

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 <span style="float: right;">[full name of court]</span>	Court case number 429 of 2009

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

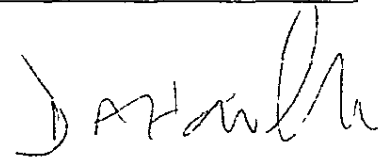
We (a) Anthony Victor Lomas Steven Anthony Pearson, Dan Yoram Schwarzmann Michael John Andrew Jervis and Derek Anthony Howell of

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 July 2010	(b) 13 January 2011

Signed 

Joint Administrator

Dated 9 February 2011

### 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 DX 33050 Cardiff



A19 \*ABYJZRIA\* 247  
09/02/2011  
COMPANIES HOUSE

WEDNESDAY

---

***LB Holdings  
Intermediate 2 Limited  
– In Administration***

Joint Administrators' progress  
report for the period 14 July 2010 to  
13 January 2011

9 February 2011

---

# Contents

<i>Section 1 Purpose of the Joint Administrators' progress report</i>	<i>3</i>
<i>Section 2 Joint Administrators' actions to date</i>	<i>4</i>
<i>Section 3 Statutory and other Information</i>	<i>5</i>
<i>Section 4 Financial Information</i>	<i>6</i>
<i>Section 5 Receipts and Payments Account</i>	<i>7</i>

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

## ***Introduction***

This is the fourth 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 January 2011

## ***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

## ***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

The Pensions Regulator listed LBHI2 as one of the Lehman companies from which it was seeking a Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that an FSD should not be issued against LBHI2. The FSD legal process has not yet been completed and the Administrators are not certain at this stage that LBHI2 will not have liability under an FSD

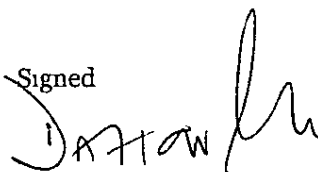
## ***Extension of the administration***

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2011

## ***Future reports***

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

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 Lehman Brothers International (Europe) ("LBIE") In light of the insolvency of LBIE, it is unlikely that LBHI2 will realise any value from its investment in LBIE

As previously advised, LBHI2's investment in LBIE was principally financed by the issue of

- \$6 1bn Floating Rate Subordinated Notes (the "Floating Rate Notes"),
- \$730m of Fixed Rate Notes (the "Fixed Rate Notes"), and
- A combination of long and short term loan facilities from Lehman Brothers Holdings Plc (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 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 have been in discussions with the Administrators of LBHI2 regarding agreement of these claims

### **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**

Whilst there have been no receipts or payments in the period it is anticipated that LBHI2 will receive c £6 5m from the sale of its tax losses to group companies, however the timing of this realisation is currently uncertain 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

<i>Court details for the Administration</i>	High Court of Justice, Chancery Division, Companies Court - Court Case 429 of 2009
<i>Full name</i>	LB Holdings Intermediate 2 Limited
<i>Trading name</i>	LB Holdings Intermediate 2 Limited
<i>Registered number</i>	05957878
<i>Registered address</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors</i>	D Gibb (resigned 17/07/09) IM Jameson (resigned 17/07/09) and AJ Rush (resigned 17/07/09)
<i>Company secretary</i>	P Dave (resigned 25/01/10) and ESE Upton (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary</i>	None of the directors own shares in the Company
<i>Date of the Administration appointment</i>	14 January 2009
<i>Administrators' names and addresses</i>	DA Howell, AV Lomas, SA Pearson, MJA Jervis and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<i>Appointer's name and address</i>	The directors, 25 Bank Street, London E14 5LE
<i>Objective being pursued by the Administrators</i>	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)
<i>Division of the Administrators' responsibilities</i>	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
<i>Details of any extensions of the initial period of appointment</i>	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
<i>Proposed end of the Administration</i>	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
<i>Estimated dividend for unsecured creditors</i>	It is too early to estimate the likely dividend for unsecured creditors
<i>Estimated values of the prescribed part and LBHI2's net property</i>	Not applicable
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86</i>	Not applicable
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000)</i>	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 drawn any remuneration. Details of the time costs incurred to date will be provided once the Administrators are in receipt of funds to pay their remuneration.

### ***Receipts and payments account***

An account of the receipts and payments in the Administration to 13 January 2011 is set out overleaf. There have been no movements in the period covered by this report.

## Section 5 Receipts and Payments Account

	As at 13 January 2011 GBP (£)	Movements GBP (£)	As at 14 July 2010 GBP (£)
Receipts			
Loan from affiliate	442	-	442
Receipts Grand Totals	442	-	442
Payments			
Statutory costs	384	-	384
VAT paid	58	-	58
Payments Grand Totals	442	-	442
Net Position	-	-	-
Cash Balances			
HSBC	-	-	-
Total Cash	-	-	-