



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

1 Company details

Company number 0 0 8 4 6 9 2 2

Company name in full Lehman Brothers Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Michael John Andrew

Surname Jervis

3 Administrator's address

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country

4 Administrator's name ①

Full forename(s) Zelf

Surname Hussain

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 7

Street More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report


6 Period of progress report

From date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>5</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>3</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	
To date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>4</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>9</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	<div>Signature</div> <div><div>X</div><div></div><div><div>X</div></div></div>								
Signature date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>2</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	

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

Contact name **Bryony Ball**

Company name **PwC**

Address **Central Square**

29 Wellington Street

Post town **Leeds**

County/Region **W Yorkshire**

Postcode

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Country

DX

Telephone

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

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Continuation page

Name and address of insolvency practitioner

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

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

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

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

2 Insolvency practitioner's name

Full forename(s)

Gillian E

Surname

Bruce

3 Insolvency practitioner's address

Building name/number 7 More London Riverside

Street

Post town

London

County/Region

Postcode

S E 1 2 R T

Country

Continuation page

Name and address of insolvency practitioner

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

2 Insolvency practitioner's name

Full forename(s)	Russell
Surname	Downs

3 Insolvency practitioner's address

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

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- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Edward J

Surname

Macnamara

3 Insolvency practitioner's address

Building name/number 7 More London Riverside

Street

Post town

London

County/Region

Postcode

S E 1 2 R T

Country

Lehman Brothers Limited – In Administration

**Joint Administrators' progress report
for the period 15 March 2020 to
14 September 2020**

12 October 2020

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The following table shows the abbreviations and insolvency terms that may be used in this report.

Company/LBL/Estate	Lehman Brothers Limited - in administration
Administrators	Michael John Andrew Jervis, Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and Russell Downs of PricewaterhouseCoopers LLP
reporting period	15 March 2020 to 14 September 2020
Firm/PwC	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
Group	The UK Lehman Brothers group of companies
Committee	The Creditors' Committee of the Company
LBIE	Lehman Brothers International (Europe) - in administration
LBHI2	LB Holdings Intermediate 2 Limited - in administration
LBH Plc	Lehman Brothers Holdings Plc - in administration
LBEL	Lehman Brothers Europe Limited - in creditors' voluntary liquidation (formerly in administration)
LBHI	Lehman Brothers Holdings Inc.
SLP3	Lehman Brothers Holdings Scottish LP3
HMRC	HM Revenue & Customs
ET	Employment Tribunal
Statutory Interest	Interest calculated on the amount of admitted claims in respect of the periods during which such claims were outstanding since the date of commencement of the administration to the date of full repayment, calculated as the greater of the rate payable in accordance with s.17 of the Judgments Act 1838 (currently 8% simple), and the rate applicable to the debt apart from the administration
Preferential claims	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
SIP9	Statement of Insolvency Practice No. 9

This report has been prepared by MJA Jervis, Z Hussain, GE Bruce, R Downs and EJ Macnamara as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/ibl. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

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

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

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Introduction

This is the 24th progress report prepared by the Joint Administrators of the Company.

This report provides an update on the work the Administrators have undertaken, with particular focus on progress between 15 March and 14 September 2020.

Objectives of the Administration

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

The specific aims of the Administration of LBL ("the Administration") have included:

- Realise all assets of LBL, where value may exist;
- Provide ongoing employee and infrastructure support to the Group in exchange for appropriate reimbursement;
- Mitigate, so far as possible, any further liabilities against LBL by the transfer or termination of contracts; and
- Adjudicate the claims of creditors and pay distributions to creditors with admitted claims.

Creditors' Committee

The Administrators regularly meet with the Committee to explain how key aspects of the Administration are being dealt with and to consult with the Committee on critical issues.

To date, the Administrators have held 32 meetings with the Committee, the most recent of which was held on 14 May 2020.

Outcome for unsecured creditors

Creditors will recall that before the commencement of this reporting period the Administrators had paid:

- a dividend of 100p in the £ to former employees with admitted preferential claims;
- two dividends totalling 100p in the £ on admitted ordinary unsecured claims;
- two dividends totalling 100p in the £ on admitted subordinated claims ranking ahead of statutory interest; and

- an interim distribution to preferential, unsecured and subordinated creditors of 31.4% of creditors' respective entitlements to statutory interest.

At present the quantum and timing of any further distributions in respect of statutory interest remain to be determined for reasons discussed in Section 2.2 below.

Why we remain in office

The Administrators remain in office to deal with the following tasks: collection of outstanding debts and Statutory Interest receivable; resolution of the Clawback and certain other claims; making further and final statutory interest payments; compliance with tax and VAT matters; compliance with statutory tasks; and conclusion of the Administration. Further details are contained within the body of this report.

Extension to the administration

The Administrators' term of office is due to expire on 30 November 2020. The Administrators intend to make an application to the Court to request a further, two-year extension in order to continue to pursue the tasks described in the paragraph above.

Future reports

The Administrators will circulate their next report to creditors in approximately six months.

Signed



MJA Jervis
Joint Administrator
Lehman Brothers Limited

Creditors will be aware that before the Administration, LBL held most of the UK service and employee contracts on behalf of the Group, and provided all HR, IT, property, accounting and other services for the Group in the UK and Europe.

Following the Administrators' appointment, LBL continued to provide services to the other UK based Lehman Brothers companies that are in Administration (the "Lehman Administration Companies"). On 31 May 2013, the Administrators agreed with LBIE and other Lehman Administration Companies to transfer to LBIE the then continuing services and 400 retained employees.

Throughout the Administration, the Administrators have utilised specialist teams from their Firm, who have worked with retained LBL and latterly LBIE employees to ensure that LBL's operations are properly coordinated and the objectives of the Administration are met.

As at the date of the Administration, LBL's primary assets included intercompany receivables, tax refunds, IT assets and fixtures & fittings. The management and realisation of these assets have been undertaken by separate workstream teams (e.g. the Intercompany team) to maximise the outcome for LBL's creditors as a whole.

Key progress from 15 March to 14 September 2020 includes:

- Continued review and liaison with legal advisors to address proceedings issued by LBHI in the Bankruptcy Court of the Southern District of New York in relation to Clawback;
- Consideration of the effect of the Court's findings in respect of the ranking of subordinated debt in LBHI2, which may materially impact realisations in LBL's major debtor, LBH Plc, and continued engagement with other Lehman entities in relation to the litigation;
- Receipt of further intercompany balances totalling c.£71k;
- Liaison with HMRC in relation to Lehman Group corporation tax matters and the unadjudicated balance of HMRC's unsecured claim;
- Correspondence with a former employee regarding the sole remaining unadjudicated preferential claim, with a

view to finalising adjudication; and

- Considering, analysing and liaising with stakeholders in relation to proposals to accelerate the closure of the estates of LBL and other entities.

Receipts and payments account

The receipts and payments account at Section 8 shows cash held decreasing from c.£217.4m to c.£213.0m in the period (of which \$129.2m is held in USD in respect of the potential USD Clawback liability). Key movements include:

- Payment of legal fees totalling c.£3.1m;
- Payment of Joint Administrators' fees of £1.9m;
- Intercompany debtor recoveries of c.£71k; and
- VAT of c.£2.3m recovered in LBL's capacity as the representative member of the VAT group.

As set out in earlier Progress Reports, all of the Company's assets are uncharged, there being no secured creditors.

The receipts and payments account does not show "estimated to realise" values from the directors' statement of affairs as this would not provide a meaningful comparison with actual asset recoveries. Given the nature of the Company's assets and ongoing realisations, the Administrators are not in a position to provide an estimate of the final outcome for creditors.

Statement of expenses

A statement of expenses incurred in the reporting period and an estimate of future expenses is set out at Section 9.

Investigations and actions

No matters have come to the Administrators' attention during the period under review to suggest that they need to do any further work pursuant to their duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Overview

As set out in previous reports, the global nature of the Lehman business, with highly integrated trading and non-trading relationships across the Group, led to a complex series of intercompany positions at the date of Administration. These included 289 debtor and creditor balances between LBL and the rest of the Group, representing at book value c.£1.2bn of receivables and c.£0.7bn of payables. Of these, c.£1.1bn (>90%) of receivables related to five relationships. In addition, LBL held guarantees from LBHI in respect of claims against some other Group companies. The balances were denominated predominantly in US\$ but also in a number of other currencies reflecting the currency of the underlying transactions.

As a service company, LBL recharged to other Group companies the costs it incurred in the provision of services. In excess of 95% of such costs were charged to either LBIE or LBEL.

Progress

As creditors may recall from Progress Reports for earlier periods, the Waterfall III settlement provided that the final account balances between LBL and LBIE, and LBL and LBEL, were to be agreed at nil and c.£282.2m respectively (LBEL being a creditor of LBL).

The largest receivable balance was £709m due by LBH Plc to LBL. The principal amount has been paid in full, together with c.£17m of Statutory Interest. Further receipts of Statutory Interest from LBH Plc are dependent upon the final outcome of the litigation in relation to the subordinated claims in LBHI2 and of the Clawback matter as described in Section 2.2.

Material developments in the period include:

- c.£70k received from Thayer Properties Limited by way of a 10th interim distribution;
- A number of smaller recoveries have been received from group companies in a variety of jurisdictions, and further recoveries are anticipated; and
- As creditors are aware, a Plan of Reorganisation of LBHI and the other Affiliates in US Chapter 11 proceedings became effective on 6 March 2012. As a result of the Clawback proceedings, described further in Section 2.2, no funds were received in the reporting period on the allowed claim in LBHI, and the total recovery from this claim remains uncertain.

Approximately 14 other Group balances continue to be monitored and progressed where there remains a reasonable prospect of future realisations.

Clawback

LBL's allowed claim in LBHI relates to guarantees of liabilities to LBL of certain other Lehman Brothers companies, including LBH Plc. The allowed claim is, under the terms of the LBHI settlement, subject to a "clawback" mechanism triggered where recoveries exceed the value of guaranteed liabilities.

On 30 April 2019, LBHI initiated proceedings in the United States Bankruptcy Court Southern District of New York (the "Bankruptcy Court") against LBL, LBHI2 and certain other Lehman Brothers companies, without prior notice to the Administrators. LBHI is seeking to reclaim c.\$128m from LBL in relation to the guarantee claims and pre-judgment interest of 9% per annum, and a slightly smaller sum from LBHI2.

Jointly with LBHI2 and certain other Lehman Administration Companies, the Administrators applied to the English Court for directions as to the proper course of action, whilst simultaneously engaging with LBHI to seek a consensual way forward.

The English Court directed that the Bankruptcy Court would be a proper venue, and those proceedings now continue.

As a result of these proceedings, until such time as the mechanism for calculation of the clawback payment (or other commercial arrangement) is agreed, further sums received from guaranteed entities are reserved and will not be available for distribution. LBHI has sought a repayment in US Dollars and accordingly the reserve in relation to the Clawback claim is now held in US Dollars to hedge against potential exchange rate risks.

In the period covering this report, the Administrators have continued to liaise and prepare with legal advisors in respect of the Clawback litigation, including extensive searches of records and disclosure of relevant documents (redacted as appropriate) to comply with the Discovery process required by the Bankruptcy Court. This process has now been completed.

A deposition process commenced in July 2020, and lasted throughout July, August and early September. Following completion of depositions, a summary judgment motion has been filed by LBL and LBHI2, and LBHI is scheduled to file by 2 November 2020 its reply and any application for summary judgment it may choose to make. Applications for summary judgment are expected to be heard in January 2021.

If not resolved by summary judgment, it is anticipated the matter will be set down for a full hearing later in 2021. The Administrators work closely with the Administrators of LBHI2, using the same legal advisors and each taking a share of costs, in order to reduce complexity and the cost to the Estate.

Subordinated claims in LBHI2

As set out in previous progress reports and in section 2.1 of this report, LBL's largest debtor, LBH Plc, has a number of assets which it has yet to realise, the largest of which is a subordinated claim in LBHI2.

Creditors will recall that, following settlement of the Waterfall II proceedings, LBHI2 has sufficient assets to enable a distribution to its creditors with subordinated claims.

In addition to the subordinated claim of LBH, LBHI2 has another material subordinated liability claimed by SLP3. In November 2019, the Court heard an application issued by LBHI2 for directions in relation to the ranking of the two subordinated claims. The outcome of this determination will have a material impact on the quantum of distribution LBH Plc receives in respect of its subordinated claim, and consequently the quantum LBH Plc is able to distribute to its unsecured creditors, including LBL.

On 3 July 2020, the Court handed down judgment which, amongst other matters, found that LBH Plc's subordinated claim ranked senior to that of SLP3.

On 24 July 2020, the Court granted SLP3 permission to appeal this finding. The timetable for the appeal to be heard has not been set, although it is not expected to be until 2021 at the earliest.

Should the judgment be upheld, distributions by LBHI2 on the subordinated claim of LBH Plc will enable LBH Plc to pay in full statutory interest on ordinary unsecured claims in its Estate, including LBL's claim. This will in turn enable further material distributions of statutory interest to the creditors of LBL.

The Administrators of LBH Plc have issued an update to the creditors of LBH Plc setting out certain possible outcomes if the judgment is upheld on appeal. The update may be of interest to LBL's creditors, but is not directly relevant to them and should accordingly be read with caution. The update may be found here:

Potential settlements of LBL and other affiliate estates

The Administrators have continued to explore with LBHI and other stakeholders potential mechanisms to accelerate the payment of further distributions to creditors, and closure of the estates of LBL and certain other Lehman UK entities.

Preferential creditors

As creditors are aware from previous reports, a dividend of 100p in the £ has been paid to preferential creditors whose claims have been admitted.

Unsecured and subordinated creditors

Creditors are also aware from previous reports that the following dividends have been paid to ordinary unsecured creditors and subordinated creditors whose claims have been admitted:

- a first interim dividend of 1.66p in the £ was declared and paid on ordinary unsecured claims in December 2014;
- a second dividend of 98.34p in the £ was declared and paid in September 2017, bringing the total paid on ordinary unsecured claims to 100p/£;
- additionally, a first interim dividend of 77.44p in the £ was declared and paid in September 2017 on subordinated claims ranking ahead of statutory interest; and
- a second dividend of 22.56p in the £ was declared in April 2018 on such claims, bringing the total paid to 100p in the £.

Interest for post-Administrations periods (“statutory interest”)

On 13 September 2018 an interim distribution was declared and subsequently paid in respect of statutory interest, being 31.4% of the respective entitlements to such interest of preferential creditors, unsecured creditors and subordinated creditors with claims ranking ahead of statutory interest.

The total of statutory interest paid to the date of this report is £160.7m.

Claims agreement

The Administrators' Notice of Intended Dividend dated 6 August 2018 gave notice that the last date for proving for claims was 28 August 2018. As such the deadline for submitting claims has passed and the Administrators are not obliged to adjudicate claims submitted after that date.

A number of additional or amended claims were submitted before 28 August 2018. Work has continued to review and adjudicate the remaining claims. As at the date of the previous report, two claims totalling c.£9m remained to be

formally adjudicated and that remains the position at the date of this report.

One of these is the claim submitted by HMRC, discussed in more detail in Section 2.4 below.

The second is an employee preferential claim. Creditors will recall that this claim could not be finally adjudicated pending completion of litigation outside the Lehman group and clarification of applicable law. The applicable law has now been clarified and the Administrators have been in correspondence with the affected former employee with a view to finalising the claim. A revised claim has been received and is being reviewed.

All other outstanding preferential and unsecured claims were finalised prior to the reporting period.

Catch-up dividends

It is the Administrators' policy to make periodic “catch-up” dividend payments to creditors when further claims are agreed. No catch up payments were made in the reporting period. Any future catch-up payments will be made at a time when it is economically appropriate to do so.

Claim reserves and dividend prospects

The Administrators continue to reserve for claims not yet finally adjudicated.

The quantum and timing of any further payments in respect of post-Administration interest are currently uncertain and will depend on progress in addressing claims reserved for Clawback (as described in Section 2.2), and additional realisations principally from LBL's claim in LBH Plc which is materially dependent on the ranking of subordinated debt in LBHI2 (also as described in Section 2.2).

Issues and priorities

The Administrators' priorities in relation to creditor claims for the next six months are to continue to review and adjudicate outstanding unsecured claims and make catch-up payments as and when it is viable to do so.

Prior to entering Administration, LBL coordinated the Group corporate tax, VAT and PAYE affairs. Since Administration, this role has diminished but LBL continues to act as representative member of the Lehman Administration Companies VAT group and coordinates the Group loss allocation for corporation tax purposes.

Progress

Specific progress in the reporting period includes:

Corporation Tax

- Preparation and submission of the 2018 tax return, including ongoing review of tax legislative changes and impact with regards to the loss restriction rules and corporate interest deductibility rules;
- Providing tax support regarding potential future payments;
- Providing tax support to discuss approach and potential methodology to accelerate payments of cash to creditors, including discussions with legal counsel;
- Preparation and submission of CT61 returns for the purposes of withholding income tax from payments of statutory interest and responding to queries from creditors;
- Compliance with our responsibilities under Senior Accounting Officer legislation; and
- Adherence to the UK Corporate Criminal Offence legislation and tax reporting requirements.

VAT

- All VAT returns have been submitted up to, and including, the quarter ended August 2020; and
- Since the last report to creditors, LBL has received a repayment from HMRC for the November 2019, February 2020 and May 2020 quarters, totalling c.£2.3m of which c.£920k relates to LBL.

PAYE and other employment taxes

As previously reported, LBL was the employer in relation to certain Employment Benefit Trusts ("EBTs") in respect of which a number of complex tax issues arise. An 'Offer of Settlement' was agreed with HMRC and the Trustees of the EBTs to resolve many of the issues. The Settlement was accepted by all except five of the former Lehman employees who are beneficiaries of the EBTs. It has not been possible to obtain the agreement of the remaining five former employees. Discussions continue with HMRC and the Trustees to identify a means of closing off tax and other obligations in relation to the EBTs.

Other work has included:

- Submission of monthly RTI (Real Time Information) returns; and
- Review of and correspondence with HMRC on an amount relating to employment taxes that was set off of a VAT refund received.

HMRC Unsecured Claim

HMRC has submitted a claim for Inheritance tax (IHT) of c. £9m arising in relation to EBTs.

The Administrators have conducted extensive searches of LBL's records and worked with the trustees of the EBTs and with IHT specialists and legal advisers to establish the relevant facts and legal analysis in this complex matter, many relevant elements of which date back to the 1990s. A comprehensive response has been sent to HMRC, whose reply is awaited.

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court - Case 7945 of 2008
Company's registered name:	Lehman Brothers Limited
Trading name:	Lehman Brothers Limited
Registered number:	00846922
Registered address:	7 More London Riverside, London, SE1 2RT
Date of the administration appointment:	15 September 2008
Joint administrators' names, addresses and contact details:	Michael John Andrew Jervis, Zelf Hussain, Gillian Eleanor Bruce, Edward John Macnamara and Russell Downs of PricewaterhouseCoopers LLP, 7 More London Riverside, SE1 2RT. Email: uk_lbl_enquiries@pwc.com
Changes in Administrator:	<p>Derek Anthony Howell was appointed as an additional Joint Administrator on 30 November 2009.</p> <p>Julian Guy Parr replaced Derek Anthony Howell as a Joint Administrator on 22 March 2013.</p> <p>Zelf Hussain replaced Dan Yoram Schwarzman as a Joint Administrator on 1 June 2016, on which day Anthony Victor Lomas, Steven Anthony Pearson and Julian Guy Parr also ceased to act as Joint Administrators.</p> <p>Gillian Eleanor Bruce, Edward John Macnamara and Russell Downs were appointed as additional Joint Administrators on 26 July 2018.</p>
Appointer's / applicants' name and address:	High Court of Justice, Chancery Division, Companies Court on the application of the directors of the Company, 25 Bank Street, London, E14 5LE.
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators may be done by any or one or more of the persons for the time being holding that office.
Details of any extensions of the initial period of appointment:	The Court has granted five successive extensions to the Administration to: 30 November 2011; 30 November 2013; 30 November 2014; 30 November 2016; and 30 November 2020.
Estimated dividend for unsecured creditors:	<p>An Order was granted giving the Joint Administrators leave to pay distributions to (non-preferential) unsecured creditors of LBL.</p> <p>The Administrators declared and paid a first interim dividend of 1.66p in the £ to ordinary unsecured creditors on 15 December 2014, and declared on 6 September 2017 and paid shortly thereafter a second dividend of 98.34p to ordinary unsecured creditors.</p> <p>A first interim dividend of 77.44p in the £ was declared and paid to subordinated creditors ranking above statutory interest on 11 September 2017, and a second and final dividend of 22.56p in the £ was paid to such creditors on 14 April 2018.</p> <p>The Administrators have issued a final Notice of Intended Dividend for unsecured claims and post-Administration interest setting a last date for proving of 28 August 2018, and on 13 September 2018 declared a distribution of 31.4% of creditors' entitlements statutory interest.</p>

Background

The Creditors Committee is responsible for agreeing the basis and quantum of the Administrators' remuneration.

The Insolvency legislation

There are three alternative fee bases under Insolvency legislation, being either, or a combination of:

- A percentage of the value of the property with which the administrator has to deal;
- By reference to the time properly given by the administrator and his staff in attending to matters arising in the administration; and/or
- As a set amount.

Insolvency legislation also provides that in arriving at its decision on remuneration, the Committee is required to consider the following matters:

- The complexity (or otherwise) of the case;
- Any responsibility of an exceptional kind or degree which falls on the administrator;
- The effectiveness with which the administrator appears to be carrying out, or to have carried out, their duties; and
- The value and nature of the property which the administrator has to deal with.

Statement of Insolvency Practice No. 9

In addition to Insolvency legislation, SIP9, issued by the Joint Insolvency Committee, provides guidance to insolvency practitioners in relation to the disclosure of payments to insolvency office holders and their associates.

The purpose of SIP9 is to set out the principles and key compliance standards with which insolvency practitioners are required to comply with regard to the provision of information to creditors and other interested parties who have a financial interest in the level of office holders' remuneration, disbursements and expenses paid from an insolvent estate.

In accordance with SIP9, which was revised with effect from 1 December 2015, Sections 5 and 6 shows a summary of the work undertaken by the Administrators in the reporting period and, to the extent that is not prejudicial to the interests of the Company, the expected future work the Administrators are to

carry out to achieve the purpose of the Administration is shown in Section 2.

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

A copy, free of charge, can be obtained from the Administrators by emailing uk_ibl_enquiries@pwc.com.

Resolutions of the Creditors' Committee

Given the fundamental uncertainties about the value of the property with which the Administrators have to deal, the Committee resolved that the Administrators' remuneration be based on the 'time properly given' basis – i.e. an hourly billing basis.

The Committee also resolved that the Administrators may draw 75% of their time costs on account to assist with the smoothing of working capital. All such costs are subject to detailed reporting to the Committee and the extent to which the Administrators can draw remuneration is subject to its approval.

Costs incurred and approved to date

To 14 September 2020, the Administrators have drawn fees of c.£41m, including c.£1m of disbursements (exclusive of VAT) in accordance with the Committee resolution and approvals. These fees are shown in the receipts and payments account at Section 8. During the reporting period, the Administrators drew fees of c.£1.9m on account of their time costs.

The time cost charges incurred in the period 1 March to 31 August 2020 are c.£1.7m. An analysis of the total hours and cost incurred by grade of staff can be found at Section 5.

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 required 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 or us.

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.

Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other staff members. 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.

The following table summarises the hourly rate ranges charged per hour for the grades of staff who have already worked on the Administration during the reporting period:

Grade	Min Rate (£)	Max Rate (£)
Partner	795	1,191
Director	800	1,081
Senior Manager	295	1,008
Manager	369	606
Senior Associate	47	425
Associate	35	265

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

The following disbursements were incurred in the reporting period:

Description	Cat. 1 (£)	Cat. 2 (£)
Reimbursement of staff expenses	77.00	-
Postage costs	2,821.20	-
Printing costs	-	1,131.00
IT/Licence costs	54.00	-
Total	2,970.20	1,131.00

Payments to associates

No work by entities associated with PwC has taken place during the reporting period.

Subcontractors

No work was subcontracted by the Administrators in the reporting period.

Relationships

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

Legal and other professional firms

A summary of legal advisors instructed by the Administrators can be found at Section 7. The Administrators are satisfied that the level of legal and professional costs are appropriate.

Disbursements

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

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders' insurance.

Reporting Category	Partner		Director		Senior Manager		Manager		Senior Associate		Associate		Total	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)
Accounting and Treasury	2	1,266	-	-	22	12,569	89	42,152	309	118,637	33	6,944	455	181,567
Employee and creditor claims	-	-	-	-	18	10,012	4	1,512	27	7,744	2	337	51	19,605
Intercompany	-	-	-	-	-	-	0	114	-	-	-	-	0	114
Litigation	152	147,489	80	63,680	801	413,896	133	59,895	706	229,297	612	122,664	2,435	1,036,922
Statutory and Compliance	1	422	1	853	6	3,420	27	10,146	29	8,600	3	467	66	23,907
Strategy and Planning	63	61,236	-	-	107	60,933	49	18,506	19	5,861	2	328	289	146,864
Tax & VAT	28	33,610	4	4,324	158	139,945	23	12,681	252	80,832	5	1,078	471	272,470
Total	245	244,023	85	68,857	1,112	640,775	325	145,006	1,342	450,971	657	131,818	3,767	1,681,449

Accounting and treasury – £181,567

Work reported in this category relates to LBL's accounting and treasury activities to maximise interest receipts, manage liquidity and minimise financial risk, preserving value for creditors. Key activities include:

- Investment, monitoring and control of LBL's free cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits;
- Monitoring investment strategy and reviewing in response to changing market conditions;
- Foreign exchange transactions, on receipt of material foreign currency balances and to limit FX risks;
- Reviewing liquidity and investment maturities to ensure sufficient cash to meet Administration expenses;
- Periodic audit of treasury processes and procedures;
- Adherence to the UK and US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard);
- Preparing of periodic receipts & payments reports and information to support financial management and decision making;
- Periodic reconciliation of bank accounts to ledger;
- Providing input to VAT returns and distribution of VAT receipts to other Lehman Administration Companies; and
- Processing of general day to day payments and receipts.

Employee and creditor claims – £19,605

Work reported in this category relates to LBL's claim adjudication and creditor details the work has been done in preparation for a return to creditors and to ensure ease of receipts. Key activities include:

General supplier creditor claims

- Obtaining and verifying revised bank account details from creditors; and
- Updating creditor contact details when notified.

Employee claims

- Obtaining and verifying revised bank account details from employee creditors;
- Continued work to review and adjudicate a former employee's preferential claim; and
- Updating employee creditor contact details as notified.

See Section 2.3 for further information on the above work streams.

Intercompany – £114

This work relates to the agreement of intercompany balances and collection of receivables for the benefit of creditors and increased returns to creditors. This excludes matters actually or potentially the subject of litigation. See Section 2.1 for further detail.

Litigation – £1,036,922

This work relates to the agreement of intercompany balances and collection of receivables for the benefit of creditors and maximising returns to creditors, inclusive of matters actually or potentially the subject of litigation.

Clawback Proceedings

- Extensive engagement with solicitors and Counsel in relation to the Clawback litigation in order to ascertain how best to approach the Adverse Complaint in the Bankruptcy Court of the Southern District of New York;
- Review of files and undertaking searches of Company records in order to validate claims, timings and currencies of distributions subject to the Clawback litigation;
- Review of the stipulation of facts, and correspondence with solicitors to provide explanations and clarifications;
- Preparation for, and undertaking of, the deposition process; and
- Review of the ongoing strategy for the Administration in light of the Clawback proceedings.

Subordinated Debt Priority Application

- Continued engagement with solicitors and with other Lehman entities in relation to the LBHI2 and LBH Plc subordinated debt priority application, and consideration of the effect of the judgment on the strategy of the Administration.

See Sections 2.1 and 2.2 for further information on the above work streams.

Statutory and compliance – £23,907

Work the Administrators undertake in order to ensure compliance with statutory and regulatory requirements. Key activities include:

- Preparing for and reporting to the Committee at the meeting held on 14 May 2020;
- Preparing and issuing of March 2020 progress report to creditors;
- Six monthly review of case progress;
- Planning and applying for further extension of the Administration as required;
- Other statutory filings at Companies House and Court; and

- Recording, monitoring and reporting of time spent by Administration case staff.

Strategy and planning – £146,864

This work relates to directing and coordinating the overall conduct of the Administration so that it is progressed in a timely and efficient manner for the benefit of the Company's creditors. Key activities include:

- Considering and directing the overall strategy for LBL, including engagement with stakeholders and legal advisers in particular with regard to potential mechanisms to accelerate payments to creditors, and the Clawback litigation in the English Court and the Bankruptcy Court;
- Oversight of the claims adjudication process and reserving for claims and other matters including provisioning for any outstanding claims and matters to a sufficient level;
- Reviewing and approving legal and other third party costs and invoices;
- Coordinating, directing and resourcing work stream activities;
- Oversight of reporting and accounting, including periodic meetings to monitor progress; and
- Oversight of funds management and investment strategy.

Tax and VAT – £272,470

Work reported in this category includes compliance with tax legislation under the Administrators' obligations as proper officers for tax, and planning to ensure the efficient realisation of assets for the benefit of the Company's creditors as a whole. Work performed includes:

- Preparation and submission of VAT returns;
- Distribution of VAT receipt received as Representative Member to other Lehman estates and collecting VAT contributions;
- Preparation of accounting information to support tax computations;
- Preparation of corporation tax returns;
- Adjudicating HMRC's pre-administration claim, primarily with respect to Inheritance Tax, arising in respect of payments made out of the Employment Benefit Trust, which is a complex element of their claim;
- Submission of monthly RTI (Real Time Information) returns;
- Consideration of impact on the Company of changes to UK tax legislation, including loss restriction and interest deductibility rules, and the potential impact as part of the corporation tax returns;
- Compliance with various reporting obligations including tax strategy, Senior Accounting Officer and corporate criminal offence legislation;
- Providing tax support regarding potential future payments; and
- Providing tax support to discuss approach and potential methodology to accelerate repayments of cash to creditors, including discussions with legal counsel.

For further information see Section 2.4.

Examples of work still to be done to achieve the purpose of the Administration are shown below, due to complexities and uncertainties as to timescale and quantum of further receipts into LBL, estimated costs have not been provided with our below summary. Costs are reported to and approved by the creditors committee on a six monthly basis. This is not an exhaustive list and contains samples of the work still to be undertaken:

Accounting and treasury

- Investment, monitoring and control of LBL's free cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits, and ensuring funds are held in appropriate currencies;
- Adherence to the UK and US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard);
- Processing of general day to day payments and receipts; and
- Facilitating payments of catch-up and reissued dividends.

Employee and creditor claims

- Adjudication of the final creditor claim;
- Payment of further catch-up dividends and statutory interest; and
- Re-issue of returned dividends to creditors.

Intercompany

- Continued recovery of intercompany balances and coordination of distributions between intercompany debtor balances; and
- Review of "clawback" mechanism and liaising with legal advisors and other Lehman Companies regarding next steps and conclusion of matters.

Litigation

Continued involvement in intercompany litigation where LBL has a beneficial interest, including the Clawback litigation and the applications to Court in relation to the ranking of subordinated debt in LBHI2.

Statutory and compliance

- Preparing and issuing of further progress reports to creditors;
- Six monthly review of case progress;
- Other statutory filings at Companies House and Court; and
- Planning and applying for further extension of the Administration as required.

Strategy and planning

- Considering and directing the overall strategy for LBL, including engagement with stakeholders and legal advisers in relation to the Clawback litigation, and potential mechanisms to accelerate distributions to creditors;
- Preparation of and reporting to the Committee on a periodic basis; and
- Oversight of reporting and accounting, including periodic meetings to monitor progress.

Tax and VAT

- Providing tax support to discuss approach and potential methodologies to accelerate repayments of cash to creditors;
- Preparation and submission of VAT returns;
- Consideration of impact on the Company of changes to UK tax legislation, including loss restriction and interest deductibility rules, and the potential impact as part of the corporation tax returns;
- Meetings with HMRC to agree HMRC's pre-administration claim principally in respect of employment-related taxes, including set off of corporation tax refunds due;
- Compliance with various reporting obligations including tax strategy and corporate criminal offence legislation; and
- Meetings with HMRC employment specialists.

Closure

- Preparing for and dealing with closure of the Administration and dissolution of the Company.

Legal services, including:

- Local advice on overseas asset realisations.
- Legal input into the claims adjudication process and settlement where required.
- Legal input into ET claims, employee claims and tax advice on such claims.
- Advice in respect of clawback and responses to proceedings issued by LBHI.
- Advice on other ad hoc matters.

- Buis Burgi AG
- Linklaters LLP
- Davis Polk Wardell LP
- Addleshaw Goddard LP

Specialist knowledge and experience (in overseas jurisdictions, where applicable). Time cost basis.

All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators have satisfied themselves that the level of legal and professional costs is appropriate.

Contribution from third parties	1	141.9	0.6	11.3	-	149.6	149.6	-
Building recharge receipts		130.4	-	-	-	130.4	130.4	-
Payroll recharge receipts		502.0	0.1	57.1	-	538.4	538.4	-
Other (including realisations and payments for other companies)		1,000.9	3.9	222.8	0.9	1,146.8	1,146.5	0.3
Tax related receipts		725.3	-	-	-	725.3	723.0	2.3
VAT received on invoices		13.8	-	-	-	13.8	13.5	0.3
Total receipts for period		2,514.3	4.6	291.2	0.9	2,704.3	2,701.4	2.9
Building and occupancy cost		(179.4)	(0.3)	(62.9)	-	(219.7)	(219.7)	-
Payroll and employee costs	2	(520.6)	(2.8)	(45.2)	-	(551.6)	(551.6)	(0.0)
Return of recharge surplus		(2.4)	-	-	-	(2.4)	(2.4)	-
Other costs and payments		(69.5)	(0.3)	(1.2)	-	(70.5)	(70.5)	-
Other advisors' costs		(1.3)	-	-	-	(1.3)	(1.3)	-
Legal fees		(41.4)	-	(4.0)	-	(44.4)	(41.3)	(3.1)
Administrators' fees	3	(40.7)	-	-	-	(40.6)	(38.7)	(1.9)
Return of Corporation Tax to group companies		(469.9)	-	-	-	(469.9)	(469.9)	-
VAT related payments		(210.0)	-	-	-	(209.9)	(208.5)	(1.4)
VAT paid on invoices		(17.1)	-	(1.4)	-	(18.0)	(17.1)	(0.9)
Intercompany transfer		(1.5)	-	-	-	(1.5)	(1.5)	-
Total payments for period		(1,553.6)	(3.4)	(114.7)	-	(1,629.9)	(1,622.5)	(7.4)
Receipts from inter-currency transfers		152.1	2.7	189.2	-	297.1	296.5	0.6
Payments from inter-currency transfers		(131.1)	(3.9)	(236.7)	(0.9)	(285.7)	(285.1)	(0.6)
Net inter-currency transfers		21.0	(1.2)	(47.5)	(0.9)	11.4	11.4	-
Distribution to preferential creditors @ 100p/£ (declared 07/06/13)		(1.9)	-	-	-	(1.9)	(1.9)	-
Distribution to unsecured creditors @ 1.66p/£ (declared 15/12/14)		(11.3)	-	-	-	(11.3)	(11.3)	-
Distribution to unsecured creditors @ 98.34p/£ (declared 06/09/17)		(674.0)	-	-	-	(674.0)	(674.0)	-
Distribution to subordinated creditors @ 77.44p/£ (declared 06/09/17)		(19.4)	-	-	-	(19.4)	(19.4)	-
Distribution to subordinated creditors @ 22.56p/£ (declared 14/04/18)		(5.6)	-	-	-	(5.6)	(5.6)	-
Gross distribution to preferential, unsecured and subordinated creditors of statutory interest @ 31.4% (declared 13/09/18)		(160.7)	-	-	-	(160.7)	(160.7)	-
Total distributions		(872.9)	-	-	-	(872.9)	(872.9)	-

- 1) Includes elements of building & occupancy and payroll related recharges
- 2) Payroll cost attributable to LBL
- 3) Includes Administrators' disbursements of £1m
- 4) Funds held in interest-bearing accounts
- 5) Figures in the table may not perfectly cast due to rounding

Brought forward amounts are as per the previous progress report.
Movements in the period are converted using the Bank of England rates as at 14 September 2020.
1 GBP = 1.2883 USD
1 GBP = 1.0852 EUR
1 GBP = 1.1681 CHF

HSBC	4	2.9	-	0.5	-	4.4	30.5	(26.1)
Money Market Funds		105.8	-	128.5	-	208.6	186.9	21.7

The following table provides details of Administration expenses. Expenses are amounts properly payable by the Administrators from the estate including fees, but excluding distributions to creditors. The table also excludes any potential tax liabilities payable as an Administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Section 8, which shows expenses paid during the period and the total paid to 14 September 2020.

R&P category	Paid in previous periods (£m)	Paid in period (£m)	Incurred in period but not paid (£m)	Cumulative (£m)	Estimated future (£m) ¹	Estimated total (£m)
Building and occupancy costs ⁵	219.7	-	-	219.7	-	219.7
Payroll and employee costs ^{1,5}	551.6	-	-	551.6	-	551.6
Return of recharge surplus	2.4	-	-	2.4	-	2.4
Other costs and payments	70.5	-	-	70.5	5.0	75.5
Other advisors' costs ²	1.3	-	-	1.3	Materially uncertain	Materially uncertain
Legal fees ^{2,5}	41.3	3.1	1.1	45.5	Materially uncertain	Materially uncertain
Administrators' time costs ^{2, 3}	37.6	1.9	0.4	39.9	Materially uncertain	Materially uncertain
Administrators' disbursements ²	1.1	-	-	1.1	Materially uncertain	Materially uncertain
Total ⁴	925.5	5.0	1.5	932.0	Materially uncertain	Materially uncertain

Notes:

1. Relates only to LBL costs. No provision has been made for costs borne by LBL and recharged to other Lehman estates.
2. These costs are highly contingent on the outcome of ongoing and prospective litigation, further information on which can be found at Section 2. As a result, it is not possible to provide a meaningful estimate of the total expense.
3. The Administrators estimate that those costs not dependent (except in duration) upon the progression of issues subject to litigation and that are currently required to maintain the routine aspects of the Administration are c. £500k per annum.
4. Excludes VAT, which is partly recoverable.
5. Adjusted from previous brought forward balance following a review of the R&P