
Lehman Brothers Holdings plc – In Administration

Joint Administrators' progress
report for the period 15 September
2017 to 14 March 2018

13 April 2018

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the 19th progress report by the Joint Administrators (the "Administrators") of Lehman Brothers Holdings plc ("LBH" or the "Company").

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 2018 ("the reporting period").

Objectives of the Administration

The Administrators are pursuing the objective of 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).

The specific aims of LBH's Administration are to:

- Realise all assets, including all cash and derivative positions on a managed basis;
- Mitigate so far as is possible and agree in principle the claims of all creditors; and
- Continue to manage LBH's subsidiaries with a view to maximising returns to LBH's creditors.

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.

Creditors will recall from the Administrators' last progress report that there were four members of the Committee. LB GP No. 1 Limited (in Liquidation) ("LBGP") has since joined the Committee with the approval of the Administrators and the remaining Committee members.

Consequently, the Committee has the following five members which is the maximum permissible. Those members are:

- Lehman Brothers Holdings Inc. ("LBHI");
- Lehman Brothers International (Europe) ("LBIE");
- Lehman Brothers Limited ("LBL");
- Lehman Brothers Securities Asia Limited; and
- LB GP No.1 Limited in Liquidation ("LBGP").

The Administrators continue to meet with the Committee to seek their views on key steps and decisions to be taken in the conduct of LBH's administration.

Outcome for creditors

Unsecured, unsubordinated creditors

On 2 May 2014, the Court granted the Administrators permission to make distributions to the Company's unsecured creditors.

When the Administrators last reported, they had declared and paid three interim dividends totalling £709.4m on admitted, unsubordinated, unsecured creditor claims, equating to a cumulative dividend of 69.043 pence in the £.

The quantum and timing of further distributions remains uncertain, being contingent on the level of further recoveries made by the Company mainly from its equity in Lehman Brothers Europe Limited ("LBEL") and from its unsubordinated and subordinated claims against LB Holdings Intermediate 2 Limited ("LBHI2").

Unsecured, subordinated creditors

The Company has received claims from two holders of debt instruments, namely LBHI and LBGP. LBGP has claimed on behalf of three Lehman Brothers Capital Funding partnerships (the "Funds"):

- Lehman Brothers UK Capital Funding LP (ISIN: XS0215349357);
- Lehman Brothers UK Capital Funding II LP (ISIN: XS0229269856); and
- Lehman Brothers UK Capital Funding III LP (ISIN: XS0243852562).

As previously reported, the Funds are managed by their general partner, LBGP. The liquidators are Bruce Mackay and Matthew Haw of RSM Restructuring Advisory LLP, based at 25 Farringdon Street, London EC4A 4AB.

These claims are subordinated to the claims of unsubordinated, unsecured creditors and LBH will only make distributions in respect of them if LBH has first paid the claims of its unsubordinated, unsecured creditors in full, including statutory interest.

The Administrators consider it possible that there may be a surplus available in due course for a distribution to LBH's subordinated creditors. However, as stated above, there remain a number of variables that would have a significant impact on the quantum of any such surplus.

Guarantee creditors

As creditors are aware, LBH guaranteed the claims of investors in the Funds.

Investors in the Funds are invited to notify the Administrators of any claim against LBH for the amount they invested in each fund. The guarantee provided by LBH is considered by the Administrators to be subordinated to both LBH's unsubordinated, unsecured creditors and to the claims of LBH's subordinated creditors as referred to above.

The Administrators estimate that there is unlikely to be any surplus available to pay a dividend to creditors with guarantee claims. However, the Administrators continue to monitor the position.

Extension to the term of office

On 5 November 2015, the High Court granted the Administrators' application to extend their term of office by a further five years to 30 November 2020.

Future reports

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

Signed:



GE Bruce
Joint Administrator
Lehman Brothers Holdings plc

DA Howell, AV Lomas, SA Pearson, GE Bruce and JG Parr 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 are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration.

Section 2 Joint Administrators' actions to date

Asset review

Following their appointment, the Administrators conducted a detailed review of the asset position, which identified the following categories of assets:

- Investments in subsidiary undertakings;
- Financial assets; and
- Inter-company debts.

The Administrators continue to monitor the Company's remaining assets, ensuring that the strategy put in place remains the most effective way to realise value for the benefit of LBH's creditors.

Investments in subsidiary undertakings

LBH held an equity interest in 22 Lehman group companies. Of these, the key shareholdings that remain to be dealt with are in LBEL and MBAM Investor Limited.

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

Key intercompany debtor realisations

As previously reported, LBH together with certain other Lehman UK Affiliates agreed commercial terms to settle the Waterfall III litigation and expedite payment of further distributions to creditors (the "Inter-Affiliate Settlement"). The Inter-Affiliate Settlement became effective on 6 September 2017.

Pursuant to the Inter-Affiliate Settlement, LBH's unsubordinated unsecured claim against LBHI2 was admitted in the amount of £184m. LBH's claim has been paid in full and to date, it has received £63m of its entitlement to statutory interest which means it has received a total of £247m from LBHI2.

LBHI2's latest progress report dated 7 February 2018 states that if the current issues affecting its estate can be resolved, it is more likely than not that LBHI2's unsubordinated creditors will receive their full entitlements to statutory interest and that there may then be a surplus of funds available to its subordinated creditors.

LBH and Lehman Brothers Holdings Scottish LP 3 ("SLP3") have submitted subordinated claims against LBHI2 totalling £5.8bn. LBH will only be entitled to receive distributions in relation to its subordinated claim of £1.5bn if LBHI2's unsubordinated claims are paid in full (including statutory interest).

The joint administrators of LBHI2 issued an application to the Court on 16 March 2018 for directions on the priority in which the holders of its subordinated debts should receive any distributions from the LBHI2 estate.

Further details on the current issues affecting LBHI2's estate can be found on its website via the link below:

<https://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/lbhi2-limited-in-administration.html>

Other debtor realisations

Other realisations in the reporting period include:

- Thirteenth and fourteenth dividends from Lehman Brothers Special Financing Inc. ("LBSFI") and Lehman Commercial Paper Inc. ("LCPI") totalling \$0.3k and \$0.1k respectively.

All receipts in USD were converted to GBP to minimise any foreign exchange loss risk.

Further distributions from LBSFI and LCPI are expected on a six monthly basis.

LBH Court application for directions on priority issues regarding subordinated debts

Concurrent with LBHI2's application referred to above, the Administrators issued a separate application to the Court on 16 March 2018 for directions on the priority in which the holders of its subordinated debts (namely, LBHI, LBGP and the guarantee creditors) should receive any distributions from the LBH estate ("the LBH Application").

An initial hearing to address matters in respect of both LBHI2's application and the LBH Application has been listed for late July 2018.

The background to the LBH Application and the Application Notice have been added to the PwC website and the Administrators will continue to communicate with creditors through the website on all substantive matters relating to the LBH Application. A link to the relevant page of the website is included below:

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

Proposed settlement of Waterfall II

Creditors will recall that Waterfall II was split into Parts A, B and C for expediency. The issues covered by Waterfall II largely relate to the calculation of statutory interest and consequently, LBH's future recoveries from affiliates are directly or indirectly affected by these issues.

However, on 22 December 2017, LBIE announced that it was preparing a proposal ("the Proposal") to be implemented by way of a scheme of arrangement ("the Scheme") pursuant to the UK Companies Act 2006. If the Scheme is approved, it will provide for the full and final settlement of predominantly all litigation, disputes and claims in respect of entitlements to its surplus, including all matters which otherwise remain unresolved by Waterfall II.

LBIE, having discussed and obtained formal approval from its two main groups of stakeholders to support the Proposal, envisages that further information regarding the terms of the proposed Scheme, expected timing of its implementation and the rights of creditors to vote on the Scheme will be circulated to all of its known creditors in April 2018.

As a result of LBIE's stakeholders' support for the Proposal, the remaining issues outstanding from Waterfall II, as detailed in previous reports, are effectively stayed until such time as the Scheme becomes effective (at which time the proceedings will be dismissed).

Full details of the Waterfall applications and judgements can be found using the following link:

<http://www.pwc.co.uk/services/business-recovery/administrations/lehman.html>

Tax

All corporation tax returns up to and including the year ended 14 September 2015 have been agreed by HM Revenue & Customs ("HMRC"). The corporation tax return for the year ended 14 September 2016 has been submitted to HMRC and shows a profit which is being sheltered by brought-forward losses. The tax return for the year ended 14 September 2017 will be submitted in due course.

LBH has £5.6m of tax losses carried forward as at 5 October 2016. The Administrators are carrying-out tax analysis in light of recent changes in legislation which may affect the availability of carried forward losses for group relief purposes. The Administrators also continue to consider the tax implications of the Inter-Affiliate Settlement.

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>	AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr, 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 2018, together with a cumulative total since the beginning of the Administration, is attached in Section 5.

Figures have been rounded to the nearest £0.1m.

Key movements in the reporting period

- Recovery of £3.3m from LBH's investment in Lehman Brothers (Indonesia) Limited – in Creditors' Voluntary Liquidation;
- Debtor receipts of \$0.4m;
- Legal fees of £0.5m plus VAT; and
- Administrators' fees of £1.2m plus VAT.

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 2018, 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 2017 to 28 February 2018, including the cumulative total time costs from the date of the Administrators' appointment to 28 February 2018; and

(ii) a summary of the Administrators' time costs for the period, including the key categories of work, further information of 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 2018, the Administrators have drawn remuneration of £7.5m plus VAT in respect of time costs incurred to 30 November 2017.

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 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.

The Administrators' disbursements policy allows for all properly incurred disbursements to be recharged to the Administration.

Category 1 disbursements incurred from 1 September 2017 to 28 February 2018 total £0.3k plus VAT and Category 2 disbursements total £3.9k plus VAT.

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 and have been rounded to the nearest £0.1m.

	14-Mar-18	GBP Movements in Period	14-Sep-17	14-Mar-18	USD Movements in Period	14-Sep-17	14-Mar-18	EUR Movements in Period	14-Sep-17
Receipts									
Investments in subsidiaries	388.5	3.3	385.2	0.5	-	0.5	-	-	-
Intercompany debtors (Note 1)	274.6	-	274.6	57.2	0.4	56.8	-	-	-
Book debts	0.1	-	0.1	14.1	-	14.1	-	-	-
Sale of tax losses	9.1	-	9.1	-	-	-	-	-	-
Proceeds from sale of ESO (Note 2)	1.0	-	1.0	-	-	-	0.3	-	0.3
Bank Interest	1.3	0.1	1.2	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	676.3	3.4	672.9	146.1	0.4	145.7	0.3	-	0.3
Payments									
Legal fees	4.3	0.5	3.8	-	-	-	-	-	-
Legal fees relating to Pension costs	0.4	-	0.4	-	-	-	-	-	-
Payments on behalf of subsidiaries	0.1	-	0.1	-	-	-	-	-	-
Wages & salaries	0.4	0.1	0.3	-	-	-	-	-	-
IT costs	0.2	-	0.2	-	-	-	-	-	-
Joint Administrators' remuneration	7.5	1.2	6.3	-	-	-	-	-	-
Professional fees	0.1	-	0.1	-	-	-	-	-	-
Insurance	0.2	-	0.2	-	-	-	-	-	-
Contribution to tax costs	0.2	-	0.2	-	-	-	-	-	-
Net VAT irrecoverable (Note 3)	0.6	0.1	0.5	-	-	-	-	-	-
Net VAT recoverable (Note 3)	0.7	(0.1)	0.8	-	-	-	-	-	-
Total Payments	14.7	1.8	12.9	-	-	-	-	-	-
Intracompany Transfers									
Payment	-	-	-	146.1	0.4	145.7	0.3	-	0.3
Receipt	99.7	0.3	99.4	-	-	-	-	-	-
Total receipts less total payments	761.3	1.9	759.4	-	-	-	-	-	-
Distributions to non-preferential unsecured unsecured 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	644.0	-	644.0	-	-	-	-	-	-
Balance held net of distributions	51.9	1.9	50.0	-	-	-	-	-	-
Cash Balances									
HSBC	1.0	(49.0)	50.0	-	-	-	-	-	-
Money market deposits (Note 4)	50.9	50.9	-	-	-	-	-	-	-
Total Cash/Movements	51.9	1.9	50.0	-	-	-	-	-	-

Notes:

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

(2) Net proceeds from sale of shares in ESE Special Opportunities Plc.

(3) LBH is VAT registered and entitled to reclaim 63.09% of input VAT. Therefore 36.91% of VAT is irrecoverable. Payment of recoverable VAT = £0.2m, which for illustrative purposes has been netted off against a VAT recovery of £0.3m.

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

(5) Sums have been rounded to the nearest 0.1m (GBP, USD or EUR as appropriate)

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

(7) 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 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 length of the current period of extension, 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	3.8	0.5	4.3	0.2	6.4	10.9
Pension related legal costs	0.4	-	0.4	-	-	0.4
Payments on behalf of subsidiaries	0.1	-	0.1	-	-	0.1
Wages & salaries	0.3	0.1	0.4	-	0.1	0.5
IT costs	0.2	-	0.2	-	-	0.2
Joint Administrators' remuneration	6.3	1.2	7.5	0.3	6.4	14.2
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			-		4.8	4.8
Net VAT (of which 63.09% is recoverable)	1.3	0.3	1.6	0.1	3.6	5.3
Total	12.9	2.1	15.0	0.6	21.3	36.9

Section 7 Joint Administrators' time costs

Notes:

- (1) The cumulative total refers to the time costs incurred to 28 February 2018, of which £7.5m has been paid to date.
 (2) Time costs are net of VAT.

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	0.50	468	36.85	17,511	80.25	26,447	56.10	13,745	173.70	58,171
Strategy and Planning	279.30	232,879	202.95	109,720	62.10	21,984	9.85	2,413	554.20	366,996
Statutory and Compliance	28.80	23,829	91.05	48,399	194.00	66,070	78.65	19,269	392.50	157,567
Tax and VAT	49.40	52,870	56.45	35,617	26.15	7,589	15.20	3,382	147.20	99,458
Creditors and Distributions			53.35	25,688	174.70	63,701	30.30	7,424	258.35	96,813
Total for six months ended 28 February 2018	358.00	310,046	440.65	236,935	537.20	185,791	190.10	46,233	1,525.95	779,005
Average hourly rate for the six month period to 28 February 2018										511
Cumulative total to 28 February 2018										7,815,915

Current charge out rates	Business Recovery Services	Business Recovery Services	Specialist	Specialist
	Max £/hr	Max £/hr	Max £/hr	Max £/hr
Grade	From 1 July 2017	From 1 July 2015	From 1 July 2017	From 1 July 2015
Partner	935	899	1,312	1,262
Director	820	788	1,152	1,108
Senior Manager	548	527	969	932
Manager	462	444	707	680
Senior Associate	386	371	525	505
Associate/Support Staff	245	236	244	235

The Administrators' remuneration has been fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. The minimum unit for time charged by the Administrators and their staff is 0.05 of an hour.

Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a number of hours, should we require their expert advice. Their rates do vary, however, the figures shown give an indication of the maximum rate per hour.

Charge-out rates were held unchanged from 1 July 2012 to 30 June 2015. An increase of 3% in charge-out rates was effective from 1 July 2015 to 30 June 2017. An increase of 4% in charge-out rates is effective from 1 July 2017, and in line with other Group affiliates controlled by PricewaterhouseCoopers LLP's office holders, this approach is also used for LBH.

Summary of the Joint Administrators' time costs for the six months ended 28 February 2018

Accounting and Treasury - £58,171

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 on the money market 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;
- Daily monitoring of the funds held, coordinating with case team to ensure that the optimal level of funds are held on deposit; and
- Quarterly reporting of performance and activity commentary.

Strategy and Planning - £ 366,996

The inherent complexities of the LBH 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 LBH's interests in relation to the wider Lehman Brothers group are appropriately represented.

The Administrators consider that their actions support their objective of 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) and continue to explore strategies leading to the conclusion of the Administration. The Administrators' anticipate that the Company will be dissolved after conclusion of the Administration.

Recoveries from debtors and investments in the review period total £3.6m.

Activities include:

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- Continued development of financial models to estimate the various range of outcomes for the estate as and when there are further developments in the Waterfall proceedings/ implementation of LBIE's scheme of arrangement;
 - Consideration of strategy to maximise the outcome for LBH's creditors and updating strategy documents;
 - Discussions with stakeholders in regards to this strategy;
 - Review and maintenance of financial information including updating the estimated outcome statement;
 - Regular case team meetings to manage case progression;
 - Ongoing review of assets in subsidiary companies and determining strategies to best manage these in order to achieve closure of the subsidiary estates;
 - Reviewing and analysing level of LBH's subordinated claim in LBHI2;
 - Correspondence with other parties' legal teams in connection with the priority of subordinated claims and liaising with Counsel to develop a strategy regarding such claims;
 - Regular review of debtor balances, liaising internally and with debtors/ liquidators in order to collect balances payable to LBH; and
 - Ensuring LB Cayman Finance Limited complied with new Beneficial Ownership Register regime in Cayman Islands.

Statutory and Compliance - £157,567

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

- Preparation and circulation of the Administrators' 18th progress report to creditors;
- Preparation of receipts and payments account for the progress report;
- Producing detailed remuneration and future expenses summaries;
- Circulating notice of the progress report to creditors;
- Statutory filings at Companies House and the Court;
- Preparation of the Administrators' internal six monthly case reviews in accordance with professional requirements;
- Managing and updating communications available on the website;
- Maintaining case files/ records and the LBH database; and
- Dealing with other ad-hoc compliance and statutory issues.

Tax and VAT- £99,459

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

- Further work on analysis of the tax implications of the Inter-Affiliate Settlement including:
 - Analysis of LBH specific tax issues (e.g. shelter, analysis of foreign exchange position on claims);
 - Initial consideration of the accounting treatment of the Inter-Affiliate Settlement; and
 - Regular internal update meetings.

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- Preparing and finalising the 2016 accounts for corporation tax purposes;
 - Review and submission of the corporation tax return for the year ended 14 September 2016;
 - Preparation for and attendance at the Creditors' Committee Meeting;
 - Preparation for and attendance at quarterly tax update meetings;
 - Preparation of accounts for the year ended 14 September 2017 for the purposes of the corporation tax return, including liaising with Lehman tax team;
 - Compliance with the Administrators' responsibilities under Senior Accounting Officer legislation, Tax Strategy and Corporate Criminal Offence legislation;
 - Preparation and submission of the quarterly VAT returns for August and November 2017; and
 - Arranging the distribution of VAT repayment to LBH totalling £304.5k in the period.

Creditors and Distributions - £96,812

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

- Responding to creditor enquiries received via the Lehman Affiliate mailbox;
- Obtaining legal advice in respect of certain creditors' claims and requests for information;
- Reviewing and analysing subordinated claims submitted against LBH; and
- Reconciling and updating creditor information on LBH's database.

Section 8 Joint Administrators' estimate of future time costs

LBH's principal outstanding positions are its shareholdings in LBEL and LBL, and its unsecured claims against LBHI2, all of which collectively with LBH are significantly impacted by the outcome of the current litigation. Whilst certain aspects of the litigation remain ongoing, the Administrators continue to actively progress all matters pertaining to the estate.

LBH 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 LBH itself, but also to matters where LBH is affected by its relationships with entities in the wider Lehman group.

Accordingly, the Administrators have set aside a reserve of £6.4m for their future time costs, broadly analysed as follows:

	£m
Accounting and treasury	0.3
Strategy and planning	4.8
Statutory and compliance, Tax and VAT	0.8
Creditors/distributions	<u>0.5</u>
Total	6.4

The above figures assume that:

- The Administration will be concluded prior to 30 November 2020, when a further extension would otherwise be required;
- Time costs relating to care and maintenance of the case will be incurred at a similar or higher rate to that incurred in the reporting period; and
- There will be further distributions to the Company's unsecured unsubordinated 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 LBH by employees retained by LBIE and LB SF Warehouse Limited. 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 LBH 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 LBH'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 are 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 (subsidiaries)</i>	<i>Time costs</i>
	<i>Hogan Lovells International LLP</i>	<i>Industry knowledge</i>	<i>Time costs</i>
	<i>Saville & Co</i>	<i>Notarial certification</i>	<i>Fixed fee</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

^d1^d5^m0^m9^y2^y0^y1^y7

To date

^d1^d4^m0^m3^y2^y0^y1^y8**7**

Progress report

☒ I attach a copy of the progress report**8**

Sign and date

Administrator's
signature

Signature

X**X**

Signature date

^d1^d3^m0^m4^y2^y0^y1^y8

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. ^①
Attach this to the relevant form.
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) Anthony Victor
Surname Lomas

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) Steven Anthony
Surname Pearson

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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- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
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- ☐ Provisional liquidator

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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)

Julian Guy

Surname

Parr

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