S E 1 2 R T

Country

United Kingdom

Continuation page

Name and address of insolvency practitioner

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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Edward John
Surname	Macnamara

3 Insolvency practitioner's address

Building name/number	PricewaterhouseCoopers LLP
Street	7 More London Riverside
Post town	London
County/Region	
Postcode	S E 1 2 R T
Country	United Kingdom