

The Insolvency Act 1986

# Administrator's progress report

Name of Company LB Holdings Intermediate 2 Limited	Company number 05957878
In the High Court of Justice, Chancery Division [full name of court]	Court case number 429 of 2009

(a) Insert full name(s) and address(es) of administrator(s)

We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann, Michael John Andrew Jervis and Derek Anthony Howell of

PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

from	to
(b) 14 January 2010	(b) 13 July 2010

Signed



Joint Administrator

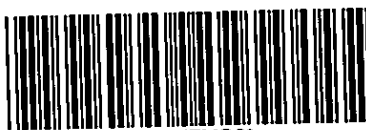
Dated 10 August 2010

### Contact Details:

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

PricewaterhouseCoopers LLP	
Plumtree Court, London EC4A 4HT	
	Tel 0207 583 5000
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at  
 Companies House, Crown Way, Cardiff, CF14 3UZ  
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 COMPANIES HOUSE

# LB Holdings Intermediate 2 Limited – In Administration

Joint Administrators' progress report for the period  
14 January 2010 to 13 July 2010

12 August 2010



COMPANIES HOUSE

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# Section 1: Purpose of the Joint Administrators' progress report

## Introduction

This is the third progress report by the Joint Administrators of LB Holdings Intermediate 2 Limited ("LBHI2" or the "Company")

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 13 July 2010

## Objectives of the Administration

The Joint Administrators (the "Administrators") are pursuing the objective of achieving a better result for LBHI2's creditors as a whole than would be likely if LBHI2 were wound up (without first being in Administration)

The Administrators will continue to manage the Administration in accordance with the proposals approved by creditors

## Creditors' Committee

No Creditors' Committee was formed as only one nomination was received

## Extension of the Administration

The Administration is due to end on 30 November 2010 following an initial extension. The Administrators have formed the view that it would not be possible to achieve the purpose of administration by that date. Accordingly they applied to Court on 28 July 2010 for an order to extend the administration further, and the Court approved the extension to 30 November 2011

## Administrators' remuneration and disbursements

It was resolved at the first meeting of the Creditors' that the Administrators' remuneration should be fixed by reference to the time properly given by them and the various grades of their staff and that remuneration could be drawn from time to time. However no remuneration has yet been drawn, as there have been no realisations to date

## Outcome for creditors

At this time the Administrators are unable to provide a reliable estimate of the timing or quantum of the dividend to ordinary unsecured creditors as there are uncertainties regarding future net realisations

## Future reports

The Joint Administrators' next progress report to creditors will be sent in approximately six months time

Signed



DA Howell  
Joint Administrator  
LB Holdings Intermediate 2 Limited

# Section 2: Joint Administrators' actions to date

## Overview of the Company's business

LBHI2 holds the investment in LBIE. In light of the insolvency of LBIE, it is unlikely that LBHI2 will realise any value from its investment in LBIE.

LBHI2's investment in LBIE was principally financed by the issue of

- \$6 1bn Floating Rate Subordinated Notes (the "Floating Rate Notes") due in 2017 which are listed on the Channel Islands Stock Exchange. This entire issue was acquired by another group company, Lehman Brothers Holdings Scottish LP3,
- \$730m of Fixed Rate Notes (the "Fixed Rate Notes") due in 2012 which were listed on the Cayman Islands Stock Exchange, and
- A combination of long and short term loan facilities from LBH (the "LBH Loans") of which some \$2 2bn remains due.

Given that LBIE is an unlimited company, LBHI2 will ultimately be liable for any shortfall to LBIE's creditors if LBIE enters liquidation.

## Administrators' actions to date

The Administrators have continued to review the tax position of LBHI2, in order to assess the potential value that may be realised through a sale of the tax losses to other Lehman Brothers group companies. Consideration has also been given to which exit route may be chosen in order to maximise realisations for creditors.

The Administrators have also submitted claims to Lehman Brothers Holdings Inc ("LBHI") in respect of an intercompany debt due directly from LBHI, and an intercompany debt due from LBIE which is covered by the LBHI guarantee. These claims were submitted in line with bar dates set by LBHI.

LBHI recently proposed a plan of reorganisation ("PoR"). The Administrators have been discussing the PoR with LBHI to ascertain the impact on all UK estates, including LBHI2.

## Dividend prospects

The Administrators are not yet able to determine the likely quantum and timing of any dividend to ordinary unsecured creditors.

## Receipts and payments

There have been no receipts or payments in the period. An account of the receipts and payments from the start of the administration is set out in section 5 of this report.

# Section 3: Statutory and other information

<b>Court details for the Administration</b>	High Court of Justice, Chancery Division, Companies Court - Court Case 429 of 2009
<b>Full name:</b>	LB Holdings Intermediate 2 Limited
<b>Trading name:</b>	LB Holdings Intermediate 2 Limited
<b>Registered number:</b>	05957878
<b>Registered address:</b>	Level 23, 25 Canada Square, London E14 5LQ
<b>Company directors:</b>	D Gibb (resigned 17/07/09), IM Jameson (resigned 17/07/09) and AJ Rush (resigned 17/07/09)
<b>Company secretary:</b>	P Dave (resigned 25/01/10) and ESE Upton (resigned 25/01/10)
<b>Shareholdings held by the directors and secretary:</b>	None of the directors own shares in the Company
<b>Date of the Administration appointment:</b>	14 January 2009
<b>Administrators' names and addresses:</b>	DA Howell, AV Lomas, SA Pearson, MJA Jervis and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<b>Appointer's name and address:</b>	The directors, 25 Bank Street, London E14 5LE
<b>Objective being pursued by the Administrators:</b>	Achieving a better result for LBHI2's creditors as a whole than would be likely if LBHI2 were wound up (without first being in Administration)
<b>Division of the Administrators' responsibilities:</b>	Statement of powers for the purposes of paragraph 100(2) of schedule B1 to the Insolvency Act 1986 The joint administrators will act jointly and severally so that all functions may be exercised by any or all of them
<b>Details of any extensions for the initial period of Administration:</b>	First extension was granted by the High Court of Justice until 30 November 2010 A second extension was granted by the High Court of Justice until 30 November 2011
<b>Proposed end of the Administration:</b>	The Administrators are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them
<b>Estimated dividend for unsecured creditors:</b>	It is too early to estimate the likely dividend for unsecured creditors
<b>Estimated values of the prescribed part and LBHI2's net property:</b>	Nil
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</b>	Not applicable as there is no prescribed part
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings does apply to this Administration and these are the main proceedings

# Section 4: Financial Information

## **Administrators' remuneration**

At the meeting of creditors which was held by correspondence on 24 March 2009, creditors resolved that the Administrators' remuneration be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators were also authorised to draw their remuneration from time to time.

To date, the Administrators have not yet drawn remuneration.

## **Receipts and payments account**

An account of the receipts and payments in the Administration to 13 July 2010 is set out overleaf. There have been no movements in the period covered by this report.

# Section 5: Receipts and payments account for the period ended 13 July 2010

LB Holdings Intermediate 2 Limited	As at 13 July 2010 GBP (£)	As at 13 January 2010 GBP (£)	Movements GBP (£)
<b>RECEIPT</b>			
Loan from Group company	442	442	-
<b>Receipts Grand Totals</b>	<b>442</b>	<b>442</b>	<b>-</b>
<b>PAYMENT</b>			
Statutory Advertising	384	384	-
VAT paid	58	58	-
<b>Payments Grand Totals</b>	<b>442</b>	<b>442</b>	<b>-</b>
<b>NET POSITION</b>	<b>-</b>	<b>-</b>	
<b>CASH BALANCES</b>			
Bank of England	-		
HSBC	-		
Money market deposits	-		
<b>Total Cash</b>	<b>-</b>		