

Lehman Brothers International (Europe) – In Administration

Joint Administrators' twenty-fifth progress
report, for the period from 15 September 2020 to
14 March 2021

13 April 2021

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-fifth 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

Objective of the Administration

The Administrators consider that the objective of the Administration is to rescue the company as a going concern as 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.

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 ("SSIs"), have not received their interest. One higher value creditor has an unagreed proof of debt pending resolution of connected litigation.

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

LBIE's distributions to the Shareholder

In the Reporting period, the board of directors of LBIE requested the Administrators' cooperation (which was given) in declaring and making further distributions to LBHI2, as sole holder of LBIE's preferred equity. On 17 December 2020 £100m was distributed and on 21 January 2021 £115m was distributed, this brings the total distribution to the Shareholder to £244m (including £29m distribution made in the prior Reporting period).

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 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 October 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

Our team and supporting professionals have continued successfully working remotely with only minimal office attendance, where safe and appropriate to do so.

We continue to experience more significant adverse impact in relation to the matter subject to US litigation.

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

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.

Preferred equity dividend distribution

Having reserved for all remaining unagreed claims and interest in full, the company remains solvent and the interests of its Shareholder continue to be given prominence in the Administrators' day-to-day outlook.

Following progress made during the Reporting period, the directors requested the Administrators' cooperation to make further distributions of £100m on 17 December 2020 and £115m on 21 January 2021, respectively to the Shareholder. The Administrators considered that it was appropriate to consent as they 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

During the Reporting period, position papers and skeleton arguments were filed before a hearing of the Firth Rixson application which took place on 14 and 15 January 2021 before Mr Justice Hildyard (remotely via Zoom). The application is in respect of a number of counterparties that 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.

Judgment was reserved and is not expected in the near term. No recoveries are expected until after the Administration ends, absent a consensual resolution.

German tax investigation

During the period, the Administrators have continued to communicate with the German Public Prosecutor ("GPP") and the German Federal Tax Authority ("GFTA") to finalise the consensual resolution. Final formalities are yet to complete but

the above noted distributions reflect the finalised position and so no further material dividends to the Shareholder are expected to be declared once completion occurs in the next Reporting period.

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.

During the Period, LBIE negotiated a compromise with MCF's other creditors which provided for the transfer of the majority of Mable's assets to LBIE and an agreement for the distribution of the remaining assets, including the creation of a trust in favour of LBIE over MCF's shares in its solvent subsidiaries, SPML and PML. All of MCF's creditors, with the exception of LBIE, also agreed to subordinate their claims in Mable's estate to LBIE's claims in Mable's estate. This deal was concluded after the Reporting period ended.

AGR litigation

The proceedings have been subject to considerable delay following the postponement of the hearing due to Covid-19 and the retirement of Judge Friedman. In the Reporting period, we tried unsuccessfully to move the AGR litigation from the New York Supreme Court to the United States Bankruptcy Court seeking relief pursuant to LBIE's Chapter 15 status. The matter remains therefore to be heard in the New York Supreme Court and we have just been notified of a newly assigned Judge to take conduct of the dispute. We have no present indication on timing.

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, the Appellate Court in Frankfurt found in favour of LBIE on 12 May 2020. The counterparties involved have subsequently applied for permission to appeal for a second time to the German Supreme Court. We expect the Supreme Court's decision later this year on whether or not it will hear the matter.

During the Reporting period, the Administrators returned a total of c.€12m in dividends (net of withholding tax and excluding accrued interest) received on shares held as collateral and rejected (without challenge) the clients' second set of proofs of debt filed in 2018.

Other recoveries

During the Reporting period, the Administrators sold its last significant depot position, a minority shareholding in a financial institution, and achieved various other smaller recoveries.

The Administrators continue to manage the remaining portfolio of residual assets comprising illiquid securities, structured notes and amounts due from Affiliates and other parties. In the Reporting period, we received a further interim distribution from LBH. These residual assets (other than amounts due from LBH) are now expected to lead to only minimal realisations.

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

HMRC has opened a formal enquiry into LBNL in relation to the auctions and employee offers LBNL participated in on behalf of LBIE. Further information on LBNL's activities in 2016 and 2017 and material on the employee offers has been provided. We expect this will take some time to resolve.

Outstanding claims

As a result of progress made during the Reporting period, the Administrators made payments during March 2021 (which will be shown in the Receipts and Payments account for the next Reporting period) to two remaining claimants: i) an Affiliate where a dispute had arisen over resolving their claim whereby the Administrators paid c.£3m in full and final settlement of the Affiliate's claim and costs; and ii) the Administrators also admitted a Proof of Debt with payment made of c.£0.2m. LBIE will account for withholding tax in the normal way.

LBIE Trust Estate

Client Assets

LBIE still holds client securities (c.€31m combined value as at 14 March 2021) 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 was dissolved on 31 December 2020 following closure of the Client Money Estate.

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. All data and remaining systems can be accessed remotely whilst the LBIE staff and supporting professionals continue to work from home.

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 March 2021

House Estate receipts and payments: cumulative and 6 months to 14 March 2021

House Estate	Notes	Cumulative - 15 September 2008 to 14 September 2020 (GBP equivalent) £m	Period - 6 months to 14 March 2021 (GBP equivalent) £m	Cumulative - 15 September 2008 to 14 March 2021 (GBP equivalent) £m
Receipts				
Counterparties	1	12,743	9	12,752
Depot Securities	2	10,177	52	10,229
Other receipts		4,568	0	4,568
Total receipts for the period		27,488	*62	*27,549
Payments				
Dividends and Post-Administration Interest paid		(19,936)	-	(19,936)
Preferred equity dividend	3	(29)	(215)	(244)
Administrators' remuneration and disbursements	4	(1,061)	(2)	(1,063)
Payroll and employee costs	5	(660)	(1)	(661)
Legal and professional costs	6	(470)	(3)	(473)
Other payments	7	(4,742)	(1)	(4,743)
Total payments for the period		(26,898)	(222)	(27,120)
Net movement in the period		590	*(161)	429
Foreign exchange translation differences		(132)	(1)	(133)
Total House Estate	8	~458	(162)	#296

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

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

Balances held in foreign currencies at 14 March 2021 were c.\$23m.

Statement of expenses incurred in the 6 months to 14 March 2021

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

Expenses	Incurred in 6 months to 14 March 2021 £m
Administrators' remuneration and disbursements	(3)
Payroll and employee costs	(1)
Legal and professional costs	(3)
Other payments	(1)
Total	(8)

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.£9m LBH 6th distribution

2. Depot Securities

Receipts in the period principally comprise:

- c.£49m sale of securities; and
- c.£3m redemption of notes

3. Preferred equity dividend

- £215m to the sole Shareholder of LBIE's preferred equity

4. Administrators' remuneration and disbursements

Payment deferral terms (as agreed with the Operating Committee and referred to on page 11 of this report) account for any differences between costs incurred and payments made in the period.

5. 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.

6. 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.

7. Other payments

Other payments principally comprise:

- c.£1m of VAT paid on invoices

8. 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 †	244
Interest-bearing accounts	52
Total	296

† Average rate of return for 6 months ending 14 March 2021 of 0.04% for sterling deposits and 0.09% 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 March 2021

Post-Administration Client Money	Notes	Period - 6 months to 14 March 2021 €m
Total third-party balances at 14 September 2020	-	12
Receipts	-	0
Payments	1	(12)
Net movement in the period	-	-
Total third-party balances at 14 March 2021		-

Notes

1. Return of dividends received on shares held as collateral relating to debt recovery litigation in Germany.

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 14 September 2020 as reported, as well as restated at new agreed rates and the current period (to 14 March 2021). The restated prior period also includes additional hours properly incurred by the local and overseas experts which were received after the previous report was published.

	Prior reported actual		Prior restated actual		Current actual	
	15 March 2020 to 14 September 2020		15 March 2020 to 14 September 2020		15 September 2020 to 14 March 2021	
	Hours	£'000	Hours	£'000	Hours	£'000
By grade						
Partner	429	440	429	441	338	370
Director	514	453	544	474	478	419
Senior Manager	1,404	855	1,404	839	749	479
Manager	1,081	578	1,081	578	1,006	543
Senior Associate	1,595	652	1,594	649	1,506	641
Associate	828	193	829	184	1,222	314
Total	5,851	3,171	5,881	3,165	5,299	2,766
Average hourly rate		£542		£538		£522
By work activity						
Core Team	1,514	1,039	1,514	1,039	1,409	997
Data	1,903	732	1,903	704	2,207	832
Insolvency Management Team	480	200	480	200	369	156
Cashiers & Treasury	769	341	769	341	777	345
Tax	692	609	698	613	496	401
IT	430	203	430	203	1	1
Specialist advice	63	47	87	65	40	34
Total	5,851	3,171	5,881	3,165	5,299	2,766

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

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff.

All of our staff who work on the Administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the Administration as agreed by the Operating Committee.

Grade	Up to 30 June 2020	From 1 July 2020
	£	£
Partner	935	985
Director	820	870
Senior Manager	605	625
Manager	525	545
Senior Associate	435	450
Associate	270	280

We call on colleagues in our Tax, VAT, Pensions departments both in the UK and overseas where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Up to 30 June 2020	From 1 July 2020
	£	£
Partner	1,341	1,385
Director	1,465*	1,275
Senior Manager	944	975
Manager	750	710
Senior Associate	556	520
Associate	275	285

* Specialist advice regarding pensions was required in the period

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/discussions held with counterparties and lawyers in respect of various litigation matters, liaising with lawyers, counsel and other interested parties' legal teams;
- Liaison with the GPP and the GFTA to finalise the consensual resolution
- Development and ongoing review of strategy for distribution and ongoing residual matters;
- Preparation and making two further preferred equity distributions to LBHI2;
- Continue to wind-down the portfolio of residual assets comprising illiquid securities, structured notes and amounts due from Affiliates and other parties;
- Payments to creditors;
- Input into drafting and review of court applications, witness statements and position papers;
- Discussions/negotiations held with MCF's creditors in respect of entering into a compromise arrangement to transfer the majority of MCF's assets to LBIE;
- Attendance (remotely) at court hearings; and
- Preparation of monthly management information, forecasts 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;
- Arrange 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

- Manage the funds held by the Administrators, to ensure optimal level of funds held on deposit within risk policy;
- Monitor and control the movement of funds, mitigate risk and maximise the interest made on investments;
- Performing regular bank reconciliations for all bank accounts; and
- Daily monitoring and processing of cash receipts and payments and notification of movements to the Core team

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);
- Update to overseas legislation; and
- Liaising with Internal Revenue Service in the US

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

- 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;
- Assessing FCA requirements for LBIE's directors and Senior Managers; and
- Accounting considerations prior to making equity distributions and advice regarding the compromise deed with MCF and its creditors.

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.£3m.

Cumulative time costs accrued to 14 March 2021 are c.£1,028m. Total Administrators' remuneration and disbursements paid to 14 March 2021 is c.£1,063m, as shown in Appendix A.

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 have now been agreed with the Operating Committee.

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.aspx?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.

Approvals by the Operating Committee

In total, c.£9,177 of Category 1 disbursements and c.£243,629 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

Court details for the Administration:	High Court of Justice, Business and Property Courts of England and Wales Insolvency & Companies List (ChD) - Court case number 7942 of 2008
Full name:	Lehman Brothers International (Europe)
Trading name:	Lehman Brothers International (Europe)
Registered number:	02538254
Registered address:	Regus Level 5, Tower 42, 25 Old Broad Street, London EC2N 1HN
Contact address:	Lehman Brothers International (Europe) – in Administration, Regus Level 5, Tower 42, 25 Old Broad Street, London EC2N 1HN
Contact telephone / email:	+44 (0)7764 235365 / Generalqueries@lbia-eu.com
Date of the Administration appointment:	15 September 2008
Administrators' names and addresses:	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 Jarvis and DY Schwarzmans 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
Appointor's name and address:	High Court of Justice, Chancery Division, Companies Court on the application of LBIE's directors
Objective being pursued by the Administrators:	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
Aims of the Administration:	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 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.
Division of the Administrators' responsibilities:	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
Details of any extensions for the initial period of appointment:	The UK High Court on 4 November 2016 granted a further extension of the Administration to 30 November 2022
Proposed end of the Administration:	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
Estimated dividend for unsecured creditors:	Interim dividends paid to date at a cumulative rate of 100p/£1 plus statutory interest
Estimated values of the prescribed part and LBIE's net property:	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
Whether and why the Administrators intend to apply to court under Section 176A(5) of the Insolvency Act:	Not applicable
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings does not apply to this Administration as LBIE is an investment undertaking
Operating Committee members:	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
Administration	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
Administrators	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
Affiliate	Affiliate entities	Various subsidiaries and affiliates of Lehman Brothers Holdings Inc.
AGR	AG Financial Products Inc.	A US-based affiliate of Assured Guaranty Corp. which provided credit protection to counterparties under credit default swaps
Category 1 disbursements	Administrators' Category 1 disbursements	Costs that are directly referable to the Administration supplied by and paid to external third parties
Category 2 disbursements	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
Client Assets	Client Assets	Client securities which LBIE should have held as at 15 September 2008
Client Money	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
HMRC	HM Revenue & Customs	Organisation of the UK government primarily responsible for the collection of taxes
House Estate/House	House Estate	Dealings that relate to LBIE's general unsecured estate
Insolvency Act	Insolvency Act 1986	Statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the UK
Insolvency Rules	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
LBHI	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
LBHI2	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
LBIE	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
LBNL	Lehman Brothers Nominees Limited - in MVL	Private limited UK subsidiary of LBIE in members' voluntary liquidation
MCF	Mable Commercial Funding Limited	Affiliate entity subject to insolvency proceedings in the UK
Operating Committee	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
PML	Preferred Mortgages Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
Post-Administration Interest	Post-Administration Interest	Statutory interest payable pursuant to Rule 14.23(7) of the Insolvency Rules

Reporting period	Reporting period	15 September 2020 to 14 March 2021, the period covered by this report
Scheme	Scheme of Arrangement	Statutory procedure under Part 26 of the Companies Act 2006 for a court-approved agreement between a company and its creditors
Senior	Senior unsecured creditor	Unsecured, non-preferential, non-Shareholder, not subordinated creditor
Shareholder	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
SIP 9	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
SPML	Southern Pacific Mortgages Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
Subordinated Creditor	Subordinated Creditor	Wentworth Sons Sub-Debt S.a.r.l
Subordinated Debt	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
Surplus	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
Surplus Scheme	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
Trust Estate	Trust Estate	Client Assets and Client Money
UK High Court	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
VAT	Value Added Tax	A consumption tax levied on the sale of goods and services in the UK

New Statements of Insolvency Practice come into effect from 1 April 2021 for SIP 7 (receipts and payments) and SIP 9 (Administrators' remuneration) and that as our report relates to a period before these changes the updates will be applied as appropriate to our next report.

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