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1 Company details

Company number 0 1 8 5 4 6 8 5

Company name in full Lehman Brothers Holdings plc

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Edward John

Surname Macnamara

3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

4 Administrator's name ①

Full forename(s) Gillian Eleanor

Surname Bruce

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	<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>3</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>3</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>X</div></div>								
Signature date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>3</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>3</div></div>	

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Contact name Diane Adebowale

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DX

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

✗ **What this form is NOT for**
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1 Appointment type

Tick to show the nature of the appointment:

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

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- 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)

David James

Surname

Kelly

3 Insolvency practitioner's address

Building name/number

PricewaterhouseCoopers LLP

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7 More London Riverside

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London

County/Region

Postcode

S E 1 2 R T

Country

United Kingdom

Lehman Brothers Holdings plc (in administration)

**Joint Administrators' progress report for the
period 15 March 2023 to 14 September 2023**

**High Court of Justice, Chancery Division,
Companies Court
Case no. 7943 of 2008**

13 October 2023

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Abbreviations and definitions

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

Abbreviation or definition	Meaning
Company / LBH / Plc	Lehman Brothers Holdings plc - in Administration
Framework Agreement	The agreement entered into by, among others, LBGP, LBHI, DB and the Company and which came into effect on 8 October 2023
Administrators	Edward John Macnamara, Gillian Eleanor Bruce and David James Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Committee	The Creditors' Committee of the Company
Court	The High Court of Justice, the Business and Property Courts of England and Wales
DB	Deutsche Bank AG (London Branch)
ECAPS	Enhanced Capital Advantaged Preferred Securities issued by Lehman Brothers UK Capital Funding LP ("LP I"), Lehman Brothers UK Capital Funding II LP ("LP II") and Lehman Brothers UK Capital Funding III LP ("LP III") to ECAPs Holders
ECAPS Guarantees	The subordinated guarantee understood to have been given by the Company in relation to the issuance of ECAPS by LP I, LP II and LP III
ECAPs Holder	An investor in any of LP I, LP II or LP III, being the partnerships managed by LBGP, by way of Enhanced Capital Advantaged Preferred Securities
Firm	PricewaterhouseCoopers LLP
HMRC	HM Revenue and Customs
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
LBGP	LB GP No.1 Limited - in liquidation
LBHI	Lehman Brothers Holdings Inc.
LBHI2	LB Holdings Intermediate 2 Limited - in Administration
LBIE	Lehman Brothers International (Europe) - in Administration
LBL	Lehman Brothers Limited - in Administration
Partial Discharge Issue	The question concerning the correct calculation of certain of the Company's unsubordinated creditors' remaining entitlement to post-administration statutory interest, where those creditors have received payments from LBHI as guarantor
Priority Litigation	An application to Court issued on 16 March 2018 to determine, among other matters, the relative priority ranking of the subordinated claims of LBGP and LBHI against LBH

Priority Legal Issues	Areas of dispute that, following the conclusion of the Priority Litigation, arose on certain legal issues relevant to the priority and payment of future distributions to subordinated debt holders
Priority Legal Issue 1	The question of whether the principal amount of LBHI's Sub-Debt claim against LBH falls to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim against LBH, or whether statutory interest payable on the LBGP's Sub-Notes claim falls to be paid in priority to the principal amount of LBHI's Sub-Debt claim
Priority Application II	The Administrators' application to Court for directions in relation to the Priority Legal Issues, issued on 14 March 2023
Reporting Period	The period from 15 March 2023 to 14 September 2023
SIP9	Statement of Insolvency Practice No. 9
SLP3	Lehman Brothers Holdings Scottish LP3
Statutory Interest	Interest calculated in accordance with IR16 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

This report has been prepared by EJ Macnamara, GE Bruce and DJ Kelly as 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 based on a range of assumptions and estimates. It 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 Administrators' previous reports issued to the Company's creditors, which can be found at: <https://www.pwc.co.uk/services/businessrecovery/administrations/non-lbiecompanies/lbh-plc-in-administration.html>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

EJ Macnamara, GE Bruce and DJ Kelly have been appointed as Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Administrators are bound by the Insolvency Code of Ethics which can be found at: [Insolvency practitioner code of ethics](#)

The 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 Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Administrators.

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Section 1: Purpose of the Administrators' Progress Report

Introduction

This is the 30th progress report prepared by the Administrators of the Company, in accordance with Rule 18.3 of IR16.

It provides an update on the work the Administrators have undertaken with particular focus on progress made in the Reporting Period. The statutory receipts and payments account for the Reporting Period is included in Section 8.

We have sought not to duplicate information disclosed to creditors in prior reports and updates, copies of which can be found at:

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

Creditors may also find it helpful to review the documents filed by LBIE, LBL and LBH12. These may be found respectively at:

- <https://www.pwc.co.uk/services/business-restructuring/administrations/lehman.html>;
- <https://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/lbl-limited-in-administration.html>; and
- <https://www.pwc.co.uk/services/business-recovery/administrations/non-lbie-companies/lbh12-limited-in-administration.html>.

Objectives of the Administration

The Administrators continue to pursue the statutory objective of achieving a better result for the Company's creditors as a whole than would be likely if LBH were wound up (without first being in Administration).

Outcome for creditors and the Framework Agreement

As at 14 September 2023, the Administrators had paid the principal amounts of admitted, unsubordinated claims in full, together with a portion of the unsubordinated creditors' entitlements to post-administration statutory interest.

In our previous progress reports we explained that following the Court's determination in the Priority Litigation (that the subordinated claims of LBGP under what is known as the PLC Sub-Notes rank ahead of those of LBH1 under what is known as the PLC Sub-Debt), five other areas of dispute had arisen. These issues (the Priority Legal Issues) were relevant to both the priority and payment of future distributions to subordinated creditors and, accordingly, hindered progression of the LBH estate.

The Administrators are pleased to report that shortly after the end of the Reporting Period the Company, LBGP, LBH1 and certain other relevant parties entered into the Framework Agreement which, amongst other matters:

- enabled four of the five Priority Legal Issues to be withdrawn from Priority Application II; and
- provides for the division of, and conditions for, future distributions to the Company's subordinated creditors.

In addition, certain other matters were resolved including the complaint received from one of the Company's creditors, as referred to in previous reports.

These agreements now enable the Administrators to make further distributions to the Company's creditors, including its subordinated creditors.

We reported previously that the Administrators had issued a Notice of Intended Dividend to creditors on 31 March 2023. The intended dividend was subsequently postponed in light of certain points raised in connection with Priority Application II. With the Framework Agreement having resolved the majority of those and other matters, the Administrators plan to re-issue the Notice of Intended Dividend and expect to be able to pay an eighth interim dividend to creditors by the end of 2023.

The remaining one of the Priority Legal Issues (Priority Legal Issue 1) was considered at a hearing in Court during the week commencing 9 October 2023 (the "**October 2023 Hearing**"). The Court's judgment is awaited.

A separate question, the Partial Discharge Issue, has arisen concerning the correct calculation of certain of the Company's unsubordinated creditors' remaining entitlement to post-administration statutory interest, where those creditors have received payments from LBH1 as guarantor. The Administrators are in communication with relevant parties with a view to the Partial Discharge Issue being resolved. In the event that the relevant parties cannot reach a consensual solution, the Administrators may need to seek a Court determination on that issue.

Further information is provided in respect of these matters in Section 2 below.

Creditors' Committee

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

To date, the Administrators have held ten meetings with the next one planned for late 2023.

Under the terms of the Framework Agreement, the ECAPs Holders may appoint an observer (the “Observer”) to attend and observe meetings of the Committee.

Why we remain in office

The Administrators remain in office to deal with various matters, including: collecting outstanding debts (notably subordinated debt recoveries from LBHI2); making further payments to creditors, if and when the Company has sufficient funds with which to do so; compliance with tax and VAT matters; compliance with statutory tasks; and concluding the Administration. Further details are contained within the body of this report.

Next steps and future reports

The Administrators’ next formal progress report to creditors will be in six months’ time.

Should there be material developments in the interim, the Administrators will provide updates through the LBH website (or by other means as appropriate).

Signed

A handwritten signature in black ink, appearing to read 'EJ Macnamara', written in a cursive style.

EJ Macnamara
Joint Administrator
Lehman Brothers Holdings Plc

Section 2: Administrators' actions

Background

Creditors will recall that at the date of our last report, the Administrators had issued an application to Court to determine certain issues as regards the appropriate priority of payment to and calculation of sums due to subordinated creditors (the **"Priority Application II"**).

Creditors may also recall that in March 2023 the Administrators had issued a Notice of Intended Dividend to creditors in anticipation of being able to make a substantial distribution. However, in view of an objection to the timing of the proposed distribution being raised by LBGP, on the basis of certain questions raised in Priority Application II, the Administrators asked the Court for directions in relation to the timing of the proposed distribution (the **"Distribution Application"**).

At around the same time, DB, an ECAPs Holder, issued a further application (the **"Strike-Out Application"**), seeking to strike-out certain of the issues raised in Priority Application II, suggesting either that they had previously been resolved by the Court in the Priority Litigation, or that they should have been addressed in the Priority Litigation and as such were precluded from being raised in Priority Application II.

At the Priority Application II procedural hearing on 4 May 2023, the Court determined that, due to their interconnected nature, all of these issues should be heard together during the October 2023 Hearing. In light of the Court's direction, the Administrators postponed the declaration of a further dividend.

In summary, there were five matters to be determined by the Court in Priority Application II:

1. Whether the principal amount of the PLC Sub-Debt (Claim C) falls to be paid in priority to statutory interest payable on the claim in respect of the PLC Sub-Notes (Claim D), or whether statutory interest payable on the PLC Sub-Notes falls to be paid in priority to the principal amount of the PLC Sub-Debt.
2. Whether statutory interest payable on the claim in respect of the PLC Sub-Notes falls to be calculated by reference to the face amount of the PLC Sub-Notes, or by reference to the discounted sum payable on that claim in accordance with Rule 14.44 of IR16.
3. Whether the applicable period for the purposes of the calculation of statutory interest on the claim in respect of the PLC Sub-Notes begins with the date on which the Company entered administration, or on the date on which, in accordance with the subordination provisions of the PLC Sub-Notes, the holder of the PLC Sub-Notes became entitled to submit proofs of debt in the Company's administration in respect of that claim (and, if so, what that date is).
4. Whether clause 2.11 of the ECAPS Guarantees imposes upon the Holder (as defined therein) a trust

in respect of any proceeds which have been distributed by LBH, which takes effect on receipt of those proceeds and requires such proceeds to be turned over to LBH. If so, what are the circumstances in which such trust arises and in respect of what proceeds.

5. If LBH makes distributions on the PLC Sub-Notes but proceeds are thereafter turned over to LBH by the Holder pursuant to clause 2.11 of the ECAPS Guarantees, what is the resultant order of priority, as between the PLC Sub-Debt (Claim C) and the PLC Sub-Notes (Claim D), in respect of such sums received by LBH.

This hearing was scheduled to be heard in the week commencing 9 October 2023.

Settlement discussions

During the Reporting Period, the Administrators continued to explore consensual options to identify areas of agreement and possible compromise prior to commencement of Priority Application II. In the weeks immediately prior to the hearing, stakeholders including LBHI, DB and LBGP were able to reach agreement on various matters and enter into a Heads of Terms which was then shared with the ECAPs Holders. These terms were then formalised in a Framework Agreement which was entered into on 8 October 2023, immediately prior to the commencement of the October 2023 Hearing.

This Framework Agreement represents a significant milestone in the progression and eventual resolution of the LBH estate. The immediate effects are, in summary, as follows:

- Four of the five Priority Legal Issues were withdrawn from Priority Application II and therefore were not heard in the October 2023 Hearing;
- The Strike-Out Application was withdrawn from the October 2023 Hearing, other than insofar as it related to Priority Legal Issue 1;
- The Distribution Application was withdrawn from the October 2023 Hearing;
- The parties to the Framework Agreement agreed not to bring and/or pursue other claims which had the potential to impact the progression of the LBH estate;
- The order of and proportions in which subordinated creditors will receive distributions, as well as the timing of and conditions for making those payments, has been agreed; and
- The Administrators are now able to re-issue the Notice of Intended Dividend that had previously been postponed and expect to be able to pay a significant distribution to LBH's subordinated creditors before the end of 2023.

The Administrators are confident that the resolution of these issues will accelerate payments to creditors and reduce overall costs in the estate.

Priority Legal Issue 1

The remaining issue to be determined in Priority Application II is Priority Legal Issue 1, which concerns the question of whether the principal amount of LBHI's Sub-Debt claim falls to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim, or whether statutory interest payable on LBGP's Sub-Notes claim falls to be paid in priority to the principal amount of LBHI's Sub-Debt claim.

This issue was argued at the October 2023 Hearing and the Court's Judgment is awaited.

Documentation in relation to the Priority Application II is available through the link below:

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

Other progress

Other significant developments during the Reporting Period, and shortly after, include:

- On 20 June 2023, the Company received an unsecured creditor distribution of £110.0m from LBHI2.
- In June 2023 the Administrators prepared updated, illustrative financial outcomes for creditors, which can be accessed through the link below:

<https://www.pwc.co.uk/business-recovery/administrations/ehman/lbh-plc-update-june-2023.pdf>

- The hearing of Priority Application II commenced on 9 October 2023 to consider (now only) Priority Legal Issue 1 (as detailed above).
- Planning has commenced for a significant distribution to be paid to subordinated creditors before the end of 2023.
- Shortly after the end of the Reporting Period, the loan notes issued by LBH to LP I, LP II and LP III in 2005 and 2006 were listed and admitted to trading on the Vienna Stock Exchange, with the first trading day being 12 October 2023.

In Section 2.2 we provide further information on the Framework Agreement, including details of the payment of future distributions to subordinated creditors.

Partial Discharge Issue

A separate question has arisen regarding the correct calculation of certain of the Company's unsubordinated creditors' remaining entitlement to post-administration statutory interest, where those creditors have received payments from LBHI as guarantor (the "**Partial Discharge Issue**"). The question concerns whether the Court of Appeal's decision in the Priority Litigation in 2021 in relation to the partial discharge of the PLC Sub-Debt claim

is also applicable to the claims of certain of the Company's admitted unsubordinated creditors who also received payments from LBHI as guarantor of such claims.

The position adopted by LBGP and by DB is that the Court of Appeal's decision in the Priority Litigation in 2021 is applicable such that amounts of post-administration statutory interest which remain due to the relevant unsubordinated creditors should be adjusted to account for guarantee payments made to them by LBHI.

The Administrators are in the process of consulting with affected parties and, in the absence of an agreed approach, it may become necessary to make a separate application to Court for directions on this matter.

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.

Receipts and payments account

The receipts and payments accounts for the six months to 14 September 2023, together with a cumulative total since the beginning of the Administration, are included in Section 8.

The receipts and payments accounts show cash held in the £ sterling account increasing by c.£108.5m, from c.£51.4m to c.£159.9m in the period. Cash in the US\$ account remains unchanged at c.US\$0.2m. Key movements include:

- Receipt of a fifth interim dividend from LBHI2, of £110.0m; and
- Receipts of bank interest totalling c.£1.4m; offset by:
- Payment of Administrators' fees of c.£1.0m, having previously been approved by the Committee;
- Payment of legal and professional fees of c.£1.4m; and
- Net payment of VAT of c.£0.5m, of which c.£0.2m is irrecoverable.

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.

Statement of expenses

A statement of expenses incurred in the Reporting Period, as well as an estimate of future expenses, is set out at Section 9.

Our fees

We set out in Sections 4 and 5 an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/in-solvency/creditors-guides/2021/>

You can also get a copy free of charge by telephoning Diane Adebawale on 020 7583 5000 or by emailing: uk_lehmanaffiliates@pwc.com.

2.1 Key value drivers

Overview

Whilst the Framework Agreement has resolved a number of material matters affecting the LBH estate, the nature of the Company's assets and ongoing realisations mean that any estimate of the final outcome for creditors continues to be uncertain.

The main matters which continue to affect the ultimate outcome for creditors include:

LBHI2

As reported previously, the Priority Litigation has now been finally determined with LBH being LBHI2's priority, subordinated creditor. This is in priority to SLP3, the other subordinated creditor of LBHI2.

The Administrators have formally lodged a subordinated claim of £1,852.8m against LBHI2, which comprises a total claim of US\$3,186.0m less £337.0m which has been paid by LBHI2 to date.

Given the above, the outcome for LBH's creditors is highly dependent on recoveries from LBHI2, which in turn is dependent on the final outcome in the LBIE estate (after taking account of LBHI2's sharing arrangements under the Wentworth Joint Venture ("WW") sharing agreement).

There remains great uncertainty as to the final outcome of the LBIE estate. To date, LBHI2 has received from LBIE equity distributions totalling £337.0m, of which it has retained £168.5m under the WW sharing arrangements.

The current status of the main issues in the LBIE estate is as follows:

- **AGFP litigation:**

On 8 March 2023, Justice Crane issued her decision finding in favour of AGFP with the Clerk's office entering judgment on 30 June 2023.

During the Reporting Period, LBIE decided to appeal against Justice Crane's judgment and on 22 September 2023 LBIE filed its initial appeal brief.

LBIE anticipates that the earliest date for the appeal to be heard is February 2024 with the appeal process taking up to two years to be concluded.

- **US Tax reclaim:**

As set out in LBIE's previous reports, in August 2021 the Internal Revenue Service ("IRS") approved LBIE's request for treaty benefits through the competent authority process, allowing recovery of taxes. Tax returns were filed

with the IRS in Q4 2021 with the resultant tax repayment expected in 2024.

- **Firth Rixson:**

In October 2022, Mr Justice Hildyard found in LBIE's favour, however, Firth Rixson sought to appeal the decision. In the Reporting Period, a consensual settlement was reached between the parties resulting in Firth Rixson agreeing to pay a substantial sum in LBIE's favour. The settlement amount is to be received by LBIE in two instalments (with the first instalment of c.£12m having been paid on 12 July 2023, and the second instalment falling due on 14 July 2024).

Lehman Brothers Limited

The Company has an entitlement to post-administration statutory interest on a claim against LBL that was assigned to the Company in 2019 by Lehman Brothers Europe Limited (now dissolved), the principal element of the claim having previously been paid in full.

In total, approximately 77.6% of the post-administration statutory interest entitlement in relation to this claim has been paid to date.

2.2 Creditor claims and dividend prospects

Unsubordinated creditors

As creditors are aware from previous reports:

- dividends totalling approximately £1,074.8m (100p in the £) have been paid on admitted, unsecured, unsubordinated claims.
- further distributions have been paid in relation to unsubordinated creditors' statutory interest entitlements.

Based on current information, the Administrators are of the view that there will ultimately be sufficient realisations to allow unsubordinated creditors' remaining entitlements to post-administration statutory interest to be paid in full.

Certain of the Company's unsubordinated creditors have agreed to temporarily defer their entitlement to receive further payments of post-administration statutory interest such that the Company can first pay a substantial distribution to its subordinated creditors.

Subordinated creditors and the Framework Agreement

The claim from LBGP has now been agreed at c.£187.2m and will shortly be admitted at this amount. This is after discounting in accordance with IR16, in line with the outcome of the Priority Litigation, as detailed in previous progress reports. The claim from LBHI totals c.£1,059.0m. No payments towards subordinated debt have been made to date.

As explained above, with the Priority Litigation having concluded, and the majority of the Priority Legal Issues having been resolved by the Framework Agreement, the Administrators are planning to pay an eighth interim dividend to creditors in the near future, which will include a distribution of £187.2m to subordinated creditors. This will represent Tier X funds, as explained below.

Payments to be made under the Framework Agreement

The Framework Agreement sets out a structure under which LBH will make payments of funds available for subordinated creditors to LBGP and LBHI. These payments are governed by a specific sharing formula, summarised as follows:

Tier X - available funds of £187.2m:

The first £187.2m of funds available for the subordinated creditors will be paid:

- first, 92% (being £172.2m) to LBGP
- second, 8% (being £15.0m) to LBHI

Tier Y - next available funds of up to £225.0m:

Any Tier Y distribution to subordinated creditors can only happen once:

- Tier X funds have been distributed in full; and
- there has been a final adjudication or settlement of Priority Legal Issue 1; and
- the unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full, if necessary adjusted for the resolution of the Partial Discharge Issue.

If Priority Legal Issue 1 is resolved such that statutory interest payable on LBGP's Sub-Notes claim falls to be paid in priority to the principal amount of LBHI's Sub-Debt claim, the Tier Y funds will be distributed to LBGP and LBHI in the ratios 94% and 6% respectively.

If Priority Legal Issue 1 is resolved such that the principal amount of LBHI's Sub-Debt claim falls to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim, the entirety of any Tier Y funds will be distributed to LBHI.

Tier Z - remaining funds available:

Subject first to the distributions of Tiers X and Y, further distributions to LBH's subordinated creditors will be paid from any available funds in the following proportions:

- If Priority Legal Issue 1 is resolved such that statutory interest payable on the LBGP's Sub-Notes claim falls to be paid in priority to the principal amount of LBHI's Sub-Debt claim, the Tier Z funds will be distributed to LBGP and LBHI in the ratios 42% and 58% respectively.
- If Priority Legal Issue 1 is resolved such that principal amount of LBHI's Sub-Debt claim falls to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim, the Tier Z funds will be distributed to LBGP and LBHI in the ratios 12% and 88% respectively.

Estimated outcome and future distributions

In June 2023 the Administrators prepared an updated assessment of the potential economic outcomes for LBH's creditors. It indicated a potential return to subordinated creditors of £233m and £490m in Base and High cases respectively, subject to important notes and assumptions which are included within that update.

The update can be accessed through the link below:

<https://www.pwc.co.uk/business-recovery/administrations/ehman/lbh-plc-update-june-2023.pdf>

Whilst the Administrators anticipate shortly paying the Tier X distribution, LBH's ability to pay additional distributions to both unsubordinated and subordinated creditors (and the timing of such distributions) is dependent on a number of matters, including:

- various of LBIE's unresolved issues which remain subject to litigation, creating uncertainty as to the final outcome and timing of receipt of any recoveries. The most significant of LBIE's

unresolved issues is the AGFP litigation, as referred to in Section 2.1 above;

- the resultant quantum of further payments to LBHI2 from LBIE, and the proportion of such payments retained by LBHI2 under the WW sharing agreement;
- the duration, future costs and priority expenses of the LBH, LBIE, LBHI2 and LBL administrations; and
- under the terms of the Framework Agreement, further distributions to subordinated creditors, beyond that which is to be paid as Tier X in the near future, cannot be made until Priority Legal Issue 1 has been finally adjudicated or otherwise settled, and also until the unsubordinated creditors have received their remaining, post-administration statutory interest entitlements, if necessary adjusted for the resolution of the Partial Discharge Issue.

The Administrators will continue to provide further updates through the LBH website (or by other means as appropriate).

Should creditors require a copy of the June 2023 update, please contact the Administrators using the email address provided in Section 3.

2.3 Tax planning and compliance

All corporation tax returns up to and including the year ended 14 September 2022 have been submitted to HMRC. The Corporate Interest Restriction return for the year ended 14 September 2022 has also been submitted to HMRC.

The Administrators have met their obligations under the Senior Accounting Officer (“**SAO**”) legislation and submitted their 2022 certification and notification. They have complied with their obligations regarding the Lehman group Tax Strategy published for the period ended 30 November 2022 and adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards.

Progress

Specific progress in the Reporting Period includes:

Corporation Tax

- Commencing work on the year ended 14 September 2023 tax return and computations;
- Providing tax support regarding potential future payments;
- Considering the tax treatment of payments under certain subordinated debt instruments;
- Compliance with responsibilities and obligations under SAO legislation; and
- Complied with obligations regarding the publication of the Lehman group Tax Strategy.

VAT

- All VAT returns have been submitted up to, and including, the quarter ended August 2023.

Section 3: Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court — case 7943 of 2008 and CR-2008-000026
Company's registered name:	Lehman Brothers Holdings plc
Trading name:	Lehman Brothers Holdings plc
Registered number:	01854685
Registered address:	7 More London Riverside, London, SE1 2RT
Date of the Administration appointment:	15 September 2008
Administrators' names, addresses and contact details:	<p>EJ Macnamara, GE Bruce and DJ Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT</p> <p>If you've got any questions, please get in touch with Diane Adebawale, on +44 (0) 7583 5000, or at: uk_lehmanaffiliates@pwc.com</p>
Changes in Administrator:	<p>On 15 September 2008 Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzman and Michael John Andrew Jervis were appointed Joint Administrators</p> <p>On 30 November 2009 Derek Anthony Howell was appointed as an additional Joint Administrator</p> <p>On 22 March 2013 Gillian Eleanor Bruce and Julian Guy Parr replaced Dan Yoram Schwarzman and Michael John Andrew Jervis as Joint Administrators</p> <p>On 26 July 2018 Ian David Green, Edward John Macnamara and Russell Downs replaced Anthony Victor Lomas, Steven Anthony Pearson and Julian Guy Parr as Joint Administrators</p> <p>On 16 June 2021 David James Kelly replaced Ian David Green as Joint Administrator</p> <p>On 30 November 2021 Russell Downs and Derek Howell ceased to act as Joint Administrators</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 seven successive extensions to the Administration to: 30 November 2010; 30 November 2011; 30 November 2013; 30 November 2015; 30 November 2020; 30 November 2022 and 30 November 2025
Current membership of the Creditors' Committee:	<p>The current members are:</p> <p>Lehman Brothers Limited - in administration</p> <p>MBAM Investor Limited</p> <p>PAMI Holdings LLC</p> <p>LB GP No.1 Limited - in liquidation</p> <p>Lehman Brothers Holdings Inc.</p>

Section 4: Administrators' remuneration and other matters

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, was revised with effect from 1 April 2021 and applies to all open insolvency cases. It provides guidance to insolvency practitioners in relation to the disclosure of payments to insolvency officeholders and their associates. The revised SIP 9 requires, amongst other things, that payments from an insolvency estate of any element of costs that are shared, or payments being made to an associate, must be approved by the company's fee approving body. These are known as "Category 2 expenses".

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, Sections 4 and 5 show a summary of the work undertaken by the Administrators in the Reporting Period and, to the extent that it 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 6.

Creditors have the right to ask for information about remuneration or expenses under IR16 rule 18.9 and to challenge the Administrators' fees under IR16 rule 18.34 if they believe that they are too high. Creditors can find an explanatory note online at:

<https://www.icaew.com/-/media/corporate/files/technical/in-solvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx>

A copy, free of charge, can be obtained from the Administrators by emailing uk_lehmanaffiliates@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 from time to time. 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

Up to 14 September 2023, the Administrators have drawn fees of c.£24.0m, including c.£5.5m of Category 2 expenses (exclusive of VAT) in accordance with resolutions approved by the Committee. These fees are shown in the receipts and payments account at Section 8. During the Reporting Period, the Administrators drew fees of c.£1.0m on account of their time costs.

The time cost charges incurred in the period 15 March 2023 to 14 September 2023 are c.£1.6m. An analysis of the total hours and cost incurred by grade of staff can be found at Section 5.

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. Time is charged in six-minute units. The minimum time

chargeable is three minutes (i.e. 0.05 hours). We do not charge general or overhead costs.

The following table details the maximum hourly rate charged per hour for the grades of staff who worked on the Administration during the Reporting Period:

Restructuring & Insolvency Forensics	Max Rate (£)
Partner	1,060
Director	975
Senior Manager	775
Manager	625
Senior Associate	510
Associate and support staff	320
Offshore professionals	510

In addition, we call on specialist colleagues where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour:

Tax and Legal Data & Technologist	Max Rate (£)
Partner	1,385
Director	1,310
Senior Manager	1,060
Manager	775
Senior Associate	570
Associate and support staff	315

The maximum rates by grade (as set out above) were previously agreed with the Committee and are fixed for the period 1 July 2022 to 30 June 2024 (i.e. a two year period). Accordingly, whilst our scale rates may rise to cover annual inflationary and other cost increases, the maximum rate by grade is fixed until 30 June 2024.

Subcontractors

Certain centralised services are undertaken on behalf of the Company by employees retained by LBIE and LB SF Warehouse Limited for their prior and ongoing knowledge of the Company's affairs. Included in these services are the provision of certain tax and VAT services. The benefit to the Company's creditors is through cost savings. This is because the Administrators consider it more efficient that this work is carried out by subcontractors and by the centralisation of services. The costs of such services are recharged to the Company on a time costs basis and are invoiced directly to the estate.

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.

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.

Expenses

A summary of the expenses, including disbursements, incurred by the Administrators during the period can be found at Section 9.

Section 5: Analysis of Administrators’ time costs

Joint Administrators’ Time Costs for the period 15 March 2023 to 14 September 2023
(including the cumulative total time costs from the state of the Administrators’ appointment to 14 September 2023)

15 March 2023 to 14 September 2023											15 September 2008 to 14 September 2023
Reporting Category	Partner / Director		Senior Manager / Manager		Senior Associate		Associate		Total		Cumulative Total
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Accounting & Treasury	5	4,928	63	41,353	158	80,606	14	4,576	240	131,462	2,081,411
Creditors & Distributions	5	5,353	6	4,340	24	12,062	-	-	34	21,755	716,830
Statutory & Compliance	18	18,712	74	56,264	139	70,712	-	-	231	145,687	2,691,249
Strategy & Planning	496	505,367	509	377,385	262	134,603	7	2,332	1,275	1,019,686	10,795,197
Tax & VAT	91	123,470	187	148,046	9	5,031	16	5,089	304	281,637	3,653,627
Total	615	657,830	839	627,388	592	303,012	38	11,997	2,084	1,600,226	19,938,313
Average hourly rate for the Reporting Period										768	

Note: 'Hours' has been rounded up or down, to the nearest whole hour, and there may be rounding in this table which means it appears to not be perfectly cast.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work:

Accounting and treasury – £131,462

This is an essential function for the management of funds held by the Administrators on behalf of the Company. The Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.

- Provision of information for the purposes of statutory reporting;
- Analysis of interest rates available with counterparties;
- Active management of deposits held in various institutions including mitigating risk on such deposits;
- Due consideration of best strategy for dealing with cash;
- Reconciling bank accounts;
- Monitoring flow of funds into the bank accounts;
- Monthly reporting of outstanding deposits and month end bank balances; and
- Monitoring of funds required for immediate cash needs, to ensure that the optimal level of funds is held on deposit.

Creditors and distributions – £21,755

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

- Responding to creditor enquiries received via the Lehman Affiliate mailbox and updating creditor information; and
- Issued, and subsequently postponed due to issues raised in connection with Priority Application II, a Notice of Intended Dividend in respect of an 8th interim distribution to creditors.

Statutory and compliance – £145,687

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

- Preparing and circulating to creditors the Administrators' 29th progress report to creditors;
- Generating monthly time cost information in support of the Administrators' remuneration;
- Dealing with statutory filings at Companies House and the Court;

- Preparing the Administrators' internal six monthly case reviews in accordance with professional requirements;
- Managing and updating communications on the Company's website;
- Maintaining and managing case files, records and the Company database; and
- Dealing with other ad-hoc compliance and statutory issues.

Strategy and planning – £1,019,686

The inherent complexities of the Company's estate mean that the Administrators and their staff continue to invest a significant proportion of their time in the planning and delivery of their strategy for the progression of the Administration, for the ultimate benefit of creditors as a whole. This is whilst ensuring that the Company's interests in relation to the wider Lehman Brothers group are appropriately represented.

The Administrators continue to explore strategies that will enable the Administration to be brought to a conclusion and they anticipate that the Company will be dissolved after the conclusion of the Administration. Activities include:

Priority Application II, the Strike-Out Application, and the Distribution Application ("the Applications")

- Ongoing consideration of implications of the Priority Litigation and development of strategy;
- Development of strategy for Priority Application II;
- Extensive engagement with respondents and other interested parties in relation to Priority Application II, summarised in this and the previous progress report;
- Preparing for a procedural hearing to determine the procedural timetable for the Applications;
- Taking further appropriate steps in connection with the Applications, including preparing and serving a witness statement, position paper and reply position paper;
- Reviewing and considering other parties' position papers and reply position papers, and other preparation for the full hearing which commenced shortly after the end of the Reporting Period;
- Preparation of a witness statement in support of the Administrators' Distribution Application;
- Input into preparing a report to Court setting out for the Court other matters that may require judicial determination;
- Communications with lawyers and key stakeholders with regard to the report to Court;
- Discussions with case lawyers regarding strategies and progression of the Applications;
- Ongoing consideration and modelling of potential outcome scenarios;

- Preparation and publishing of the June 2023 updated illustrative outcomes for creditors; and
- Updates to the website.

Partial Discharge Issue

- Considering the Court of Appeal's 2021 decision in the Priority Litigation, in connection with the Partial Discharge Issue and whether, and if so how, this may impact certain of LBH's creditors;
- Considering stakeholder illustrations of the potential financial impact on creditor entitlements in applying certain scenarios under the Partial Discharge Issue;
- Preparation of own illustrations of potential financial impact of application of the Partial Discharge Issue to relevant creditors;
- Liaison with key creditors and stakeholders in this regard, including seeking views;
- Considering the impact on the Partial Discharge Issue, if any, of creditors' 2021 Clawback settlement with LBHI;
- Liaison with case lawyers and counsel regarding possible strategies and next steps;
- Calculating any potential impact on the LBH estate; and
- Reviewing the ongoing strategy for the Administration in light of the Partial Discharge Issue.

Framework Agreement

- Exploring the possibility of a potential settlement of the Priority Legal Issues and of other matters affecting the progression of the LBH estate;
- Extensive liaison with creditors and key stakeholders concerning the terms and mechanics of a potential settlement; and
- Lengthy and complex negotiations with creditors and stakeholders to agree the framework for a settlement.

General matters

- Consideration of strategy to maximise the outcome for the Company's creditors and updating strategy documents;
- Discussions with stakeholders and other Lehman entities in regards to this strategy;
- Review and maintenance of financial information including updating the estimated outcome statement;
- Consideration of possible stock exchanges for the purpose of relisting the loan notes issued to LP I, LP II and LP III in 2005 and 2006;
- Liaising with tax specialists in respect of provisions for potential outcomes;
- Regular case team meetings to manage case progression;

- Ongoing review of assets in subsidiary companies and determining strategies to maximise recoveries; and
- Liaising with debtors and liquidators in order to collect balances due to LBH.

Tax and VAT – £281,637

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:

- Commencing work on the year ended 14 September 2023 tax return and computations;
- Continued analysis of the application of the new loss restriction rules, corporate interest restriction rules and proposed changes to capital gains tax legislation;
- Considering the treatment of payments under certain subordinated debts, including internal discussions on possible options;
- Quarterly tax update meetings and regular internal update meetings;
- Complying with the Administrators' responsibilities under SAO legislation;
- Liaising with PwC tax and accounting specialists;
- Preparation of VAT returns for May 2023 and August 2023; and
- Work in arranging for VAT repayments to be distributed to the Company.

For further information see Section 2.3

Section 6: Our future work

Examples of work still to be done to achieve the purpose of the Administration are shown below. This is not an exhaustive list. Due to complexities and uncertainties as to timescale and quantum of further receipts into LBH, estimated costs have not been provided with our below summary, however broad estimates are included in Section 10. Costs are reported to and approved by the Committee on a periodic basis:

Accounting and treasury

- Investment, monitoring and control of LBH's free cash resources, including ensuring cash is held in interest-bearing accounts in approved banks and subject to frequently reviewed limits;
- Processing of general day-to-day payments and receipts;
- Adherence to the UK and US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard); and
- Facilitating payments of outstanding Statutory Interest to unsubordinated creditors and, if and when the Company has sufficient funds, making payments to the Company's subordinated creditors.

Intercompany recoveries and distributions

- Continued recovery of intercompany balances and coordination of distributions between intercompany debtor balances.
- Payment of remaining post-administration statutory interest on unsubordinated claims;
- Payment of Tier X under the terms of the Framework Agreement; and
- Payment of Tiers Y and Z under the terms of the Framework Agreement, to the extent funds become available and with regard to the future resolutions of Priority Legal Issue 1 and the Partial Discharge Issue.

Statutory and compliance

- Preparing and issuing of further progress reports to creditors;
- Six monthly review of case progress;
- Preparing for and holding regular meetings with the Committee and any Observer appointed to it, including providing updated financial information as well as information concerning the Administrators' fees for the purpose of fee approval;
- In accordance with the Framework Agreement, providing a semi-annual update to ECAPs Holders in respect of the estimated outcome for subordinated creditors;
- Other statutory filings at Companies House and Court; and

- Planning and applying for further extensions of the Administration as required.

Strategy and planning

- Directing the overall strategy for LBH;
- Considering the outcome of and any order made with respect to the October 2023 Hearing;
- Communicating with subordinated creditors in relation to Priority Legal Issue 1;
- Preparing for any subsequent hearings in relation to Priority Legal Issue 1;
- Ongoing canvassing of and consideration of views of parties affected by the Partial Discharge Issue;
- Discussions to resolve and/or potential application to Court for directions regarding the Partial Discharge Issue; and
- Oversight of reporting and accounting, including periodic meetings to monitor progress.

Tax and VAT

- Preparation and submission of corporation tax computations and 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; and
- Compliance with various reporting obligations including tax strategy and corporate criminal offence legislation.

Closure

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

Section 7: Legal and other professionals

We have instructed the following professionals on this case to assist with various legal matters arising in the Administration. The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether a conflict exists.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	• Hogan Lovells International LLP	Specialist knowledge and experience	Time cost basis
Legal services	• Ogier (Jersey) LLP	Specialist knowledge and experience	Time cost basis
Legal services	• Ogier (Cayman) LLP	Specialist knowledge and experience	Time cost basis
Legal services	• Linklaters LLP	Specialist knowledge and experience	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.

Section 8: Receipts & Payments to 14 September 2023

Sterling Account

Amount in £ millions	Notes	As at 14 Sep 2023	As at 14 Mar 2023	Movement
Receipts				
Investments in subsidiaries		623.6	623.6	-
Intercompany debtors		906.4	796.4	110.0
Sale of tax losses		9.2	9.2	-
Sale of LBAM		(0.8)	(0.8)	-
Other receipts		10.8	9.4	1.4
Total receipts for period		1,549.2	1,437.8	111.4
Payments				
Distributions to unsecured, unsubordinated creditors		1,428.9	1,428.9	-
Administrators' remuneration	1	18.5	17.5	1.0
Administrators' expenses	2	5.5	5.5	-
Legal and other professional fees		16.4	15.0	1.4
Purchase of tax losses		13.5	13.5	-
Other payments	3	2.5	2.4	0.1
Net irrecoverable VAT	4	2.5	2.3	0.2
Net recoverable VAT	4	1.4	1.1	0.3
Total payments for period		1,489.2	1,486.3	2.9
Inter-currency transfers				
Receipts from inter-currency transfers from US Dollar account		99.9	99.9	-
Total receipts less total payments		159.9	51.4	108.5
Cash balances				
Bank accounts		16.6	2.0	14.6
Money market deposits	5	143.3	49.4	93.9
Net cash position		159.9	51.4	108.5

US Dollar Account

Amount in US\$ millions	Notes	As at 14 Sep 2023	As at 14 Mar 2023	Movement
Receipts	6			
Investments in subsidiaries		0.5	0.5	-
Intercompany debtors		57.8	57.8	-
Sale of LBAM		74.1	74.1	-
Other receipts		14.3	14.3	-
Total receipts for period		146.7	146.7	-
Payments				
Total payments for period		-	-	-
Inter-currency transfers				
Payments of inter-currency transfers to £ account		-	146.5	-
Total receipts less total payments		0.2	0.2	-
Net cash position	7	0.2	0.2	-

Notes:

1. As explained in Section 4, our fees are based on time costs. The receipts and payments account shows the amounts paid in the period and the total to date.
2. Included within our expenses is £5.5m paid in total to date, in relation to 'Category 2' disbursements in accordance with the policy explained in Section 9.
3. In Section 4 we explain what work has been subcontracted out (that would otherwise have been done by us). The amounts paid for those services during the period were £33,400 and are included in 'Other Payments'.
4. LBH is VAT registered and entitled to reclaim 63.09% of input VAT, therefore 36.91% of VAT is irrecoverable.
5. Funds are invested on the money markets in order to accrue interest and to manage risk.
6. In the reporting period, there were receipts of c.US\$1k from intercompany debtors and c.US\$2k in bank interest earned.
7. A US dollar bank account is held in order to collect certain debtor recoveries. At the end of the Reporting Period the £ sterling equivalent of the US dollar bank account balance was c.£118k.
8. Sums have been rounded to the nearest £0.1m.
9. There may be rounding in this table which makes it appear to not perfectly cast.
10. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties.

Section 9: Statement of Expenses

The table at the bottom of this section provides details of the expenses incurred in the Administration. Expenses are amounts properly payable by us as Administrators from the estate, but excludes our fees and distributions to creditors. These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Creditors' Committee) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case:

2	Updates to website	568
2	IT software licensing and hosting	27,147
2	At a maximum of 64 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc) for petrol/diesel/hybrid; at a maximum of 72 pence per mile for fully electric.	463
1	Rail fares, hotel and parking	3,304
1	Courier	71
1	Treasury Services	64

We will seek approval for Category 2 expenses as set out above in due course.

The table below includes the Administrators' fees but excludes distributions to creditors. The table also excludes any potential tax liabilities, other than Irrecoverable VAT, that may be payable as an expense. Tax amounts becoming due will depend on the position at the end of the accounting period and the impact of any tax reform.

The table should be read in conjunction with the receipts and payments account in Section 8, which shows expenses paid during the Reporting Period and the total paid to 14 September 2023.

It remains difficult to provide a meaningful estimate of future expenses. Whilst the table includes an estimate, the Administrators caution that actual future expenses will be considerably impacted by, among other matters, the final resolution of the LBIE estate, the conclusion of Priority Application II, and the resolution of the Partial Discharge Issue. The estimate we have provided assumes that this will result in the Administration lasting for at least a further 30 months, however that timeframe could be shortened or extended, depending upon how the above matters are ultimately resolved, such that the eventual future expenses may be materially different from those provided in the estimate.

Expense category	Incurred in Reporting Period (£m)	Estimated future (£m)	Estimated total (£m)
Administrators' remuneration & expenses	1.6	3.6	23.3
Legal and other professional fees	1.3	2.5	19.4
Other costs and payments	0.2	1.2	3.8
General reserve (including third party shared costs with other UK Lehman estates)	0.0	3.2	8.2
Irrecoverable VAT	0.2	0.8	4.0
Total	3.2	11.3	58.8

Notes:

1. Amounts have been rounded to the nearest £0.1m.
2. There may be rounding in this table which makes it appear to not perfectly cast.

Section 10: Estimate of future time costs

Whilst an estimate of future time costs is provided in the table below, the Administrators caution that actual future expenses will be considerably impacted by, among other matters, the final resolution of the LBIE estate, the conclusion of Priority Application II and the resolution of the Partial Discharge Issue. The estimate we have provided assumes that this will result in the Administration lasting for at least a further 30 months, however that timeframe could be shortened or extended, depending upon how the above matters are ultimately resolved, such that the eventual future expenses may be materially different from those provided in the estimate.

Classification of work	£m
Accounting and Treasury	0.6
Creditors and Distributions	0.4
Statutory and Compliance, Tax and VAT	1.2
Strategy and Planning	1.4
Total	3.6