

Liquidator's Progress Report**Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986****S.192**

To the Registrar of Companies

Company Number

06324467

Name of Company

(a) Insert full name
of company

(a) Lehman Brothers ODC2 Limited

(b) Insert full name(s)
and address(es)

We (b)

Bruce Mackay
Baker Tilly Restructuring and
Recovery LLP
25 Farringdon Street
London EC4A 4ABand Matthew Haw
Baker Tilly Restructuring and
Recovery LLP
25 Farringdon Street
London EC4A 4ABthe liquidator(s) of the company attach a copy of our Progress Report
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 22 January 2014 to 21
January 2015

SATURDAY



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14/03/2015

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COMPANIES HOUSE

Signed

Date

12 March 2015

Presenter's name,
address and
reference
(if any)Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street,
London EC4A 4AB
Ref BAM/MBO/SLH/QYLBODC2

IN THE MATTER OF
LEHMAN BROTHERS ODC2 LIMITED
IN MEMBERS' VOLUNTARY LIQUIDATION
("the Company")

JOINT LIQUIDATORS' PROGRESS REPORT

12 MARCH 2015

BRUCE MACKAY AND MATTHEW ROBERT HAW
JOINT LIQUIDATORS

BAKER TILLY RESTRUCTURING AND RECOVERY LLP
25 FARRINGDON STREET
LONDON EC4A 4AB

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1. PURPOSE OF REPORT

This report has been prepared in accordance with insolvency legislation to provide members and the Registrar of Companies with information relating to the progress of the liquidation in the period from 22 January 2014 to 21 January 2015

This report has been prepared solely to comply with the statutory requirements of Section 92A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986 (as amended). It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Neither the Joint Liquidators nor Baker Tilly Restructuring and Recovery LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

2. PROGRESS OF THE LIQUIDATION IN THE PREVIOUS TWELVE MONTHS

2.1. Realisation of Assets

An intercompany loan with a recorded book value of £99,383,601 was made by the Company to its subsidiary Lehman Brothers ODC3 Ltd ("ODC3") and the Declaration of Solvency estimates a recovery of £17,392,130 from ODC3 in respect of the loan. ODC3 is also in liquidation and has paid an initial interim distribution to the Company in the sum of £16,602,279

The Company also has a pre-petition claim against its ultimate parent company Lehman Brother Holdings Inc which is under Chapter 11 Bankruptcy Protection in the US. The claim has an estimated realisable value of £26,912 and to date distributions totalling £27,040 have been received

The Declaration of Solvency also details a cash at bank balance in the sum of £23,354 and these funds were held in the Company's pre appointment bank account with Citibank. Following a written request from the Joint Liquidators a balance of £23,122 was transferred to the liquidation account

During the year to 21 January 2015 bank interest of £37,904 has been received on the funds held in the liquidation account. The funds have now been taken off interest bearing to allow for the completion of the Company's final tax returns

2.2. Tax Matters

Lehman Brothers Limited ("LBL") has prepared the Company's pre-appointment Corporation Tax returns for the following periods -

1 December 2012 to 30 November 2013; and
1 December 2013 to 21 January 2014

Both returns have been submitted to HM Revenue & Customs ("HMRC") who have acknowledged receipt of the returns and have agreed that no tax liability is due for the periods of the returns

All sources of taxable income have been terminated and the final Corporation Tax returns have now been submitted to HMRC requesting formal tax clearance to close the liquidation

The Company was a member of the LBL VAT group and following appointment the Joint Liquidators wrote to HMRC requesting that the Company was removed from the VAT group. HMRC have confirmed that no VAT liability is due and that the Company has been removed from the VAT group with effect from the date of the Joint Liquidators' appointment

2.3. Payments to Creditors

Shortly following appointment we advertised a notice to prove debts in the London Gazette giving potential creditors until 6 March 2014 to submit claims and no claims were received.

2.4. Administration and Planning

All statutory tasks have been completed in a timely manner including the drafting and circulation of appointment documentation, filing statutory forms at Companies House, maintaining the receipts and payments account and completing and submitting Corporation Tax returns to HMRC

Case reviews have been conducted periodically in order to review case strategy and progression. At the time of a case review we also reconsider the level of the insolvency bond and review the investment of funds

3. DISTRIBUTIONS TO SHAREHOLDER

No cash or in specie distributions have been made to the shareholder, but once HMRC have granted tax clearance the surplus funds in the liquidation estate will be distributed to the shareholder. It is also envisaged that the residual assets will be distributed in specie to the shareholder

4. MATTERS PREVENTING CLOSURE

4.1. Tax Clearance

Once HMRC have granted final tax clearance distributions can be made to the shareholder as detailed in section 3 of the report above. It will then be possible for the liquidation of the Company to be concluded

5. RECEIPTS AND PAYMENTS SUMMARY

Attached at Appendix B is a summary of the Joint Liquidators' Receipts and Payments for the period from 22 January 2014 to 21 January 2015

VAT Basis

Receipts and payments are shown net of VAT, with any amount due to or from HMRC shown separately

6. COSTS AND JOINT LIQUIDATORS' REMUNERATION

6.1. Joint Liquidators' Remuneration and Disbursements

The Joint Liquidators' remuneration was approved on a time cost basis by written resolution of the shareholders on 22 January 2014. We have incurred time costs of £14,749 since the date of our appointment up to the date of this report. Of this, a total of £10,966 (plus VAT) has been paid and £3,783 remains outstanding.

Approval was also given to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D.

6.2. Remuneration and Disbursements incurred in the period from

Of the total figure to date of £14,749 per 6.1 above, we have incurred time costs of £12,158 in the reporting period to 21 January 2015. An analysis of time incurred in the period is attached at Appendix G. Details of the sums drawn in respect of remuneration in the period covered by this report are shown in the receipts and payments account (appendix B).

Category 2 disbursements incurred in the period are detailed in Appendix E.

7. JOINT LIQUIDATORS' STATEMENT OF EXPENSES

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Joint Liquidators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period.

On 22 January 2014 the shareholder passed a written resolution to approve the pre-liquidation advisory fees in the sum of £8,675 plus VAT incurred in assisting the directors in preparing a liquidation plan, the Declaration of Solvency and liquidation documentation. £8,675 has been paid to Baker Tilly Restructuring and Recovery LLP.

Detailed cost breakdown

Attached to this report are three Appendices relating to my costs on this assignment:

- Appendix C: A copy of Baker Tilly Restructuring and Recovery LLP's charging, expenses and disbursements policy statement
- Appendix D: Joint Liquidators' charge out and disbursement rates, and
- Appendix G: Joint Liquidators' time cost analysis,

Other professional costs

Wragge Lawrence Graham & Co were instructed as legal advisors in view of their general experience and expertise in these matters. They have advised the Joint Liquidators on the possibility of a post liquidation indemnity for the purpose of making advanced distributions to the shareholder. We have agreed their remuneration on the basis of their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees of £1,710 plus VAT have been paid.

8. MEMBERS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE REMUNERATION AND EXPENSES

In accordance with the provisions of Rules 4.49E and 4.148C of the Insolvency Rules 1986, members have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

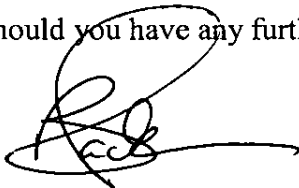
A request for further information must be made in writing within 21 days of receipt of this report.

Members of the Company with at least 10% of the total voting rights of all members having the right to vote at general meetings of the company, or any members with the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the liquidator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

If you would like a copy of A Shareholders Guide to Liquidator's Fees, please let me know.

Should you have any further queries please do not hesitate to contact us.



Bruce Alexander Mackay
Baker Tilly Restructuring and Recovery LLP
Joint Liquidator of Lehman Brothers ODC2 Limited

Bruce Mackay and Matthew Haw are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales.

Appendix A**COMPANY INFORMATION**

Company Name	Lehman Brothers ODC2 Limited
Joint Liquidators	Bruce Mackay and Matthew Robert Haw
Date of Appointment	20 January 2014
Company Number	06324467
Date of Incorporation	25 July 2007
Trading Name	N/A
Trading Address	N/A
Principal Activity	70100 - Activities of head offices
Former Registered Office	c/o Puxon Murray LLP, 1 King Street, London, EC2V 8AU
Current Registered Office	c/o Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB

Appendix B

JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT

FOR THE PERIOD 22 JANUARY 2014 TO 21 JANUARY 2015

DofS Value £		22/01/2014 to 21/02/2015		Total to 21/02/2015	
		£	£	£	£
	ASSET REALISATIONS				
0 00	Bank Interest Gross	37,903 65		37,903 65	
23,354 00	Cash at Bank	23,121 77		23,121 77	
17,392,130 00	Loan to subsidiary - Lehman Brothers ODC3 Limited	16,602,278 81		16,602,278 81	
26,912 00	Pre-petition claim against Lehman Brothers Holdings Inc	27,039 81		27,039 81	
			16,690,344 04		16,690,344 04
	COST OF REALISATIONS				
0 00	Joint Liquidators' Disbursements	(45 50)		(45 50)	
0 00	Joint Liquidators' Fees	(10,965 50)		(10,965 50)	
0 00	Legal Fees	(1,709 50)		(1,709 50)	
0 00	Pre Liquidation Advisory Fees	(8,674 80)		(8,674 80)	
0 00	Statutory Advertising	(227 46)		(227 46)	
			(21,622 76)		(21,622 76)
17,442,396 00			<u>16,668,721 28</u>		<u>16,668,721 28</u>
	REPRESENTED BY				
	Bank - (BoS)			16,664,396 73	
	VAT Receivable (Payable)			4,324 55	
					<u>16,668,721 28</u>
					<u>16,668,721 28</u>

BAKER TILLY RESTRUCTURING AND RECOVERY LLP

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for Baker Tilly Restructuring and Recovery LLP London are attached
- Time billed is subject to Value Added Tax at the applicable rate
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically.

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to members, but do not require members' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest in, require the approval of members prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements
- A resolution to consider approving "Category 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery LLP London will be proposed to the relevant parties responsible for approving remuneration
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant parties responsible for approving remuneration
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate.

Appendix D

BAKER TILLY RESTRUCTURING AND RECOVERY LLP – LONDON

JOINT LIQUIDATORS' CURRENT CHARGE OUT AND CATEGORY 2 DISBURSEMENT RATES

HOURLY CHARGE OUT RATES		
	Rates at commencement £	Current rates £
Partner	485	485
Directors / Associate Directors	300-410	300-410
Manager	250-265	250-265
Assistant Managers	200-220	200-220
Administrators	180	180
Support staff	105	105

“CATEGORY 2” DISBURSEMENT RATES	
Internal room hire	£250 per part day
Subsistence	£25 per night (from 3 rd September 2013) £23 per night (up to 2 nd September 2013)
Travel (car)	38p per mile (up to and including 31 March 2010) 40p per mile (from 1 April 2010) 42 5p per mile (from 1 April 2011)
“Tracker” searches	£10 per case

Appendix E

JOINT LIQUIDATORS' CATEGORY 2 DISBURSEMENTS TABLE

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, Type and Purpose	Paid	Unpaid
	£	£
None for the period of this report	Nil	Nil
Total	Nil	Nil

Appendix F

STATEMENT OF EXPENSES INCURRED BY THE JOINT LIQUIDATORS' IN THE PERIOD FROM 22 JANUARY 2014 TO 21 JANUARY 2015

Type and Purpose	Incurred in Period
	£
Joint Liquidators' Disbursements (Paid)	45 50
Joint Liquidators' Fees (Paid)	10,965 50
Joint Liquidators' Fees (Unpaid)	3,783 00
Pre-Appointment Advisory Fees (Paid)	8,674 80
Statutory Advertising (Paid)	227 46
Corporation Tax (Unpaid)	7,959 80
Total	31,656.06

Appendix G1

JOINT LIQUIDATORS' TIME COST ANALYSIS

FOR THE PERIOD FROM 22 JANUARY 2014 TO 21 JANUARY 2015

Hours Spent	Partners	Directors / Associate Directors	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
Administration and Planning								
Appointment	0.1	0.0	1.3	0.0	0.0	1.4	£ 334.50	238.93
Case Management	0.9	1.0	4.6	0.7	0.6	7.8	£ 2,040.00	261.54
Director(s)/debtor/bankrupt	0.0	0.0	2.5	0.0	0.0	2.5	£ 550.00	220.00
Pension Scheme	0.0	0.0	0.2	0.0	0.0	0.2	£ 44.00	220.00
Post-appointment - general	0.5	0.0	2.3	0.0	0.0	2.8	£ 748.50	267.32
Receipts and Payments	0.0	0.0	2.2	7.2	0.0	9.4	£ 1,600.00	170.21
Tax Matters	0.0	0.0	1.0	0.0	0.0	1.0	£ 220.00	220.00
Total	1.5	1.0	14.1	7.9	0.6	25.1	£ 5,537.00	220.60
Realisation of Assets								
Assets - general/other	0.0	0.0	0.2	0.0	0.0	0.2	£ 44.00	220.00
Debtors & sales finance	0.0	0.0	0.5	0.0	0.0	0.5	£ 110.00	220.00
Total	0.0	0.0	0.7	0.0	0.0	0.7	£ 154.00	220.00
Creditors								
Unsecured Creditors	0.0	1.0	0.0	0.4	0.0	1.4	£ 482.00	344.29
Total	0.0	1.0	0.0	0.4	0.0	1.4	£ 482.00	344.29
Case Specific Matters - Shareholders								
Shareholders / Members	1.5	0.0	0.6	8.5	0.0	10.6	£ 2,389.50	225.42
Total	1.5	0.0	0.6	8.5	0.0	10.6	£ 2,389.50	225.42
Case Specific Matters - Legal Matters								
Legal Matters	0.0	8.5	0.5	0.0	0.0	9.0	£ 3,595.00	399.44
Total	0.0	8.5	0.5	0.0	0.0	9.0	£ 3,595.00	399.44
Total Hours	3.0	10.5	15.9	16.8	0.6	46.8	£ 12,157.50	259.78
Total Time Cost	£ 1,455.00	£ 4,305.00	£ 3,498.00	£ 2,836.50	£ 63.00	£ 12,157.50		
Average Rates	485.00	410.00	220.00	168.84	105.00	259.78		

Please note that we have re-designed our SIP9 analysis table to provide a more detailed analysis of the grades of staff within the firm. Please note that this change does not alter the value of time costs recorded, purely the column within the table to which that time, and cost, has been allocated.

Appendix G2

JOINT LIQUIDATORS' TIME COST ANALYSIS

FOR THE PERIOD FROM 22 JANUARY 2014 TO 12 MARCH 2015

Hours Spent	Partners	Directors / Associate Directors	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
Administration and Planning								
Appointment	0.1	0.0	1.3	0.0	0.0	1.4	£ 334.50	238.93
Case Management	1.6	1.0	7.7	0.7	0.8	11.8	£ 3,078.50	260.89
Director(s)/debtor/bankrupt	0.0	0.0	2.7	0.0	0.0	2.7	£ 594.00	220.00
Pension Scheme	0.0	0.0	0.2	0.0	0.0	0.2	£ 44.00	220.00
Post-appointment - general	0.5	0.0	2.3	0.0	0.0	2.8	£ 748.50	267.32
Receipts and Payments	0.0	0.0	2.4	7.9	0.0	10.3	£ 1,752.50	170.15
Tax Matters	0.0	0.0	3.3	0.0	0.0	3.3	£ 726.00	220.00
Total	2.2	1.0	19.9	8.6	0.8	32.5	£ 7,278.00	223.94
Realisation of Assets								
Assets - general/other	0.0	0.0	0.2	0.0	0.0	0.2	£ 44.00	220.00
Debtors & sales finance	0.0	0.0	0.5	0.0	0.0	0.5	£ 110.00	220.00
Total	0.0	0.0	0.7	0.0	0.0	0.7	£ 154.00	220.00
Creditors								
Other Creditor Meetings and Reports	0.0	0.0	2.0	0.0	0.0	2.0	£ 440.00	220.00
Unsecured Creditors	0.0	1.0	0.0	0.4	0.0	1.4	£ 482.00	344.29
Total	0.0	1.0	2.0	0.4	0.0	3.4	£ 922.00	271.18
Case Specific Matters - Shareholders								
Shareholders / Members	1.5	0.0	0.6	8.5	0.0	10.6	£ 2,389.50	225.42
Total	1.5	0.0	0.6	8.5	0.0	10.6	£ 2,389.50	225.42
Case Specific Matters - Legal Matters								
Legal Matters	0.0	9.5	0.5	0.0	0.0	10.0	£ 4,005.00	400.50
Total	0.0	9.5	0.5	0.0	0.0	10.0	£ 4,005.00	400.50
Total Hours	3.7	11.5	23.7	17.5	0.8	57.2	£ 14,748.50	257.84
Total Time	£ 1,794.50	£ 4,715.00	£ 5,214.00	£ 2,945.00	£ 80.00	£ 14,748.50		
Average Rates	485.00	410.00	220.00	168.29	100.00	257.84		

Please note that we have re-designed our SIP9 analysis table to provide a more detailed analysis of the grades of staff within the firm. Please note that this change does not alter the value of time costs recorded, purely the column within the table to which that time, and cost, has been allocated.

NOTES TO APPENDIX G

JOINT LIQUIDATORS' TIME COST ANALYSIS

a) Administration and Planning

This includes dealing with the commencement of the case administration, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to handling receipts and payments, VAT and Income tax issues, pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, and statutory reports.

b) Investigations

Where appropriate this will include such matters as investigation of pre-appointment transactions in accordance with the relevant Statement of Insolvency Practice (SIP 2), and the investigation of any potential antecedent transactions such as transactions at under value and preferences which may result in legal action resulting in a recoverable asset.

c) Realisation of Assets

This includes dealing with all aspects of the realisation of assets including identifying, securing and insuring assets, and (where applicable), property, business and asset sales, retention of title claims and debt collection. Other matters dealt with during the case administration which will relate to asset realisation may commonly include effecting disclaimers, dealing with landlords, liaising with agents, undertaking inventories, meetings with purchasers / directors, arranging collection of leased assets, obtaining insurance, pursuing antecedent claims identified as part of the investigation work set out above. Details of the specific asset realisation work undertaken on this case are set out in the main body of the report. Asset realisation is considered to be a key aspect of the case administration.

d) Trading

Where the business of the company has been traded (by the liquidator(s)) following the appointment our staff will have had to set up accounts with suppliers in order to trade on an ongoing basis. Payments to suppliers and general correspondence with these have been undertaken. Where trading has ceased, accounts will have been closed and final bills paid. Other matters will also have been dealt with in accordance with the usual trading obligations such as dealing with employees and payroll.

e) Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. Reports to creditors are also an important part of ongoing matters relating to this aspect of the case.

f) Case Specific Matters

Any case specific matters will generally be set out in the body of the report but will commonly include meetings, correspondence and telephone calls relating to specific issues in the case which do not fall into any of the categories set out above and are specific to the case in question. This may include work done in relation to litigation, general advice or other major issues.