

Lehman Brothers ODC 2 Limited

Report and Accounts

For the year ended 30 November 2011

Registration No 06324467

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COMPANIES HOUSE

Lehman Brothers ODC 2 Limited

Registered No 06324467

Directors

D J Ehrmann

W J Fox

J S Keen

Secretary

Puxon Murray LLP

Auditors

Mercer & Hole

76 Shoe Lane

London EC4A 3JB

Registered Office

C/o Puxon Murray LLP

One Royal Exchange Avenue

London EC3V 3LT

Directors' report

The directors present their first report and accounts for the year ended 30 November 2011

Results and dividends

The profit after tax, for the period was \$1,894 (2010 loss \$15,381) The directors do not recommend the payment of a dividend (2010 \$Nil)

Principal activities

The principal activity of Lehman Brothers ODC2 Ltd ("the Company") is to hold investments in subsidiary undertakings

Review of business and future developments

On 15 September 2008, the Company's ultimate parent, Lehman Brothers Holdings Incorporated filed for protection in the United States under Chapter 11 of the U S Bankruptcy code

Pursuant to the Plan referred to in the post balance sheet event note below, LBHI and those entities that are directly or indirectly controlled by LBHI are in the process of liquidating their assets and settling their outstanding obligations and claims liabilities The wind down process (1) is expected to take considerable effort and time and will differ in both approach and timing for each subsidiary depending on its specific circumstances including such activities as the timing of collections from subsidiaries that are now under separate administrations and the resolution or assumptions of claim liabilities, and (2) will ultimately result in the Company being dissolved or sold in the future subject to regulatory requirements These conditions may have a significant impact on the Company's ability to estimate the recoverable amounts on the Company's assets and the settled amounts on the Company's claim liabilities

Following the events noted above the Company no longer has a continuing trade and there are no plans for the Company to make additional investments, accordingly, these financial statements have not been prepared on a going concern basis The impact of this is discussed in note 1 of the financial statements

Post balance sheet event.

On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc and its Affiliated Debtors (the "Plan") and on 6 March 2012, the "Effective Date" (as defined in the Plan) occurred As a result of the effectiveness of the Plan, LBHI and its Affiliated Debtors ("Other Debtors", those entities which also filed for Chapter 11 protection in the Bankruptcy Court) have emerged from bankruptcy

Pursuant to the Plan, LBHI, Other Debtors, and those entities directly or indirectly controlled by LBHI and Other Debtors (collectively, "Debtor-controlled entities") continue to liquidate their assets and have been and will continue to make distributions to creditors For the avoidance of doubt, the term "Debtor-controlled entities" excludes those entities under separate administrations in the United States or abroad, including Lehman Brothers Inc and Lehman Brothers International (Europe)

Directors and their interests

The following directors have held office since 1 December 2010

N P Christie (resigned 28 June 2012)

D J Ehrmann

W J Fox

J S Keen (appointed 28 June 2012)

There are no directors' interests requiring disclosure under the Companies Act 2006

Directors' report

Director's statement as to disclosure of information to auditors

The directors who are members of the board at the time of approving the directors' report are listed on page 1. The directors confirm that

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- they have taken all the steps directors might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Directors Indemnity Insurance

Liability & indemnity insurance for the directors and officers of the Company was maintained throughout the year. The liability and indemnity insurance held by the Company's ultimate parent, Lehman Brothers Holding Incorporated was still in place at the date of signing this report.

Auditors

The auditors, Mercer & Hole, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



J Keen

Director

Date 31 August 2012

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Lehman Brothers ODC 2 Limited

We have audited the financial statements of Lehman Brothers ODC2 Limited for the year ended 30 November 2011 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2011 and of its profit and loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

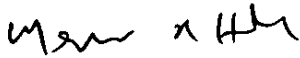
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Lehman Brothers ODC 2 Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Crook ACA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

31 August 2012

Chartered Accountants
Statutory Auditor

International press centre
76 Shoe Lane
London
EC4A 3JB

Profit and loss account

At 30 November 2011

	Notes	2011 \$000	2010 \$000
Operating Profit/ (Loss)			
Interest receivable and similar income	2	-	-
Administrative expenses	2	3	(15)
		<u>3</u>	<u>(15)</u>
Profit / (Loss) on Ordinary activities before taxation			
Tax on profit on ordinary activities	3	1	-
		<u>2</u>	<u>(15)</u>
Profit/ (Loss) on ordinary activities after taxation		<u><u>2</u></u>	<u><u>(15)</u></u>

There are no recognised gains or losses, other than the profit of \$1,894 attributable to the shareholders of the Company for the year ended 30 November 2011

The notes on pages 9 to 13 form part of the financial statements

Balance sheet

At 30 November 2011

	Notes	2011 \$000	2010 \$000
Current assets			
Investments	5	-	-
Debtors	6	-	-
		<u>-</u>	<u>-</u>
Creditors amounts falling due within one year	7	(34)	(36)
Net current liabilities		<u>(34)</u>	<u>(36)</u>
Capital and reserves			
Called up share capital	8	157,500	157,500
Profit and loss account	9	(157,534)	(157,536)
Shareholders' deficit	10	<u>(34)</u>	<u>(36)</u>

These financial statements were approved by the board of directors and were signed on its behalf by



J Keen
Director

Date 31 Aug 2012
Registration Number 06324467

The notes on pages 9 to 13 form part of the financial statements

Notes to the financial statements

At 30 November 2011

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards set out below

No cash flow statement has been prepared as there were no cash flows in the year

The directors have considered the factors discussed in the Director's report regarding the lack of a continuing trade in the Company and have resolved that they do not consider the company to be a going concern. These accounts have therefore been prepared on a break-up basis. Assets have been classified as current assets, investments and the costs of closure will be borne by the ultimate parent company.

Exemption from preparation of group financial statements

Group accounts have not been prepared as the Company has taken advantage of the exemption in Section 399 of the Companies Act 2006.

Functional currency

The Company's functional currency is US dollars as the directors consider this to be the most appropriate currency for the company's business.

Current assets investments

The investments in subsidiary undertakings are carried at historic cost, less any provision for permanent diminution in value.

Any permanent diminution in value of investments is charged to the profit and loss account.

The carrying values of the investments are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable.

For investments in subsidiary undertakings denominated in currencies other than the functional currency of the company, historical cost is determined with reference to the historical exchange rate at acquisition.

Foreign currency translation

The Company's assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rates of exchange for the month in which they occur. Any differences arising from translation are dealt with in the profit and loss account. Exchange differences arising on translation of the Company's net equity interest in subsidiaries with a functional currency other than dollars are dealt with as movements on reserves.

Notes to the financial statements

At 30 November 2011

2. Results and dividends

	2011 \$000	2010 \$000
Interest receivable from subsidiary	331	418
Provision against interest receivable from subsidiary undertaking	(331)	(418)
Administrative expenses	3	(15)
	<u>3</u>	<u>(15)</u>

The administrative expenses represent fees payable to the Company's auditor for the audit of the Company's annual accounts and Company secretarial fees, offset in the current year by the release of an over provision for prior period charges

3. Tax on loss on ordinary activities

	2011 \$000	2010 \$000
(a) Tax on profit on ordinary activities		
UK corporation tax	1	-
Total Tax	<u>1</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the current year differs from the standard rate of corporation tax in the UK of 26.66% (2011 28%). The differences are reconciled below

Profit / (loss) on ordinary activities before tax	<u>3</u>	<u>(15)</u>
Profit / (Loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 26.66% (2011 28%)	1	(4)
Non allowable provision	-	117
Group relief claimed	-	(113)
Current Tax Charge for the year	<u>1</u>	<u>-</u>

(c) Factors affecting future tax charge

The reduction in the UK corporation tax rate from 28% was substantively enacted in March 2011 and is effective from 1 April 2011. A further reduction from 26% to 24% was substantively enacted in March 2012 and will be effective from 1 April 2012.

In addition the Government announced its intention to further reduce the UK corporation tax rate to 23% from 1 April 2013 and to 22% from 1 April 2014.

Notes to the financial statements

At 30 November 2011

4. Information regarding directors and employees

The directors did not receive any emoluments for services to the Company during the period

The Company had no employees during the period

5. Current asset investments

The following information as at 30 November 2011 relates to the principal subsidiaries of Lehman Brothers ODC 2, which is registered in England and Wales

	2011 \$
<i>Cost</i>	
At 1 December 2010 and 30 November 2011	1
<i>Provision</i>	
At 1 December 2010 and 30 November 2011	1
Net carrying amount 1 December 2010 and at 30 November 2011	-

<i>Name of company</i>	<i>Description of shares held by company</i>	<i>Proportion of nominal value and voting rights of shares held</i>	<i>Principal business</i>
Lehman Brothers ODC 3 Limited	Ordinary	100%	Holding Company

Accounts for Lehman Brothers ODC 3 Limited have not been audited and the company is currently in liquidation

6. Debtors

	2011 \$000	2010 \$000
Amounts due from subsidiary undertaking falling due within one year	163,847	163,516
Provision against amounts due from subsidiary undertakings	(157,500)	(157,500)
Provision against interest receivable on amounts due from subsidiary undertakings	(6,347)	(6,016)
	-	-

Notes to the financial statements

At 30 November 2011

7. Creditors: amounts falling due within one year

	2011 \$000	2010 \$000
Amounts due to group undertaking falling due within one year	31	8
Accruals	3	28
	<u>34</u>	<u>36</u>

8. Share capital

	2011 \$000	2010 \$000
Allotted, called up and fully paid		
157,500,001 ordinary share of \$1 each	157,500	157,500
	<u>157,500</u>	<u>157,500</u>

9. Profit and loss account

	<i>Profit and loss account \$000</i>
At 30 November 2010	(157,536)
Profit for the period	2
At 30 November 2011	<u>(157,534)</u>

10. Reconciliation of movements in shareholders' funds

	<i>Share capital \$000</i>	<i>Profit and loss account \$000</i>	<i>Total shareholder's funds \$000</i>
At 30 November 2009	157,500	(157,521)	(21)
Loss for the financial year	-	(15)	(15)
At 30 November 2010	<u>157,500</u>	<u>(157,536)</u>	<u>(36)</u>
Profit for the financial year	-	2	2
At 30 November 2011	<u>157,500</u>	<u>(157,534)</u>	<u>(34)</u>

Notes to the financial statements

At 30 November 2011

11. Ultimate parent company

The immediate parent company is Lehman Brothers Holdings ODCI which is registered and incorporated in England. The ultimate parent company, Lehman Brothers Holdings Inc, is incorporated in the State of Delaware in the United States of America.

12. Related party transactions

The Company is owed a balance of \$163,847,207 (2010: \$163,516,127) by Lehman Brothers ODC 3 Limited, a subsidiary undertaking. This represented a loan issued in a prior period plus interest accrued since then. The balance has been fully provided for.

13. Post balance sheet events

On 6 December 2011, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc and its Affiliated Debtors (the "Plan") and on 6 March 2012, the "Effective Date" (as defined in the Plan) occurred. As a result of the effectiveness of the Plan, LBHI and its Affiliated Debtors ("Other Debtors", those entities which also filed for Chapter 11 protection in the Bankruptcy Court) have emerged from bankruptcy.

Pursuant to the Plan, LBHI, Other Debtors, and those entities directly or indirectly controlled by LBHI and Other Debtors (collectively, "Debtor-controlled entities") continue to liquidate their assets and have been and will continue to make distributions to creditors. For the avoidance of doubt, the term "Debtor-controlled entities" excludes those entities under separate administrations in the United States or abroad, including Lehman Brothers Inc and Lehman Brothers International (Europe).