

Joint Administrators' progress report from 15 March 2024 to 14 September 2024

Lehman Brothers Holdings plc
(in administration)

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

14 October 2024



Strictly private and confidential

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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:

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

Unless stated otherwise, all amounts in this report (including the appendices) are stated net of VAT.

Edward John Macnamara, Gillian Eleanor Bruce and David James Kelly have been appointed as Joint 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 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>

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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
Administrators	Edward John Macnamara, Gillian Eleanor Bruce and David James Kelly of PricewaterhouseCoopers LLP 7 More London Riverside, London SE1 2RT
Reporting Period	15 March 2024 to 14 September 2024
Firm / PwC	PricewaterhouseCoopers LLP
AGFP	AG Financial Products Inc. A US-based affiliate of Assured Guaranty Corp. which provided credit protection to counterparties under credit default swaps
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
ESH	Eldon Street Holdings Limited - 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
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
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
MBAM	MBAM Investor Limited
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 Application II	The Administrators' application to Court for directions in relation to the Priority Legal Issues, issued on 14 March 2023
Priority Legal Issue 1	The question of whether the principal amount of LBHI's Sub-Debt claim against the Company falls to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim against the Company, 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 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

Abbreviation or definition	Meaning
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 the Company
Sch. B1 IA86	Schedule B1 to the Insolvency Act 1986
SIP9	Statement of Insolvency Practice 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
Thayer	Thayer Properties Limited - in creditors voluntary liquidation
Wentworth Joint Venture Sharing Agreement ("Wentworth Sharing Agreement")	A joint venture entered into between LBHI2, Elliott Management Corporation and King Street Capital Management to pool their holdings, in LBIE, of both debt and equity and to share the proceeds of realisations of these in an agreed sharing mechanism. The details of that mechanism remain confidential to the parties
WHT	Withholding Tax deducted on distributions and payable to HMRC

Section 1: Introduction

Introduction

This is the 32nd progress report prepared by the Administrators of the Company.

This report provides an update on the work the Administrators have undertaken, with a particular focus on progress made in the Reporting Period.

Earlier reports can be viewed on the Administrators' website at

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

Objective of the Administration

The Administrators are pursuing the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), and continue to manage the administration in accordance with the proposals approved by creditors. The Administrators continue to review the objective of the administration on a regular basis.

Resolution of certain legal issues and outcome for creditors

In our previous progress reports we reported the Court's determination in the Priority Application, in which, among other matters, it was ruled that LBGP's Sub-Notes claim ranks ahead of LBHI's Sub-Debt claim. Since then five other areas of dispute had arisen such that in March 2023 the Administrators issued an application to Court to determine these issues which related to the appropriate priority of payment to, and calculation of sums due to, subordinated creditors (the "**Priority Application II**").

In October 2023, shortly before the Priority Application II was to be heard in Court, the Company, LBGP, LBHI and certain other relevant parties were able to reach agreement on various matters and entered into a settlement agreement (the "**Framework Agreement**") which, among other matters, (i) enabled four of the five Priority Legal Issues to be withdrawn from Priority Application II and (ii) provided for the division of, and conditions for, future distributions to the Company's subordinated creditors.

Accordingly, as at 14 September 2024, the Administrators had paid:

- the principal amounts of admitted, unsubordinated claims in full (totalling £1,074.8m); together with
- £424.5m of the unsubordinated creditors' entitlements to post-administration statutory interest; and
- £187.2m to LBH's subordinated creditors following the Framework Agreement being entered into in October 2023.

As previously reported, the remaining issue in the Priority Application II concerned the question of whether the principal amount of LBHI's Sub-Debt claim fell to be paid in priority to statutory interest payable on LBGP's Sub-Notes claim, or whether the converse was the correct approach. Whilst in November 2023 the Court issued its judgment that, among other matters, statutory interest payable on LBGP's Sub-Notes claim fell to be paid in priority to LBHI's Sub-Debt claim, LBHI successfully obtained permission to appeal this decision to the Court of Appeal such that an appeal hearing was scheduled to commence on 3 October 2024.

In recent weeks, various stakeholders including the Administrators, LBHI, DB and LBGP continued to explore consensual options to identify areas of agreement and possible compromise prior to commencement of the Appeal. In the period immediately prior to the hearing, the relevant parties were able to reach agreement on various matters. These terms were then formalised in an amendment to the Framework Agreement (the "**Amended and Restated Framework Agreement**") which was entered into on 2 October 2024, immediately prior to the commencement of the Appeal.

This Amended and Restated Framework Agreement represents a further and significant milestone in the progression and eventual resolution of the LBH estate and will accelerate payments to creditors and, very likely, reduce overall costs in the estate.

Committee

The Administrators periodically meet with the Committee (as well as Paul Copley, an observer appointed by the ECAPS Holders) 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 12 meetings with the last one being on 20 June 2024. The next Committee meeting is planned for Q1 2025.

Why we remain in office

The Administrators remain in office to deal with various matters, including: (i) collecting outstanding debts (notably subordinated debt recoveries from LBHI2); (ii) settling obligations in accordance with the resolution of the Partial Discharge Issue; (iii) work with the LBL Administrators to expedite the closure of LBL and receive any remaining surplus by way of equity dividend; (iv) make further payments to creditors, if and when the Company has sufficient funds with which to do so; (v) compliance with tax and VAT matters; (vi) compliance with statutory tasks; and (vii) concluding the administration.

Further details are contained within the body of this report.

Next steps and future updates

The Administrators' next formal progress report to creditors will be in approximately six months' time, and will be posted to the case website.

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

If you have any questions, please contact the Administrators at uk_lehmanaffiliates@pwc.com.

Signed



Edward Macnamara
Joint Administrator
Lehman Brothers Holdings plc - in administration

Section 2: Administrators' actions in the Reporting Period

Amended and Restated Framework Agreement

As detailed above, the remaining issue to be determined by the Court in Priority Application II was Priority Legal Issue 1, which concerned 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 the converse was the correct approach (i.e. 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).

On 29 November 2023, the Court issued its judgment in relation to Priority Legal Issue 1 and determined 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.

LBHI sought permission to appeal the Priority Legal Issue 1 judgment on the issue of priority but this was refused by the Court on 21 December 2023. LBHI subsequently sought permission to appeal directly from the Court of Appeal. On 23 April 2024, the Court of Appeal granted LBHI permission to appeal the judgment and scheduled a hearing commencing on 3 October 2024 (the "**Appeal**").

In recent weeks, various stakeholders including the Administrators, LBHI, DB and LBGP continued to explore consensual options to identify areas of agreement and possible compromise prior to commencement of the Appeal. In the period immediately prior to the hearing, the relevant parties were able to reach agreement on various matters including certain issues which were unresolved in the October 2023 Framework Agreement. These terms were then formalised in an amendment to the Framework Agreement (the Amended and Restated Framework Agreement) which was entered into on 2 October 2024, immediately prior to the commencement of the Appeal.

This settlement will save costs and resolve further outstanding areas of dispute within the LBH estate. In high level summary:

- the parties to the Appeal have agreed a settlement in respect of Priority Legal Issue 1 such that the Appeal has been dismissed;
- the parties to the Framework Agreement which was previously entered into on 8 October 2023 (which resolved Priority Legal Issues 2 to 5, amongst other things) have agreed to make certain amendments to that previous settlement agreement; and
- the LBH Administrators have reached a settlement agreement with relevant parties to settle and resolve the Partial Discharge Issue (which has been described in previous Progress Reports), on terms which involve a final distribution being made in an agreed amount to one creditor and the relevant parties agreeing that they will not in the future bring any claims arising from the Partial Discharge Issue.

The Amended and Restated Framework Agreement sets out a revised structure under which LBH will make distributions to LBGP and LBHI of funds available for subordinated creditors. The order of priority and how they are calculated are set out in more detail in Section 2.2.

Other progress

Other developments during the Reporting Period include:

- On 3 September 2024, the Company received an unsecured creditor distribution of £13.0m from LBHI2; and
- Distributions totalling £13.0m were made to certain unsubordinated creditors on 11 September 2024.

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

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 account for the six months to 14 September 2024, together with a cumulative total since the beginning of the administration, is included in Appendix A.

The receipts and payments account shows cash held in the £ sterling account decreasing by c.£1.5m in the period (from c.£36.0m to c.£34.5m), furthermore c.€0.1m remains in the EUR account and cash in the US\$ account remains unchanged at c.US\$0.2m.

Key movements in the Reporting Period include:

- Receipts relate to:
 - £13.0m received from LBHI2 in respect of an eighth interim dividend; and
 - c.£0.9m received in relation to interest on investments.
- Payments relate to:
 - £13.0m paid to unsecured creditors as a tenth interim distribution;
 - legal and professional fees of c.£0.4m;
 - Administrators' fees and expenses of c.£1.8m, having previously been approved by the Committee; and
 - various administration expenses of c.£0.1m, which largely relate to storage costs in respect of case records.

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.

Administrators' fees

An update on the Administrators' remuneration - which covers the Administrators' fees, disbursements and other related matters in this case - is set out at Appendix C.

Administrators' expenses

A statement of the expenses incurred to the date covered by this report and an estimate of future expenses is set out at Appendix B.

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/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx>

Creditors may also wish to refer to the previous creditors' guidance to understand the applicable regulations for appointments prior to 5 April 2010:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2007/a-creditors-guide-to-administrators-fees-1-apr-2007.ashx>

Creditors can also get copies of these guides free of charge by telephoning Adrienne Rorden on 0113 289 4000 or by emailing uk_lehmanaffiliates@pwc.com.

2.1 Key value drivers

Whilst the Amended and Restated 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 matters which continue to impact the ultimate outcome for creditors include:

LBHI2

The Administrators have an outstanding subordinated claim of £1,624m against LBHI2 in respect of a total claim of US\$3,186m less £579m which has been paid by LBHI2 to date.

The outcome for LBH's creditors is highly dependent on recoveries from LBHI2, which in turn is dependent on the outcome of the LBIE estate (after taking account of LBHI2's sharing arrangements under the Wentworth Sharing Agreement).

To date, LBHI2 has received £428m from LBIE of which it has retained £214m under the Wentworth Sharing Agreement. There remains uncertainty as to the final outcome of the LBIE estate and therefore the amount of LBH's future recoveries from this source.

LBIE

AGFP litigation

On 8 March 2023, Justice Crane issued her decision in favour of AGFP with the Clerk's office entering judgment on 30 June 2023. LBIE lodged its appeal of that decision on 10 July 2023.

Following an oral hearing on 21 February 2024, the New York Supreme Court, Appellate Division, First Judicial Department entered its decision and order on 14 March 2024, affirming Justice Crane's decision in full.

During the Reporting Period, LBIE continued to progress its appeal and, on 15 April 2024, filed its motion seeking leave to reargue, or in the alternative, leave to appeal to the New York State Court of Appeals from the Decision and Order of the Court dated 14 March 2024 with the Appellate Division. On 29 April 2024, AGFP filed with the Appellate Division its brief in opposition. On 3 May 2024, LBIE filed a reply in further support of its motion for leave to reargue or leave to appeal to the New York State Court of Appeals, in response to AGFP's brief in opposition.

The Appellate Division denied LBIE's motion for reargument of, or, in the alternative, leave to appeal to the New York State Court of Appeals on 18 July 2024. On 19 August 2024, LBIE filed a motion and memorandum in support of its motion for permission to appeal directly to the New York State Court of Appeals. On 3 September 2024, AGFP filed its brief in opposition.

LBIE is expecting the New York State Court of Appeals to rule on LBIE's motion for permission to appeal during the next reporting period.

For further information please refer to the "AGFP Litigation" section of the LBIE website:
<https://www.pwc.co.uk/services/business-restructuring/administrations/lehman/agfp-litigation.html>

US Tax reclaim

As set out in previous reports, LBIE continues to wait for a significant tax refund from the IRS following final review from the Joint Committee of Taxation. LBIE is unable to influence the timing of such refund.

Firth Rixson

As creditors may recall, under LBIE's agreement with Firth Rixson, the agreed settlement amount was to be received in two instalments. The first instalment of \$15m was received on 12 July 2023, and the second instalment of \$25m was received on 12 July 2024. This matter has now been successfully concluded by LBIE.

Lehman Brothers Limited

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

To date, a total of £157.4m of post-administration statutory interest has been paid.

Over the course of this Reporting Period, the Administrators entered into discussions with the Administrators of LBL with a view to exploring whether it was possible to settle and pay a number of the outstanding claims that existed within the LBL administration and enable the Administrators of LBL to proceed and close the administration.

Significant progress was made over the period and, as such, the Administrators of LBL expect to be in a position to execute a settlement agreement in the coming weeks. This will be followed by the appointment of two directors, the settlement of certain residual creditor claims within the LBL estate (including HMRC) and various legal steps to reorganise the share capital of LBL and enable LBL to distribute the remaining equity reserves to LBH by way of dividend.

The LBL administrators currently expect that the substantive steps will be completed by 31 December 2024 with certain administrative and corporate filing obligations (including tax returns and the payment of unclaimed dividends to the ISA) remaining to be dealt with in early 2025

The settlement agreement will see LBH assuming responsibility for some of the LBL's existing reserves and associated liabilities.

2.2 Creditor claims and dividend prospects

As creditors are aware from previous reports and prior to the Reporting Period:

- the principal amounts of admitted, unsubordinated claims had been paid in full (totalling £1,074.8m);
- further distributions of £411.5m had been paid in relation to unsubordinated creditors' entitlements to post-administration statutory interest; and
- £187.2m had been paid to LBH's subordinated creditors following the Framework Agreement being entered into in October 2023.

Unsubordinated creditors

In the Reporting Period, the Administrators paid their tenth interim dividend (totalling £13.0m) to unsubordinated creditors. As a result, as at 14 September 2024, the amount paid in relation to unsubordinated creditors' entitlements to post-administration statutory interest totals £424.5m.

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.

Partial Discharge Issue

Creditors will recall the Partial Discharge Issue, which concerns the 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.

During the Reporting Period, the Administrators continued their process of consulting with the affected parties with a view to reaching a consensual agreement:

- **ESH:** The 2 October 2024 settlement arrangements including the Amended and Restated Framework Agreement resolved a number of previous issues including the amount of outstanding statutory interest due to ESH. The Administrators expect to pay this amount to ESH by the end of October 2024.
- **LBL:** The Administrators engaged with the Joint Administrators of LBL who have indicated to LBH that, to address a number of outstanding matters and in the interests of their stakeholders, they will agree to a commercial compromise by which the outstanding statutory interest due to LBL will be agreed at £174.5m. This amount is expected to be agreed and paid by the end of December 2024.
- **MBAM:** The Administrators continue their dialogue with the directors of MBAM and are hopeful that this can be resolved with them during the next reporting period.

Subordinated creditors

As detailed in previous progress reports, the Company has received claims in respect of two subordinated debts:

1. The claim from LBGP in respect of the PLC Sub-Notes has now been agreed and admitted at c.£187.2m. This is after discounting in accordance with IR16 and in line with the outcome of the Priority Litigation, as detailed in previous progress reports.
2. The claim from LBHI (in respect of the PLC Sub-Debt) as at the administration date totalled c.£1,059.0m. In the Priority Application the Court of Appeal determined that this amount should be reduced, *pro tanto*, to take into account any guarantee payments which had previously been made by LBHI as guarantor of the PLC Sub-Debt.

Creditors will recall that in October 2023, various stakeholders including the Administrators, LBHI, DB and LBGP entered into the Framework Agreement which set out a structure under which LBH will make payments to LBGP and LBHI of funds available for subordinated creditors. Further, in October 2024, the parties were able to reach agreement on various matters including certain issues which were unresolved in the October 2023 Framework Agreement. These terms were then formalised in the Amended and Restated Framework Agreement. The October 2024 agreement amended the specific sharing formula as set out in the Framework Agreement. The revised sharing formula is summarised below:

Tier X - first available funds of £187.2m to subordinated creditors:

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

- 92% of Tier X (being £172.2m) will be paid to LBGP - this amount was paid in November 2023.
- the remaining 8% of Tier X (being £15.0m) will be paid to LBHI - this amount was paid in December 2023.

Given the above, Tier X has been paid in full.

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

Distributions under Tier Y can only take place once:

- Tier X funds have been distributed in full (which is now the case);
- there has been a final adjudication or settlement of Priority Legal Issue 1 (which is now the case); and
- the unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full.

Subject to the above conditions being met, the next £225.0m of funds available to subordinated creditors will be paid in the following proportions:

- 73.8% (equivalent of up to £166.05m) to LBGP; and
- 26.2% (equivalent of up to £58.95m) to LBHI.

Tier Z - remaining funds available to subordinated creditors:

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

- 40% to LBGP; and
- 60% to LBHI.

Estimated outcome and future distributions

In March 2024 the Administrators prepared an updated assessment of the potential economic outcomes for LBH's creditors. It indicated a potential further return to subordinated creditors of between £132m and £327m 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/assets/lbh-estimated-outcome-statement-march-2024.pdf>

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. LBIE reports that the most significant of its 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 Wentworth Sharing Agreement; and
- The duration, future costs and priority expenses of the LBH, LBIE, LBHI2 and LBL administrations.

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

2.3 Tax and compliance

All corporation tax returns up to and including the year ended 14 September 2023 have been submitted to HMRC. The Corporate Interest Restriction return for the year ended 14 September 2023 has also been submitted to HMRC. The next corporation tax and corporate interest restriction returns for the year ended 14 September 2024 are due on 14 September 2025.

The Administrators have met their obligations under the Senior Accounting Officer (“**SAO**”) legislation and submitted their 2023 certification and notification. They have complied with their obligations regarding the Lehman group Tax Strategy and adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards.

A copy of the tax strategy publication for the financial year to 30 November 2023 can be accessed through the link below:

<https://www.pwc.co.uk/services/business-restructuring/administrations/lehman/general-notice/tax-strategy-publication-for-financial-year.html>

Progress in the Reporting Period

Corporation Tax

Specific progress in the Reporting Period includes:

- Finalise and submit the year ended 14 September 2023 tax return and computations;
- Providing tax support regarding potential future statutory interest payments;
- Considering the tax treatment of payments under certain subordinated debt instruments; and
- Input into Estimated Outcome Statement modelling.

VAT

All VAT returns have been submitted up to, and including, the quarter ended August 2024.

Since the last report to creditors, LBH has received £0.3m of VAT repayments in connection with the VAT return periods November 2023 to February 2024. This receipt was offset by various VAT payments to suppliers within the Reporting Period, and as such it is reduced in the receipts and payments account. The VAT returns for the quarters ended May 2024 and August 2024 show VAT repayments due to LBH of £0.2m, however, this amount is yet to be received by the representative member, LBL.

Due to an open liability for PAYE and Employers' National Insurance liabilities showing as due on HMRC's system for LBL, HMRC is withholding VAT repayments for the VAT returns for the quarters ended November 2021, May 2022 and part of August 2022. The LBL administrators are liaising with HMRC to remove the liability, as they believe no such liabilities are due, and in turn, release the remaining VAT repayments.

In anticipation of the closure of LBL by the end of the year, the Administrators of LBH and LBL have changed the representative member of the VAT group to LBH and will remove LBL from the VAT group once closure happens. Once HMRC action this change, it will be LBH that will receive future VAT repayments from HMRC.

LBH anticipates receiving c.£0.3m VAT repayments for the VAT return periods from November 2021 to August 2022 (inclusive) in the near future.

Appendix A: Receipts and payments

Sterling Account

Amount in £ millions	Notes	As at 14 Sept 2024	As at 14 Mar 2024	Movement
Receipts				
Investments in subsidiaries		623.6	623.6	-
Intercompany debtors		1,038.5	1,025.5	13.0
Sale of tax losses		10.2	10.2	-
Sale of LBAM		(0.8)	(0.8)	-
Other receipts		15.1	14.2	0.9
Total receipts		1,686.6	1,672.6	13.9
Payments				
Distributions to unsecured unsubordinated creditors	7	1,499.3	1,486.3	13.0
Distributions under the Framework Agreement *	7	35.7	35.7	-
Administrators' remuneration	2	21.4	19.7	1.7
Administrators' expenses	3	5.6	5.5	0.1
Legal and professional fees		18.2	17.7	0.4
Purchase of tax losses		13.5	13.5	-
Other payments	4	2.8	2.7	0.1
Net irrecoverable VAT	1	2.6	2.5	0.0
Net recoverable VAT	1	1.5	1.4	0.1
Total Payments		1,600.5	1,585.1	15.4
Inter-currency transfers				
Receipts		99.9	99.9	-
Payments		151.6	151.6	-
Total receipts less total payments		34.4	35.8	(1.5)
Cash Balances				
Bank accounts		3.6	3.3	0.3
Money market deposits	5	30.9	32.7	(1.8)
Net cash position		34.5	36.0	(1.5)

* Further distributions made from the EUR account. See note 7 to the receipts and payments accounts.

Note: Costs have been rounded up or down, to the nearest £0.1m which may result in rounding differences in the casting of the table above.

US Dollar Account

Amount in \$ millions	Notes	As at 14 Sep 2024	As at 14 Mar 2024	Movement
Receipts				
Investments in subsidiaries		0.5	0.5	-
Intercompany debtors		57.8	57.8	0.0
Sale of LBAM		74.1	74.1	-
Other receipts		14.3	14.3	0.0
Total receipts for period		146.7	146.7	0.0
Payments				
Total payments for period		0.0	0.0	0.0
Inter-currency transfers				
Payments of inter-currency transfers to £ account		146.5	146.5	-
Total receipts less total payments		0.2	0.2	0.0
Net cash position	6	0.2	0.2	0.0

EUR Account

Amount in € millions	Notes	As at 14 Sep 2024	As at 14 Mar 2024	Movement
Receipts				
Other receipts		0.3	0.3	0.0
Total receipts		0.3	0.3	-
Payments				
Distributions under the Framework Agreement *	7	172.9	172.9	-
Other payments		0.0	0.0	-
Total payments		172.9	172.9	-
Inter-currency transfers				
Receipts		173.0	173.0	-
Payments		0.3	0.3	-
Total receipts less total payments		0.1	0.1	0.0
Net cash position	6	0.1	0.1	0.0

* Further distributions made from the GBP account. See note 7 to the receipts and payments accounts.

Notes to the receipts and payments account

- 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.
LBH is VAT registered and entitled to reclaim 63.09% of input VAT, therefore 36.91% of VAT is irrecoverable.
- As explained further in Appendix C, the Administrators' fees are based on time costs. The receipts and payments account shows the amount paid in the period and total to date.
- Included within 'Administrators' expenses' is c.£5.5m paid in total to date in relation to 'Category 2' disbursements in accordance with the policy explained in Appendix B.
- Included within Other Payments is £5,400 paid in the period and c.£1.8m paid in total, in relation to work the Administrators have either subcontracted or payments to associates, as explained further in Appendix C.
- Funds are held in interest-bearing accounts or invested in short-term money market deposits. The below table shows the cash held in all bank accounts as at 14 September 2024.

Account type	GBP	EUR	USD	GBP Equiv.
Short-term deposits	30,907,963	-	-	30,907,963
Interest-bearing accounts	3,590,761	122,079	223,116	4,029,092
Total cash held	34,498,724	122,079	223,116	34,498,724

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

- Funds have been held in different currencies due to certain debtor recoveries, as well as to assist in creditor payments. The GBP equivalent as at 14 September 2024 is set out in the table above.
- A detailed breakdown of the distributions to creditors paid to date is included in the below tables.

Unsubordinated creditors	£m
1st dividend of 4.08p in the £, declared 3 September 2014	43.8
2nd dividend of 2.00p in the £, declared 10 February 2016	21.6
3rd dividend of 62.963p in the £, declared 6 September 2017	676.7
4th dividend of 18.587p in the £, declared 13 September 2018	199.8
5th dividend of 12.37p in the £, declared 15 March 2019	132.9
5th dividend of a share of statutory interest, declared 15 March 2019	27.1
6th dividend of a share of statutory interest, declared 16 February 2021	267.3
7th dividend of a share of statutory interest, declared 15 September 2021	59.7
8th dividend of a share of statutory interest, declared 23 November 2023	24.4
9th dividend of a share of statutory interest, declared 11 March 2024	33.0
10th dividend of a share of statutory interest, declared 11 September 2024	13.0
Total distributions to unsecured, unsubordinated creditors	1,499.3

Subordinated creditors - under the Framework Agreement	Currency	m	GBP Equiv £m
Tier X: 1st payment 24 November 2023 (to LBGP)	EUR	172.9	151.5
Tier X: 1st payment 24 November 2023 (to LBGP)	GBP	20.7	20.7
Tier X: 2nd payment 29 December 2023 (to LBHI)	GBP	15.0	15.0
Total payments under the Framework Agreement			187.2

- 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.

Appendix B: Expenses

Expenses are amounts properly payable by the Administrators from the estate. They include the Administrators' fees but exclude distributions to creditors.

Expenses also include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. Expenses fall into two categories:

Expense	SIP9 definition
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 the Administrators' firm or their associates, or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

Approval from creditors is not required to draw Category 1 expenses as these have all been provided by third parties, but approval is required to draw Category 2 expenses. The body of creditors who approve the Administrators' fees (in this case the general body of creditors) also have the responsibility for agreeing the policies 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 Reporting Period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

Category	Provided by	Basis of cost	Costs incurred £
1	PwC	Travel, hotels and food for business purposes	2,389
1	PwC	Treasury services	16
2	PwC	Updates to website	18
Total			2,423

The expense policy set out above has been approved by the Creditors' Committee.

Payments to associates and subcontracted work

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.

During the Reporting Period £5,400 was paid to these two companies. Authorisation to pay such costs was given by the Committee.

Analysis of expenses and Administrators' remuneration

The table below provides details of all the expenses and Administrators' remuneration incurred in the administration (stated in GBP). It should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Reporting Period and the total paid to date.

The table excludes any potential tax liabilities that may need to be paid as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

R&P Category (£'m)	Paid in previous periods	Paid in the Reporting Period	Incurred to date but not paid	Cumulative	Estimated future	Estimated total
Legal fees and disbursements	17.7	0.4	-	18.2	2.6	20.7
Administrators' remuneration	19.7	1.7	1.4	22.8	4.5	27.3
Administrators' expenses	5.5	0.1	0.0	5.6	0.0	5.6
Other costs	2.7	0.1	-	2.8	0.9	3.7
Irrecoverable VAT	2.5	0.0	0.0	2.6	0.6	3.2
Total	48.2	2.3	1.4	51.9	8.6	60.5

Notes to the expenses table

1. Amounts have been rounded to the nearest £0.1m, which may slightly affect castings.
2. Estimated future costs are dependent on the outcomes of various outstanding issues noted earlier in this report and therefore are provided as a guide only.

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, amongst other matters, the final resolution of the LBIE and LBHI2 estates and the consequential cash received and costs associated with such work. The estimate we have provided assumes that this will result in the Administration lasting for at least a further 14 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.

Legal and other professional firms

The Administrators have either utilised the following professionals on this case during the Reporting Period or they remain under instruction for potential future use:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	Hogan Lovells International LLP	Industry knowledge	Time costs
Legal services	Linklaters LLP	Industry knowledge	Time costs

The selection of individual legal firms is determined by the jurisdiction, nature of the advice being sought, their knowledge of the underlying issues, their familiarity with the Lehman estate and whether conflicts exist.

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 are satisfied that the level of legal costs is appropriate.

Appendix C: Remuneration update

The Administrators' fees were approved by the Creditors' Committee by reference to time properly given by the Administrators and their staff in attending to matters arising in the administration. To 14 September 2024, the Administrators have drawn fees of £21.4m, as shown on the receipts and payments account. During the Reporting Period, the Administrators drew fees of £1.7m on account of their time costs.

The time cost charges incurred in the Reporting Period are £507,924. An analysis of the total hours and cost incurred by grade of staff can be found later in this appendix.

Set out later in this appendix are details of the work undertaken to date and anticipated future work.

Time charging policy and hourly rates

The Administrators and their team charge time for the work they need to do in the administration. Tasks are delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and the Administrators supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by senior staff or the Administrators.

All PwC staff who work on the administration (including the Firm's 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 cashiers, support and secretarial staff is charged separately and isn't 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). The Administrators do not charge general or overhead costs.

Set out below are the maximum charge-out rates per hour for the grades of PwC staff who worked on the administration during the Reporting Period.

Grade	To 30 June 2024		From 1 July 2024	
	Restructuring, Insolvency & Forensics (£)	Tax, Legal, Data & Technologists (£)	Restructuring, Insolvency & Forensics (£)	Tax, Legal, Data & Technologists (£)
Partner	1,060	1,385	1,090	1,425
Director	975	1,310	1,000	1,345
Senior Manager	775	1,060	800	1,090
Manager	625	775	640	795
Senior associate	510	570	525	585
Associate and support staff*	320	315	330	325

*inc. Offshore Professionals

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.

Analysis of Administrators' time costs for the Reporting Period

The table below provides an analysis of the Administrators' total hours incurred and the associated cost by staff grade and work activity for the six month period to 14 September 2024.

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff *		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	4.0	4,216	29.7	19,565	66.3	34,124	27.6	9,011	127.6	66,915
Subsidiaries - LBL, MBAM and LB SF Warehouse	16.3	17,521	4.4	2,808	17.0	8,724	1.2	380	38.8	29,432
Strategy and Planning	40.9	42,158	35.8	25,089	45.9	23,545	12.4	4,076	134.9	94,867
Creditor related matters	65.7	69,244	17.2	11,467	18.2	9,452	8.2	2,631	109.3	92,794
Litigation - AGFP, Partial Discharge and other	38.6	40,449	-	-	-	-	-	-	38.6	40,449
Creditors' Committee interactions and updates	46.5	47,995	38.3	29,263	7.5	3,833	-	-	92.3	81,090
Statutory and Compliance	16.3	16,599	29.9	21,586	35.3	17,988	2.4	781	83.8	56,954
Tax and VAT	7.2	8,091	43.6	36,147	2.0	1,022	0.5	165	53.3	45,425
Total for 6 months ended 14 September 2024	235.4	246,271	198.8	145,924	192.1	98,687	52.2	17,043	378.4	507,924
Average hourly rate for the 6 month period to 14 September 2024										749
Brought forward total to 14 March 2024 ³										22,416,088
Cumulative total to 14 September 2024										22,924,012

* includes offshore professionals

Cumulative total to 14 September 2024, by classification of work	Brought Forward £	Period £	Cumulative
Accounting and Treasury	2,245,283	66,915	2,312,198
Subsidiaries - LBL, MBAM and LB SF Warehouse	N/A	29,432	29,432
Strategy and Planning	12,619,780	94,867	12,714,647
Creditor related matters	850,510	92,794	943,304
Litigation - AGFP, Partial Discharge and other	N/A	40,449	40,449
Creditors' Committee interactions and updates	N/A	81,090	81,090
Statutory and Compliance	2,838,504	56,954	2,895,458
Tax and VAT	3,862,011	45,425	3,907,435
Total	22,416,088	507,924	22,924,012

Notes:

- Hours and costs have been rounded up or down, to the nearest 0.1 hour or whole pound which may result in rounding differences in the casting of the tables above.
- The layout of the above tables has been amended since the last report to better reflect the current work being undertaken as well as greater consistency across closely related companies of the Lehman Brothers group.
- Final invoiced values for the previous reporting period were 1,688.3 hours and £1,377,775. The reduction in billable time (59.8 hours at a cost of £25,653) is due to time which the Administrators decided not to charge to the case. The brought forward values detailed above have been updated to reflect this change.

Work undertaken in the Reporting Period

Included earlier in this section is an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table more detail is provided on the key areas of work.

Category	Description of tasks
<p>Accounting and treasury</p> <p>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.</p>	<ul style="list-style-type: none"> • Collection and analysis of information for the purposes of statutory reporting; • Due consideration of best strategy for dealing with investments; • Analysis of interest rates available with counterparties; • Active management of investments on the money market, and mitigating risk on such investments; • Reviewing liquidity and investment maturities to ensure sufficient cash to meet ongoing costs and administration expenses; • Investment, monitoring and control of LBH's free cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits (this work has enabled the banking interest on case funds to be maximised which has resulted in significant realisations in the administration. In the 6 months to 14 September 2024, the investments made by the Treasury team resulted in interest of GBP: c.£896k being received (this is c.£556k above that which would have been earned using Barclays' standard products); • Arranging of receipts and payments of funds, and coding of movements; • Performing regular bank reconciliations for all bank accounts and monitoring flows of funds into the bank accounts; • Updating stakeholders regarding outstanding deposits and month end bank balances; and • Regular monitoring of funds required for immediate cash needs, to ensure that the optimal level of funds is held on deposit.
<p>Subsidiaries - LBL, MBAM and LB SF Warehouse</p> <p>For efficiency purposes, LBH provides a limited accounting and treasury function to MBAM and LB SF Warehouse (both being direct subsidiaries of LBH). This includes processing receipts and payments as well as performing reconciliations.</p>	<ul style="list-style-type: none"> • Meetings with external directors regarding ongoing strategy; • Discussions with LBL regarding the strategy and approach towards wind-down, timelines and steps plans; • Performing regular bank reconciliations for MBAM and LB SF Warehouse bank accounts and monitoring flows of funds into bank accounts; • Arranging of receipts and payment of funds, and coding of movements; • Updating external stakeholders regarding outstanding deposits and bank balances; and • Assisting external staff with tax filing and other statutory requirements.
<p>Strategy and planning</p> <p>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.</p>	<ul style="list-style-type: none"> • Considering strategy to maximise the outcome for LBH's creditors and discussions with stakeholders in regards to this strategy; • Continuing development and analysis of financial models to estimate and assess potential outcomes for stakeholders; • Reviewing and maintaining financial information including updating fees incurred, the estimated outcome statement and reserves; • Preparing time cost packs in support of billing of costs on account; • Preparing the Administrators' internal six-monthly case reviews in accordance with professional requirements; • Regular internal meetings to manage case progression; and • Liaison with specialist teams.
<p>Creditor related matters</p> <p>This relates to tasks undertaken in relation to creditors, including the calculation and payment of distributions and responding to inbound creditor queries received.</p>	<ul style="list-style-type: none"> • Issuing a Notice of Intended Dividend to Creditors; • Preparation and payment of the 10th interim distribution to creditors of £13m and dealing with associated legal notices; • Preparation and issuance of updated estimated outcome statement; • Negotiating and securing agreement of LBL and MBAM to defer their receipt of unsubordinated statutory interest (given the ongoing Partial Discharge Issue) and to allow LBH to pay other creditors in respect of their unsubordinated post-administration statutory interest entitlement;

	<ul style="list-style-type: none"> • Responding to creditor enquiries received via the Lehman Affiliates mailbox and updating creditor information on LBH's database; and • Updates to the Company website.
<p>Litigation - including AGFP, Partial Discharge Issue and Priority Application</p> <p>This is regarding the ongoing management and progression of the significant legal issues which need to be resolved for the benefit of creditors.</p>	<ul style="list-style-type: none"> • Reviewing the latest AGFP updates and discussing the potential strategy on the impact to LBH with key stakeholders; • Engaging with the Creditors' Committee, Whitefort Capital, Deutsche Bank and LBGP1 on arrangements for the sharing of information to facilitate the resolution of outstanding issues; • Liaising with the parties to the Appeal and their Counsel in terms of LBH's response to LBHI's appeal of the Priority Application II decision; • Engaging with those parties affected by the Partial Discharge Issue in an attempt to progress a consensual resolution of that issue; and • Engaging with LBL, LBHI2 and MBAM with a view to sharing further information with LBGP to assist in seeking to resolve the Partial Discharge Issue.
<p>Creditors Committee interactions and updates</p> <p>Reporting to the Creditors' Committee is essential in the insolvency process for maintaining transparency. It allows the insolvency practitioner to demonstrate how they are managing the debts and resolving the insolvency. The reporting process also holds the insolvency practitioner accountable, requiring them to explain their actions, decisions, and expenses. It enables the Creditors' Committee to scrutinise the practitioner's work and provide oversight.</p>	<ul style="list-style-type: none"> • Discussions with LBH's Creditors' Committee and LBIE in respect of agreements for the sharing of information to facilitate the resolution of outstanding issues; • Engagement with Whitefort (one of LBGP's liquidation committee members) and LBIE on the AGFP appeal submissions; • Compiling an information report on the progress in the Administration for the 12th meeting of the Creditors' Committee - including material developments since the previous meeting, key assets and liabilities of the UK Lehman estates (including LBIE recoveries and UK group tax), Estimated Outcome Statement and indicative distribution timeline and summary regarding Partial Discharge Issue; • Preparation for and attendance at 12th meeting of the Creditors' Committee, including subsequent discussions with the Observer nominated to attend the Committee meetings in accordance with the Framework Agreement; • Discussions with Committee members on the strategy to unwind the wider Lehman structure, including LBL (noting that certain concessions would need to be granted to LBH as part of the process/strategy); and • Engaging with LBHI in terms of release of confidential agreements to LBGP, and responding to communication from LBGP in terms of the Partial Discharge Issue.
<p>Statutory and other compliance</p> <p>This relates to work the Administrators undertake in order to ensure compliance with statutory and regulatory requirements.</p>	<ul style="list-style-type: none"> • Preparing and circulating the Administrators' 31st progress report; • Dealing with statutory filings at Companies House; • Circulating notices of the progress reports to creditors; • Producing detailed remuneration and future expenses summaries for inclusion in the progress reports to creditors; • Maintaining regulatory controls; • Maintaining case files/records and the internal case database; and • Dealing with other ad-hoc compliance and statutory matters.

Tax and VAT

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.

- Complying with the Administrators' responsibilities under Senior Accounting Officer legislation, Tax Strategy and Corporate Criminal Offence legislation;
- Continuing preparation of the tax computation and tax accounts for the period ended 14 September 2023;
- Inputting into and attending the 11th Creditors' Committee meeting;
- Inputting into 31st progress report to creditors;
- Regular internal update meetings including bringing tax provisions up to date;
- Continuing analysis of the application of the new loss restriction rules, corporate interest restriction rules and proposed changes to capital gains tax legislation;
- Liaising with PwC tax and accounting specialists;
- Preparing the quarterly VAT returns;
- Arranging for Group VAT repayments to be distributed to the Company;
- Considering and commenting on the tax implications for LBH on the collapse of LBL;
- Discussing the tax implications for exit strategies; and
- Assisting with calculation and payment of WHT for the ninth interim distribution.

Future work

Examples of work remaining to be done to achieve the purpose of the administration are shown below. This is not an exhaustive list.

Category	Description of tasks
Accounting and treasury The ongoing management of funds held by the administrators is necessary to mitigate risks and maximise returns to creditors.	<ul style="list-style-type: none">• Continuous maintenance and monitoring of cash reserves and investments ensuring appropriate handling of funds to maximise returns to creditors while remaining in line with the Firm's risk policies; and• Processing of payments and receipts.
Subsidiaries - LBL, MBAM and LB SF Warehouse It is beneficial for the Administrators to continue the management of the subsidiary accounts and assist with statutory requirements to both reduce costs which will affect creditor returns through efficiencies gained.	<ul style="list-style-type: none">• Meetings with external directors and LBL administrators regarding ongoing and exit strategies;• Processing payments, receipts and bank reconciliations for MBAM and LB SF Warehouse; and• Assisting with tax filing and other statutory requirements.
Strategy and planning Considering the ongoing tasks and requirements and determining the appropriate course of action is necessary for the most efficient and cost effective exit of the Administration.	<ul style="list-style-type: none">• Continuous review and reconsideration of overall strategy as the previously discussed ongoing issues are resolved and developments across the group which affect LBH occur;• Six monthly review of case progress;• Planning and applying for either further extensions of the Administration as required or completion of necessary tasks to exit administration; and• Oversight of reporting and accounting, including periodic meetings to monitor progress.
Creditor related matters Ongoing work ensures creditors receive responses regarding any queries they may have as well as accurate and timely payments.	<ul style="list-style-type: none">• Responding to queries and maintaining an accurate record of all creditors and claims;• Preparation and payment of distributions when appropriate and the Company has sufficient funds; and• Continued recovery of intercompany balances and coordination of distributions between intercompany debtor balances.

<p>Litigation</p> <p>Resolving ongoing litigation matters benefits creditors by potentially improving the outcomes of the Administration, as well as fulfilling our statutory requirements.</p>	<ul style="list-style-type: none"> • Payments under the Framework Agreement to the extent funds become available; and • In accordance with the Framework Agreement, providing a semi-annual update to ECAPS Holders in respect of the estimated outcome for subordinated creditors.
<p>Creditors Committee interactions and updates</p> <p>Providing timely updates to the Creditors' Committee allows for greater transparency and holds the Administrators more accountable for their strategy and actions.</p>	<ul style="list-style-type: none"> • 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.
<p>Statutory and other compliance</p> <p>The Administrators need to fulfil all duties under the Insolvency Rules and other regulatory requirements.</p>	<ul style="list-style-type: none"> • Preparing and issuing of further progress reports to creditors; • Maintaining case records and internal databases; • Compliance with regulatory and internal controls; and • Other statutory filings at Companies House and Court.
<p>Tax and VAT</p> <p>Compliance with tax legislation is a part of the Administrators' obligations as well as ensures efficient realisations of assets.</p>	<ul style="list-style-type: none"> • 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.

Whilst an estimate of future time costs is provided in Appendix B, the Administrators caution that actual future costs will be considerably impacted by a variety of factors. The estimate provided assumes that this will result in the administration lasting for at least a further 14 months; however, that timeframe may be shortened or lengthened depending on how the above matters are ultimately resolved. Accordingly, the eventual future costs may ultimately be materially different from those provided in the estimate.

Appendix D: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court - 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, United Kingdom
Date of the administration appointment:	15 September 2008
Joint Administrators' names, addresses and contact details:	Edward John Macnamara, Gillian Eleanor Bruce and David James Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Email: uk_lehmanaffiliates@pwc.com
Changes in Administrator:	On 15 September 2008 Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzman and Michael John Andrew Jervis were appointed Joint Administrators On 30 November 2009 Derek Anthony Howell was appointed as an additional Joint Administrator On 22 March 2013 Gillian Eleanor Bruce and Julian Guy Parr replaced Dan Yoram Schwarzman and Michael John Andrew Jervis as Joint Administrators 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 On 16 June 2021 David James Kelly replaced Ian David Green as Joint Administrator On 30 November 2021 Russell Downs and Derek Howell ceased to act as Joint Administrators
Current membership of the Committee:	Lehman Brothers Limited - in administration MBAM Investor Limited PAMI Holdings LLC LB GP No.1 Limited - in liquidation Lehman Brothers Holdings Inc.
Committee observer (appointed by the ECAPS Holders)	Paul Copley (Aldan Management Limited)
Extensions to 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
