

# Lehman Brothers International (Europe) – In Administration

Joint Administrators' twenty-fourth progress  
report, for the period from 15 March 2020 to  
14 September 2020

12 October 2020

[www.pwc.co.uk/lehman](http://www.pwc.co.uk/lehman)



Strictly private and confidential

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## Important notice

### Reliance on data

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

### Rights against third parties

LBIE also expressly reserves all of its rights against third parties on all matters and no conclusion should be drawn by third parties as to LBIE's position or legal arguments on any such matters from references made in this report.

# Section 1:

## Introduction

### Introduction

This twenty-fourth progress report has been prepared by the Administrators of Lehman Brothers International (Europe) in accordance with Rule 18.3 of the Insolvency Rules.

The statutory receipts and payments accounts for the same period are attached at Appendix A.

Copies of previous progress reports, the Surplus Scheme documents and other important announcements can be found at [www.pwc.co.uk/lehman](http://www.pwc.co.uk/lehman)

### Objective of the Administration

The Administration has historically had 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). This was the objective specified in the Administrators' statement of proposals, as approved by creditors, at the outset of the Administration. In light of the progress made in the Administration to date and the level of returns made to creditors, the Administrators have concluded that this objective has now been achieved. The Administrators now consider that the objective of the Administration is to rescue the company as a going concern.

This conclusion was approved by the Chancellor of the High Court on 15 July 2020 in the context of a directions application in relation to preferred equity distributions, as described further below.

### Interests of remaining creditors

The relevant provisions of the Surplus Scheme remain in effect to deal with the small handful of creditors who, mostly due to a failure to provide valid Standard Settlement Instructions ("SSI's"), have not received their interest. Several higher value creditors have unagreed proofs of debt pending resolution of connected litigation.

A summary of the Surplus Scheme progress can be found in Section 2 of this progress report.

### Appointment of directors to LBIE and distributions to the Shareholder

In the Reporting period, Scott Millar and Jon Yorke were appointed to the board of LBIE on 8 June 2020. Shortly after their appointments, they requested the Administrators' cooperation (which was given) in declaring and making a distribution of £29m to the Shareholder.

Further requests to make distributions are expected and the Administrators will continue to cooperate if it is appropriate to do so.

### Aims and priorities

- To end the Administration in an orderly fashion and transition the conduct of the Company's remaining business and activities to its directors;
- To cooperate with further requests from the directors to make distributions to the Shareholder if it is appropriate to do so;
- To resolve the pending proofs of debt in an expeditious manner and close down the residual Client Money and Client Asset activities; and
- To manage the Company's portfolio of litigation whilst it remains appropriate to do so and work out the Company's residual assets.

### Operating Committee and governance arrangements

There has been no change.

### This report and future updates

The next formal progress report to creditors will be in approximately 6 months' time and will be posted to the LBIE website on or before 14 April 2021.

As noted previously, we issued a general website notice in April 2018 so that statutory reports and notices to creditors (except where required by the Insolvency Rules or under the Surplus Scheme) can be published on the LBIE website. In the interim, we will continue to provide ad hoc updates in the event of any material developments, through the LBIE website or by other means, as appropriate.

## COVID Impact

We have experienced limited operational inconvenience in the period and have followed through on the planned downsizing of our office space and headcount requirements. Our team and supporting professionals have continued working remotely with only minimal office attendance, where safe and appropriate to do so.

We have experienced more significant adverse impact in matters subject to litigation where courts have closed and hearings have been delayed.

As noted before, no requests have been made for access to Government sponsored relief schemes and none are expected to be made.

Signed:



***Russell Downs***

Joint Administrator  
Lehman Brothers International (Europe) -  
In Administration

# Section 2:

## Progress during the Reporting period

### Update on progress of the Surplus Scheme

As a result of progress made during the Reporting period, the Administrators made a payment of c.£2m on 8 June 2020 of Statutory Interest (“SI”) on the Subordinated Debt, representing the final payment of SI to the Subordinated Creditor up to the statutory minimum amount of 8% simple per annum. This brings total distributions, as at 14 September 2020, to the Subordinated Creditor in respect of the Subordinated Debt and associated SI to c.£2,224m. The LBIE estate remains solvent with all admitted creditor claims having been paid in full and a sufficient reserve being maintained for the small number of unresolved claims.

Agreement was reached with the final certifying creditor and the relevant Surplus distribution was paid on 28 May 2020 with related withholding tax being paid in early July 2020. This brings the Certification process to an end.

### Preferred equity dividend distribution

Having reviewed that status of the Administration earlier in the year and assessed the future outlook for the company and its stakeholders, the Administrators noted that, having reserved for all remaining unagreed claims and interest in full, the company was solvent and there was likely to be a surplus available for distribution to the Shareholder in due course. The Administrators therefore considered it appropriate that the interests of its Shareholder should be given more prominence in their day-to-day outlook.

The Administrators concluded that, in light of the returns made to creditors to date, LBIE’s historical objective of achieving a better result for creditors than would be likely if the company were wound up (without first being in administration) had been achieved. Accordingly, it was entirely appropriate to pursue the objective of rescuing the company as a going concern.

On 8 June 2020, the Administrators appointed Jon Yorke and Scott Millar to the board of directors of LBIE.

Following their appointment, the directors requested the Administrators’ cooperation to make a distribution of £29m to the Shareholder. Administrators have no express power to make such a distribution but the Administrators considered that it was appropriate to permit the directors to do so and, to put the matter beyond doubt, decided to seek directions from the court in this regard.

A court hearing took place on 15 July 2020, following which Sir Geoffrey Vos, the Chancellor of the High Court, granted the directions sought by the Administrator. The Chancellor accepted in the course of his judgment that LBIE is now clearly solvent, that it is in possession of a surplus which will ultimately fall to be paid to its Shareholder, and that the objective of the LBIE Administration is to rescue the company as a going concern.

The Chancellor directed that the Administrators be at liberty to consent to the directors’ request to make equity distributions to the Shareholder.

On 11 August 2020 the first preferred equity dividend distribution of £29m was made to the Shareholder. It is anticipated that further distributions will be made to the Shareholder at the directors’ request when funds allow, providing consent is given by the Administrators. Consent will only be given if the Administrators are confident that the funds can properly be paid to the Shareholder and are not required for any other purpose.

### Other progress and remaining issues

#### Recovery of 2(a)(iii) amounts

Significant work has been undertaken during the Reporting period to progress collection of amounts owed to LBIE by counterparties to ISDA Master Agreements. Those counterparties are withholding payment based on section 2(a)(iii) of the ISDA Master Agreement, which provides that a party’s payment obligation is suspended (but not extinguished) if an “Event of Default” has occurred and is continuing within the meaning of the ISDA Master Agreement.

The Administrators have filed a directions application in relation to this matter, to which two counterparties have been named as Respondents, and the substantive hearing of the application has been listed in a three-day window from 11 January 2021, with a two-day time estimate.

#### German tax investigation

During the period, the Administrators have continued to communicate with the German Public Prosecutor (“GPP”) and the German Federal Tax Authority and hope and expect to achieve a consensual resolution of those matters, following which we anticipate the release of a substantial reserve.

## MCF

The Administrators have continued to review progress and strategy in respect of collections from MCF and explore opportunities to enhance the value or expedite the timing of this ongoing realisation process.

## AGR litigation

As set out in our previous report, the court hearing which was due to take place in March 2020 was adjourned due to Covid-19. We will continue to liaise with the New York courts to agree a hearing format and a new hearing date.

## Exotix litigation

On 29 January 2020, the Court of Appeal refused Exotix permission to appeal. Following this, a settlement agreement was reached in respect of payment of LBIE's costs resulting in a further final payment of £0.3m on 30 June 2020. This matter is now resolved.

## Debt recovery litigation

Further to proceedings for a termination payment in relation to call options written on German shares which were automatically terminated by LBIE's Administration, a decision was handed down in LBIE's favour by the Appellate Court in Frankfurt on 12 May 2020. The counterparties involved have subsequently applied for permission to appeal to the German Supreme Court and have until 21 October 2020 to file their appeal papers. The Supreme Court will notify us in due course of its decision.

## Other recoveries

The Administrators continue to manage a portfolio of residual assets comprising illiquid securities, structured notes and amounts due from affiliates and other parties.

## Lehman Brothers Nominees Limited – in Members' Voluntary Liquidation ("LBNL")

Little progress has been made to conclude the liquidation in the period in the absence of any substantive engagement from HMRC.

## Outstanding claims

Discussions continue with a handful of remaining claimants to resolve their claims, including dealing with an affiliate where a dispute had arisen and a decision has been received from the Court of Appeal, finding against LBIE. LBIE has applied to appeal to the Supreme Court and a decision is expected during the next Reporting period.

## LBIE Trust Estate

### Client Assets

LBIE still holds client securities (c.€41m combined value as at 14 September 2020) relating to certain third parties that are also debtors of LBIE, pending conclusion of ongoing litigation.

## Laurifer Limited

The special purpose vehicle registered in Jersey set up for the purposes of returning Client Money is no longer required now that the Client Money Estate is closed. Following tax clearance, which will enable the directors to sign a Statement of Solvency, the company will be dissolved.

## Infrastructure

LBIE has been successfully working remotely since the official Covid-19 lockdown and work to reduce operational costs and facilitate the ongoing wind down of infrastructure has continued. Once access to offices was permitted by government rules, activities to move out of the 25 Canada Square offices continued, involving archiving of data, clearance of the office and removal of the remaining IT infrastructure. All data and remaining systems can now be accessed remotely and we have vacated the Canada Square premises, moving to significantly smaller offices in July 2020. This is a significant milestone in the progression of the Administration.

## Outstanding matters and exit from Administration

The Administrators continue to review progress and consider that despite the impact of Covid-19, progress continues to be made to reach the point at which the Administration can be concluded. However, there remain a number of important ongoing interactions with counterparties and the courts (all of which continue to be impacted to a greater or lesser extent by the Covid-19 situation with matters taking longer to be resolved), which makes it difficult to predict precisely when the Administration will be brought to an end.

The Administrators anticipate that the Administration will in due course be brought to an end following an application under paragraph 79 of Schedule B1 to the 1986 Act and that the company will be returned to the full control of its directors. With this in mind, it is anticipated that the directors will assume responsibility for long-tail asset recovery for the benefit of the Shareholder as the Administration draws to a close.

Managing the affairs of the company continues to sit with the Administrators until such time as LBIE exits administration; and is returned fully as a solvent entity to the control of directors to be managed as a going concern for the benefit of the Shareholder.

# Appendices

# Appendix A:

## Receipts and payments: cumulative and 6 months to 14 September 2020

### House Estate receipts and payments: cumulative and 6 months to 14 September 2020

House Estate	Notes	Cumulative - 15 September 2008 to 14 March 2020 (GBP equivalent) £m	Period - 6 months to 14 September 2020 (GBP equivalent) £m	Cumulative - 15 September 2008 to 14 September 2020 (GBP equivalent) £m
<b>Receipts</b>				
Counterparties	1	12,741	1	*12,743
Depot Securities		10,176	0	*10,177
Other receipts	2	4,558	10	4,568
<b>Total receipts for the period</b>		<b>27,476</b>	<b>*12</b>	<b>27,488</b>
<b>Payments</b>				
Dividends and Post-Administration Interest paid	3	(19,920)	(16)	(19,936)
Preferred equity dividend	4	-	(29)	(29)
Administrators' remuneration and disbursements	5	(1,058)	(3)	(1,061)
Payroll and employee costs	6	(658)	(2)	(660)
Legal and professional costs	7	(463)	(7)	(470)
Other payments	8	(4,741)	(0)	*(4,742)
<b>Total payments for the period</b>		<b>(26,840)</b>	<b>(57)</b>	<b>(26,898)</b>
<b>Net movement in the period</b>		<b>636</b>	<b>(45)</b>	<b>590</b>
Foreign exchange translation differences		(132)	(0)	(132)
<b>Total House Estate</b>	9	<b>~504</b>	<b>*(46)</b>	<b>#458</b>

\* There is rounding in this table that makes it appear to not perfectly cast

~ Balances held in foreign currencies at 14 March 2020 were c.\$27m.

# Balances held in foreign currencies at 14 September 2020 were c.\$23m.

### Statement of expenses incurred in the 6 months to 14 September 2020

The following table provides details of expenses incurred in the Reporting period.

Expenses	Incurred in 6 months to 14 September 2020 £m
Administrators' remuneration and disbursements	(3)
Payroll and employee costs	(2)
Legal and professional costs	(5)
Other payments	(1)
<b>Total</b>	<b>(11)</b>



## Notes

Foreign currency transactions are reported in sterling at the rate prevailing on the relevant transaction date.

The transactions within the LBIE estate in the period:

- are reported on a cash receipts and payments basis and in accordance with the Insolvency Rules and best practice;
- were completed in accounts established and controlled by the Administrators; and
- Separate bank accounts are held for realisations from the House Estate and the Trust Estate

### 1. Counterparties

Receipts in the period principally comprise:

- c.£1m of distributions from LBH & LBSF

### 2. Other receipts

Other receipts principally comprise:

- c.£9m in respect of tax losses surrendered to other group companies; and
- c.£1m of bank interest received from money market deposits

### 3. Dividends and Post-Administration Interest Paid

Unsecured distributions of c.£16m have been paid in the period comprising:

- c.£2m to the holder of Subordinated Debt;
- c.£11m in respect of certification claims; and
- c.£3m withholding tax

### 4. Preferred equity dividend

- £29m to the sole Shareholder of LBIE's preferred equity

### 5. Administrators' remuneration and disbursements

Payment deferral terms (as agreed with the Operating Committee and referred to on page 13 of this report) account for any differences between costs incurred and payments made in the period. Out-of-pocket disbursements of less than £1m were paid in the period.

### 6. Payroll and employee costs

Payments relate to salary and benefits for UK-based employees and third-party contractors. This includes employee related costs incurred on behalf of Affiliates, which are recovered by LBIE and included as other realisations.

### 7. Legal and professional costs

Legal and other advisers' costs relate to advice given, and to court proceedings and litigation conducted, in numerous jurisdictions by a number of professional firms in connection with a range of issues across the Administration.

### 8. Other payments

Other payments principally comprise:

- c.£1m settlement of certification costs offset by
- c.£1m of VAT paid on invoices

### 9. Investment profile & strategy

For immediate liquidity requirements, LBIE invests in short-term money market deposits.

### Total balances

House Estate	GBP equivalent £m
Short-term deposits <sup>≠</sup>	451
Interest-bearing accounts	7
<b>Total</b>	<b>458</b>

<sup>≠</sup> Average rate of return for 6 months ending 14 September 2020 of 0.16% for sterling deposits and 0.37% for US deposits.

The Administrators continue to manage the estate's funds with a cautious outlook and with regard to appropriate policies (designed by treasury specialists), as amended from time to time whilst attending to other relevant considerations.

## Post-Administration Client Money receipts and payments: 6 months to 14 September 2020

Post-Administration Client Money	Notes	Period - 6 months to 14 September 2020 €m
<b>Total third-party balances at 14 March 2020</b>	-	<b>12</b>
Receipts	-	0
Payments	-	-
<b>Net movement in the period</b>	-	-
<b>Total third-party balances at 14 September 2020<sup>∞</sup></b>	<b>1</b>	<b>12</b>

<sup>∞</sup> Relating to clients subject to debt recovery litigation in Germany

## Notes

### 1. Investment profile

#### Total balances

Post-Administration Client Money	€m
Interest-bearing accounts	12
<b>Total</b>	<b>12</b>

#### Cash management and investment policies for client funds

The Client Money cash management policy for interest-bearing accounts is based on that used for the House Estate, modified to comply with the additional Client Money regulatory requirements. Client Money is not eligible for investment in government bonds and can be placed on money market deposits for a maximum duration of 30 days.

# Appendix B:

## Administrators' remuneration

### Analysis of Administrators' remuneration by grade and work activity

During the Reporting period, the Operating Committee has resolved to continue to fix the basis of the Administrators' remuneration by reference to the time properly given by the Administrators or their staff in attending to matters arising in the Administration. The table below provides an analysis of the Administrators' total hours incurred and the associated cost by staff grade and work activity for the previous time period (to 31 December 2019) and the current period (to 14 September 2020). The Administrators have now brought the SIP 9 analysis period in line with the LBIE's Reporting period rather than the calendar year, as shown previously.

	Prior actual		Prior actual		Current actual	
	1 July 2019 to 31 December 2019		1 January 2020 to 14 March 2020		15 March 2020 to 14 September 2020	
	Hours	£'000	Hours	£'000	Hours	£'000
<b>By grade</b>						
Partner	500	510	256	255	429	440
Director	593	532	210	177	514	453
Senior Manager	2,374	1,330	820	457	1,404	855
Manager	1,867	952	569	298	1,081	578
Senior Associate	1,825	720	542	214	1,595	652
Associate	1,502	383	294	73	828	193
<b>Total</b>	<b>8,661</b>	<b>4,427</b>	<b>2,691</b>	<b>1,474</b>	<b>5,851</b>	<b>3,171</b>
<b>Average hourly rate</b>		<b>£511</b>		<b>£548</b>		<b>£542</b>
<b>By work activity</b>						
Core Team	2,260	1,474	927	632	1,514	1,039
Data	2,856	1,114	464	169	1,903	732
Insolvency Management Team	587	242	167	67	480	200
Cashiers & Treasury	975	410	420	180	769	341
Tax	713	624	230	207	692	609
IT	1,107	508	465	209	430	203
Specialist advice	163	55	18	10	63	47
<b>Total</b>	<b>8,661</b>	<b>4,427</b>	<b>2,691</b>	<b>1,474</b>	<b>5,851</b>	<b>3,171</b>

Definitions of each work activity and the main tasks carried out in the Reporting period are noted on the next page.

## **Definitions of each work activity and the main tasks carried out in the Reporting period:**

**Core Team** - Key staff responsible for the ongoing litigation, stakeholder engagement, financial management and resolution of residual matters in the administration. In the period the main tasks included:

- Meetings/discussion held with counterparties and lawyers in respect of various litigation matters; liaising with lawyers, counsel and other interested parties' legal teams;
- Development and ongoing review of strategy for distribution and ongoing residual matters;
- Input into drafting and review of court applications, witness statements and position papers;
- Attendance at court hearings; and
- Preparation of monthly management information and presentations to the Operating Committee

**Data** - Utilised to support litigation through investigations of historical data and preparation of court data submissions

- Extraction of key email data and related searches to support ongoing litigation and residual matters; and
- Review of archive data in support of litigation and resolution of residual matters

**Insolvency Management Team** - Uses PwC knowledge and experience to ensure compliance with the Insolvency Rules 2016 requirements

- Assist with maintaining regulatory controls;
- Arranged receipts and payments of funds and coding of movements; and
- Reporting to external parties

**Cashiers & Treasury** - Treasury and cash management using PwC systems for investments, payments and receipts as well as the required rules set out in the Client Assets Sourcebook and Client Money and Assets Reporting

- Managed the funds held by the Administrators;
- Monitored and controlled the movement of funds, mitigated risk and maximised the interest made on investments;
- Performing regular bank reconciliations for all bank accounts; and
- Daily monitoring of funds required for immediate cash needs, to ensure optimal level of funds held on deposit

**Tax** - Responsible for the completion of statutory tax and VAT requirements and providing tax advice and analysis in respect of ongoing matters

- Review of the creditor base and corresponding withholding tax position;
- Review of various documents prepared by legal team and accountants;
- Providing tax advice and analysis for proposed options (including distributions); and
- Review and submission of the corporation tax return for the year ended 14 September 2019

**IT** - Maintains LBIE IT infrastructure and security as well as closing down of systems when no longer required

- Ensured that all IT equipment has been appropriately removed from 25 Canada Square and the new offices are functioning as required; and
- Continued, flexible IT support

**Specialist advice** - Provided the Administrators with specialist valuations, pensions, regulatory and other advice

- Assessing valuation and realisation options for certain key securities; and
- Assessing FCA requirements for LBIE's directors and Senior Managers

## Information about remuneration

Details of the statutory framework for the approval of the Administrators' remuneration and the level and detail of disclosure provided by the Administrators are set out in our earlier reports. Total time costs incurred in the Reporting period are c.£3.2m. Please note that these costs remain subject to approval by the Operating Committee.

Cumulative time costs accrued to 14 September 2020 are c.£1,026m. As shown in Appendix A, total Administrators' remuneration and disbursements paid to 14 September 2020 is c.£1,061m.

In the Reporting period we have continued to provide the Operating Committee with detailed information relating to work undertaken and our remuneration and Category 2 disbursements, in accordance with SIP 9. Remuneration is only taken following Operating Committee approval. Rates from 1 July 2020 onwards are currently being agreed with the Operating Committee and may be subject to change.

## Creditors' rights

Creditors have the right to ask for more information about remuneration or expenses within 21 days of receiving this report as set out in Rule 18.9 of the Insolvency Rules. Any request must be in writing. Creditors can also challenge remuneration and expenses within 8 weeks of receiving this report as set out in Rule 18.34 of the Insolvency Rules.

An explanatory note on the rights of creditors in relation to an administrator's remuneration and expenses and how to request further information can be found online at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

This guide is for appointments on or after 1 October 2015, or where information is provided by the administrator about fees, expenses or other payments after 6 April 2017 and whilst not all of the provisions apply to the LBIE Administration (which commenced on 15 September 2008) it is the most appropriate guide currently available following the changes made by the Insolvency (England and Wales) Rules 2016.

You can also get a copy free of charge by contacting Kate McNerlin on +44 (0) 7764 235365 or emailing [Generalqueries@lbia-eu.com](mailto:Generalqueries@lbia-eu.com).

## Approvals by the Operating Committee

In the period 1 January 2020 to 14 March 2020 c.£18,580 of Category 1 and c.£134,702 Category 2 disbursements were incurred.

In total, c.£39,621 of Category 1 disbursements and c.£324,605 of Category 2 disbursements were incurred in the 6-month Reporting period.

There have been no Category 1 and Category 2 disbursements paid in the period.

# Appendix C:

## Statutory and other information

<b>Court details for the Administration:</b>	High Court of Justice, Business and Property Courts of England and Wales Insolvency & Companies List (ChD) - Court case number 7942 of 2008
<b>Full name:</b>	Lehman Brothers International (Europe)
<b>Trading name:</b>	Lehman Brothers International (Europe)
<b>Registered number:</b>	02538254
<b>Registered address:</b>	Regus Level 5, Tower 42, 25 Old Broad Street, London EC2N 1HN
<b>Contact address:</b>	Lehman Brothers International (Europe) – in Administration, Regus Level 5, Tower 42, 25 Old Broad Street, London EC2N 1HN
<b>Contact telephone / email:</b>	+44 (0)7764 235365 / Generalqueries@lbia-eu.com
<b>Date of the Administration appointment:</b>	15 September 2008
<b>Administrators' names and addresses:</b>	R Downs (appointed 2 November 2011), EJ Macnamara and GE Bruce (both appointed 16 July 2018) of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT MJA Jervis and DY Schwarzmann ceased to act on 2 November 2011. DA Howell ceased to act on 22 March 2013. PD Copley ceased to act on 24 June 2016. AV Lomas and SA Pearson ceased to act on 16 July 2018. JG Parr ceased to act on 8 March 2019
<b>Appointor's name and address:</b>	High Court of Justice, Chancery Division, Companies Court on the application of LBIE's directors
<b>Objective being pursued by the Administrators:</b>	Rescuing the company as a going concern. There are a number of important ongoing interactions with counterparties and the courts that need to be progressed making it difficult to predict precisely when the Administration will be brought to an end and passed to the LBIE directors to continue as a going concern
<b>Aims of the Administration:</b>	To end the Administration in an orderly fashion and transition the Company's remaining business and activities to its directors To cooperate with further requests from the directors to make distributions to the Shareholder if it is appropriate to do so To resolve the pending proofs of debt in an expeditious manner and close down the residual Client Money and Client Asset activities To manage the Company's portfolio of litigation whilst it remains appropriate to do so and work out the Company's residual assets
<b>Division of the Administrators' responsibilities:</b>	In relation to paragraph 100(2) of Schedule B1 to the Insolvency Act, 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 Administrators may be done by any one or more of the persons for the time being holding that office
<b>Details of any extensions for the initial period of appointment:</b>	The UK High Court on 4 November 2016 granted a further extension of the Administration to 30 November 2022
<b>Proposed end of the Administration:</b>	The Administrators anticipate that the Administration will in due course be brought to an end following an application under paragraph 79 of Schedule B1 to the 1986 Act and that the company will be returned to the full control of its directors
<b>Estimated dividend for unsecured creditors:</b>	Interim dividends paid to date at a cumulative rate of 100p/£1 plus statutory interest
<b>Estimated values of the prescribed part and LBIE's net property:</b>	The prescribed part is not considered to be relevant as all Senior admitted creditors have been paid or reserved for at a rate of 100p/£1
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) of the Insolvency Act:</b>	Not applicable
<b>The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings does not apply to this Administration as LBIE is an investment undertaking
<b>Operating Committee members:</b>	Lehman Brothers Holdings Inc., LB Holdings Intermediate 2 Limited, Elliott Management Corporation and King Street Capital Management L.P.

# Appendix D:

## Glossary of terms

Abbreviation	Term	Definition
<b>Administration</b>	Administration	UK corporate insolvency process governed by the Insolvency Act 1986 applicable to LBIE following the granting of an administration order dated 15 September 2008
<b>Administrators</b>	Joint Administrators	R Downs was appointed as Joint Administrator of LBIE on 2 November 2011 and EJ Macnamara and GE Bruce (both appointed on 16 July 2018). All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales
<b>Affiliate</b>	Affiliate entities	Various subsidiaries and affiliates of Lehman Brothers Holdings Inc.
<b>AGR</b>	AG Financial Products Inc.	A US-based affiliate of Assured Guaranty Corp. which provided credit protection to counterparties under credit default swaps
<b>Category 1 disbursements</b>	Administrators' Category 1 disbursements	Costs that are directly referable to the Administration supplied by and paid to external third parties
<b>Category 2 disbursements</b>	Administrators' Category 2 disbursements	Costs that are directly referable to the Administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the Administration on a proper and reasonable basis
<b>Client Assets</b>	Client Assets	Client securities which LBIE should have held as at 15 September 2008
<b>Client Money</b>	Client Money	Client cash balances held by LBIE as at 15 September 2008 or received thereafter by LBIE and which are, in each case, subject to the UK Financial Conduct Authority's client money rules and/or applicable client money distribution rules
<b>HMRC</b>	HM Revenue & Customs	Organisation of the UK government primarily responsible for the collection of taxes
<b>House Estate/House</b>	House Estate	Dealings that relate to LBIE's general unsecured estate
<b>Insolvency Act</b>	Insolvency Act 1986	Statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the UK
<b>Insolvency Rules</b>	Insolvency (England and Wales) Rules 2016	Statutory rules that provide the legal platform for matters relating to personal and corporate insolvency in England and Wales
<b>LBHI</b>	Lehman Brothers Holdings Inc.	Ultimate parent of the Lehman group, incorporated in the USA and formerly subject to Chapter 11 bankruptcy protection from 15 September 2008. LBHI's plan of reorganisation became effective on 6 March 2012
<b>LBHI2</b>	LB Holdings Intermediate 2 Limited	Affiliate entity subject to insolvency proceedings in the UK and LBIE's Shareholder and sole holder of LBIE's preferred equity
<b>LBIE</b>	Lehman Brothers International (Europe) – In Administration	Private unlimited UK subsidiary of LBHI, acting as its main European broker dealer, subject to an administration order dated 15 September 2008
<b>LBNL</b>	Lehman Brothers Nominees Limited - in MVL	Private limited UK subsidiary of LBIE in members' voluntary liquidation
<b>MCF</b>	Mable Commercial Funding Limited	Affiliate entity subject to insolvency proceedings in the UK
<b>Operating Committee</b>	Operating Committee	A committee constituted pursuant to the terms of the Surplus Scheme which has assumed the roles and responsibilities of the former Creditors' Committee
<b>Post-Administration Interest</b>	Post-Administration Interest	Statutory interest payable pursuant to Rule 14.23(7) of the Insolvency Rules

<b>Reporting period</b>	Reporting period	15 March 2020 to 14 September 2020, the period covered by this report
<b>Scheme</b>	Scheme of Arrangement	Statutory procedure under Part 26 of the Companies Act 2006 for a court-approved agreement between a company and its creditors
<b>Senior</b>	Senior unsecured creditor	Unsecured, non-preferential, non-Shareholder, not subordinated creditor
<b>Shareholder</b>	LB Holdings Intermediate 2 Limited	Affiliate entity subject to insolvency proceedings in the UK and LBIE's Shareholder and sole holder of LBIE's preferred equity
<b>SIP 9</b>	Statement of Insolvency Practice 9	Rules issued by the Joint Insolvency Committee which provide guidance to insolvency practitioners and creditors' committees in relation to the remuneration of Administrators
<b>Subordinated Creditor</b>	Subordinated Creditor	Wentworth Sons Sub-Debt S.a.r.l
<b>Subordinated Debt</b>	Subordinated Debt	The subordinated liabilities arising pursuant to 3 intercompany loan agreements entered into between LBIE and LBHI2, each dated 1 November 2006, and which have been assigned by LBHI2 to the Subordinated Creditor
<b>Surplus</b>	Surplus	Assets remaining after the payment in full of Senior creditor claims and Shareholder claims but before Post-Administration Interest, non-provable claims, and the Subordinated Debt
<b>Surplus Scheme</b>	Surplus Scheme of Arrangement	A Scheme of Arrangement, pursuant to the UK Companies Act 2006, sanctioned by the UK High Court and which became effective on 20 June 2018, relating to the distribution of the Surplus
<b>Trust Estate</b>	Trust Estate	Client Assets and Client Money
<b>UK High Court</b>	High Court	Court of England and Wales which deals with all high value and high importance cases, and also has a supervisory jurisdiction over all subordinate courts
<b>VAT</b>	Value Added Tax	A consumption tax levied on the sale of goods and services in the UK



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RITM3809409