

# Lehman Brothers International (Europe) – In Administration

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

14 October 2021

[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.

*R Downs, EJ Macnamara and GE Bruce were appointed as Joint Administrators of Lehman Brothers International (Europe) to manage its affairs, business and property as agents without personal liability. R Downs, EJ Macnamara and GE Bruce are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

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

*Lehman Brothers International (Europe) is registered in England and Wales with registered no. 02538254.*

*VAT registration no. 446 9315 28*

# Section 1:

## Introduction

### Introduction

This twenty-sixth 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 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

No distributions were made within the Reporting period. Total distributions to the Shareholder remained at £244m at the end of the Reporting period.

### 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 de-authorise LBIE as a regulated company with the FCA; 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

We continue to regularly speak with the Operating Committee to discuss issues and outline key decisions. There has been no change to the constitution of the Operating Committee.

### 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 2022.

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.

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 Administrators have consented to a request from the directors to make a further distribution to the Shareholder of £93m. This will be made on or around 14 October 2021.

### Other progress and remaining issues

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

We continue to wait for the handing down of the judgment following the hearing in January this year.

During the Reporting period, settlement of one 2(a)(iii) party was reached and payment was received (as set out in our receipts and payments account).

#### German tax investigation

The Administrators have continued to communicate with the German Public Prosecutor ("GPP") and the German Federal Tax Authority ("GFTA") to finalise the consensual resolution. During the period settlement was reached with the GFTA. Final formalities are yet to be completed with the GPP.

#### MCF

During the Period, LBIE successfully concluded a compromise with MCF's other creditors to enable them to receive a final dividend over and above what might have been paid on an interim basis. The compromise 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. During the Reporting period, a final distribution of c.£10m was received.

#### AGR litigation

With the appointment of a newly assigned Judge to this dispute and a Court date set for 18 October 2021 in New York for the substantive hearing, considerable activity has been undertaken by the Joint Administrators and their advisers in preparation for the hearing.

#### Debt recovery litigation

Further to proceedings for recovery of a termination payment in relation to call options written on German shares which were automatically terminated by LBIE's Administration, the Supreme Court in Germany dismissed the counterparties' application for a further appeal. During August 2021 the termination payment was received (as set out in our receipts and payments account) and relevant collateral returned.

As a result LBIE no longer holds any Client Assets or Client Money.

#### Other recoveries

During the Reporting period, the Administrators have achieved various small asset-related 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, where in certain cases, its claims have not been agreed.

Details of receipts can be found at Appendix A.

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

HMRC opened a formal enquiry into LBNL for the 2016 and 2017 returns in relation to the auctions and employee offers LBNL participated in on behalf of LBIE. This remains ongoing and until resolved will delay the closure of this liquidation.

#### Outstanding claims

During the Reporting period, the Administrators paid two of the remaining claimants who had submitted a Proof of Debt to the Administration; withholding tax was accounted for in the normal way. One further claim remains to be resolved.

## LBIE Trust Estate

### Client Assets

As noted above, LBIE's final Client Asset holding was returned in the period.

### 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, supporting hybrid working between office and home.

### Outstanding matters and exit from Administration

Progress continues to be made towards reaching the point at which the Administration can be concluded. However, there remain a handful of important ongoing interactions with counterparties and the courts (which have been impacted to a greater or lesser extent by the Covid-19 situation with matters taking longer to be resolved).

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 2021

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

House Estate	Notes	Cumulative - 15 September 2008 to 14 March 2021 (GBP equivalent) £m	Period - 6 months to 14 September 2021 (GBP equivalent) £m	Cumulative - 15 September 2008 to 14 September 2021 (GBP equivalent) £m
<b>Receipts</b>				
Counterparties	1	12,752	40	12,792
Depot Securities		10,229	0	10,229
Other receipts	2	4,568	(2)	4,567
<b>Total receipts for the period</b>		<b>27,549</b>	<b>39</b>	<b>27,588</b>
<b>Payments</b>				
Dividends and Post-Administration Interest paid	3	(19,936)	(4)	(19,939)
Preferred equity dividend		(244)	-	(244)
Administrators' remuneration and disbursements	4	(1,063)	(4)	(1,067)
Payroll and employee costs	5	(661)	(0)	(661)
Legal and professional costs	6	(473)	(3)	(477)
Other payments	7	(4,743)	(2)	(4,745)
<b>Total payments for the period</b>		<b>(27,120)</b>	<b>(14)</b>	<b>(27,133)</b>
<b>Net movement in the period</b>		<b>429</b>	<b>25</b>	<b>454</b>
Foreign exchange translation differences		(133)	0	(133)
<b>Total House Estate</b>	8	<b>~296</b>	<b>25</b>	<b>#321</b>

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

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

# Balances held in foreign currencies at 14 September 2021 were c.\$26m.

### Statement of expenses incurred in the 6 months to 14 September 2021

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

Expenses	Incurred in 6 months to 14 September 2021 £m
Administrators' remuneration and disbursements	(3)
Payroll and employee costs	(1)
Legal and professional costs	(5)
Other payments	(1)
<b>Total</b>	<b>9</b>

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

## 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.£22m Client Money litigation settlement
- c.£10m Mable Compromise settlement
- £5m SPML/PML dividends received and
- c.£2m LBHI distribution

### 2. Other receipts

Receipts in the period principally comprise:

- c.(£2m) GFTA withholding tax refund and interest payments

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

Payments in the period principally comprise:

- c.£4m unsecured creditor distributions including withholding tax

### 4. Administrators' remuneration and disbursements

Payment deferral terms (as agreed with the Operating Committee and referred to on page 12 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 †	273
Interest-bearing accounts	48
<b>Total</b>	<b>321</b>

† Average rate of return for 6 months ending 14 September 2021 of 0.05% for sterling deposits and 0.08% 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 2021

Post-Administration Client Money	Notes	Period - 6 months to 14 September 2021 €m
<b>Total third-party balances at 14 March 2021</b>		-
Receipts	1	0
Payments	2	(0)
<b>Net movement in the period</b>		-
<b>Total third-party balances at 14 September 2021</b>		-

### Notes

Receipts and payments in the period are less than £0.5m and principally comprise:

1. Dividends received on shares held as collateral relating to debt recovery litigation in Germany.
2. Onward payment 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

Previous to this Reporting period, the Operating Committee 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 March 2021 as reported and the current period (to 14 September 2021).

	Prior reported actual		Current actual	
	15 September 2020 to 14 March 2021		15 March 2021 to 14 September 2021	
	Hours	£'000	Hours	£'000
<b>By grade</b>				
Partner	338	370	318	337
Director	478	419	320	271
Senior Manager	749	479	1,199	789
Manager	1,006	543	832	454
Senior Associate	1,506	641	1,051	458
Associate	1,222	314	1,407	378
<b>Total</b>	<b>5,299</b>	<b>2,766</b>	<b>5,127</b>	<b>2,687</b>
<b>Average hourly rate</b>		<b>£522</b>		<b>£524</b>
<b>By work activity</b>				
Core Team	1,409	997	1,582	1,070
Data	2,207	832	1,914	696
Insolvency Management Team	369	156	339	142
Cashiers & Treasury	777	345	683	307
Tax	496	401	398	360
IT	1	1	-	-
Specialist advice	40	34	211	112
<b>Total</b>	<b>*5,299</b>	<b>2,766</b>	<b>5,127</b>	<b>2,687</b>

\* Final invoiced values for the prior period were 5,286 hours and c.£2,768k following post period end adjustments.

Information regarding the Administrators remuneration policy and definitions of each work activity and the main tasks carried out in the Reporting period are noted on the following pages.

## 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.

<b>Grade</b>	<b>From 1 July 2020 to 30 June 2022 £</b>
<b>Partner</b>	985
<b>Director</b>	870
<b>Senior Manager</b>	625
<b>Manager</b>	545
<b>Senior Associate</b>	450
<b>Associate</b>	280

We call on colleagues in our Tax, VAT and other specialist 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.

<b>Grade</b>	<b>From 1 July 2020 to 30 June 2022 £</b>
<b>Partner</b>	1,385
<b>Director</b>	1,275
<b>Senior Manager</b>	975
<b>Manager</b>	710
<b>Senior Associate</b>	520
<b>Associate</b>	285

## **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.

- Active reviews and management of the administration accounts and reserves with the purpose of making distributions to the Shareholder;
- Liaison and settlement with one 2(a)(iii) counterparty;
- Continued discussions with the GPP and GFTA finalising the consensual resolution;
- Implementation and conclusion of the compromise with MCF's creditors and transfer of assets into LBIE;
- Monthly meetings with the employees of SPML and PML;
- Respond to the denied motion to move the AGR litigation to the Bankruptcy Court and preparations for the upcoming trial in the commercial division;
- Attendance (remotely) at court for case management hearings;
- Resolution of the debt recovery litigation and transfer of shares and payment;
- Preparation for the closure of the Client Money estate;
- Organisation and submission of two further proofs of debt into other estates;
- Payments to creditors;
- Meetings/discussions held with counterparties and lawyers in respect of other various litigation matters, liaising with lawyers, counsel and other interested parties' legal teams;
- Continue to wind-down the portfolio of residual assets comprising illiquid securities, structured notes and amounts due from Affiliates and other parties;
- Input into drafting and review of court applications, witness statements and position papers; 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

- Support ongoing litigation and residual matters through data capture, investigation and compilation and presentation of key data; and
- Close-down activities and archiving, pre-empting litigation resolution. Review and consolidation of data, reducing long term storage and vendor costs. Ensure all information relating to the administration is stored securely and in line with the Insolvency Rules

**Insolvency Management Team** - Specialist team utilising 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 various documents prepared by legal team and accountants;
- Providing tax advice and analysis for proposed options (including distributions);
- Assistance regarding overseas legislation; and
- Liaising with Internal Revenue Service in the US

**Specialist advice** - Provided the Administrators with advice and assistance as necessary for the completion of the Administration

- Assistance with pre-trial preparation for AGR
- Document review by overseas team regarding an ongoing legal case; and
- MCF compromise and subsequent statutory reporting and management of the Administration

## 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 September 2021 are c.£1,030m. Total Administrators' remuneration and disbursements paid to 14 September 2021 is c.£1,067m, 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. Hourly rates were agreed with the Operating Committee with effect from 1 July 2020 until 30 June 2022.

## Payments to associates

We have paid c.£38k to overseas PwC offices in the period covered by this report. This payment was in relation to overseas litigation and tax matters. These costs are included as part of our fees and are reviewed and paid in accordance with the remuneration policy approved by the Operating Committee.

## Our future work

The below list is a brief summary of the ongoing and future work expected on the Administration:

- Statutory reporting and compliance with the Insolvency Rules
- Ongoing tax and VAT returns
- Ongoing realisation of remaining assets
- There are a number of continuing legal matters which we will be seeking to progress and it would be inappropriate to discuss future steps in relation to these in this report
- Continuing to wind down the portfolio of securities
- Regular reporting and discussions with the Operating Committee

On a regular basis the Administrators provide detailed reports to the Operating Committee in relation to the expected work required to complete the administration. These reports include estimated costs and benefits to the creditors of LBIE.

## Disbursements

The Administrators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying or communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the Administration and is reported on and approved by the Operating Committee where required.

In the 6-month Reporting period £1,623.72 of Category 1 disbursements to third parties were incurred for postage and specific access to required external systems for fund investments.

A further £250,635.02 of Category 2 disbursements were incurred in relation to IT charges necessary for the ongoing litigation. The cost is largely calculated by reference to data volumes with a small licence charge.

## Our relationships

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

## Details of subcontracted work

The Administrators have subcontracted specific legal, valuations and IT support tasks. This is done for the benefit of LBIE creditors through cost savings and utilising their knowledge of the Administration and specialist expertise. The cost for these services are charged to LBIE on a time cost basis and are invoiced directly to the estate.

## Legal and other professional firms

The Administrators have instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	Linklaters LLP	Insolvency and other expertise	Time costs
Legal services	Quinn Emanuel Urquhart and Sullivan	US legal expertise	Time costs
Legal services	Al Tamimi and Company Advocates and Legal Consultants	Saudi legal expertise	Time costs
Legal services	Buis Burgi AG	Swiss legal expertise	Time costs
Legal services	Baker McKenzie	Germany legal expertise	Time costs
Legal services	Saville Notaries LLP	Notaries specialist	Per document complexity and requests

Please note that this list excludes specific legal and professional firms who are supporting ongoing litigation where it would be inappropriate to disclose this information for commercial and confidentiality reasons.

All third party professionals are required to submit a detailed time-cost analysis and narrative in support of all invoices rendered. All invoices are reviewed before payment and the Administrators have satisfied themselves that the level of legal and professional costs is appropriate.

## 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/2021/administration-creditor-fee-guide-1-april-2021.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 Reporting period £78,879.07 of Category 1 and £488,411.35 of Category 2 disbursements as well as c.£2.1m of Administrators remuneration were approved by the Operating Committee and paid.

# 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 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
<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 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 de-authorise LBIE as a regulated company with the FCA; and 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>Company</b>	the Company	Lehman Brothers International (Europe) - in administration
<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>PML</b>	Preferred Mortgages Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
<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 2021 to 14 September 2021, 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. New Statements of Insolvency Practice come into effect from 1 April 2021 for SIP 7 (receipts and payments) and SIP 9 (Administrators' remuneration)
<b>SPML</b>	Southern Pacific Mortgages Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
<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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