

Mable Commercial Funding Limited and Storm Funding Limited – In Administration

Joint Administrators' Proposals for Achieving the Purpose of the
Administrations

12 November 2008

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Section 1: Purpose of this document

Introduction

AV Lomas, SA Pearson, MJA Jervis and I were appointed as Administrators (hereinafter referred to as “the Administrators” or the “Joint Administrators”) of Mable Commercial Funding Limited (“Mable”) and Storm Funding Limited (“Storm”) referred to collectively as “the Companies,” by Order of the UK High Court of Justice on 23 September 2008.

The purpose of these Administrations is to realise the Companies businesses and assets in a manner which will result in a more advantageous realisation than would be achieved on a winding up (a formal liquidation, as defined in the Insolvency Act 1986 (“IA86”).

The powers and duties of the Joint Administrators are set out in the IA86, as amended by the 2002 Enterprise Act and the related rules. Each of the Administrators of the Companies is a partner in the UK firm of PricewaterhouseCoopers LLP (“PwC”) and a licensed Insolvency Practitioner, regulated by the Institute of Chartered Accountants in England and Wales.

This document and the appendix are provided to you in accordance with paragraph 49, Schedule B1 of the IA86. Within it we set out:

- the background to these Administrations, including the events immediately leading up to the appointment of Administrators;
- an overview of the Companies’ businesses and structures;
- the manner in which the Companies’ affairs are being managed, including details of the steps taken to date and the Administrators’ proposed actions;
- the Administrators’ proposals, in accordance with the IA86;
- comments on the availability of financial information;

- statutory information regarding the Companies; and
- information regarding the meetings of creditors and the creditors’ committee.

Creditors’ meetings

The creditors’ meetings for Storm and Mable will be held at 11:15am and 12:15pm respectively on 27 November 2008 at Plumtree Court, London EC4A 4HT to consider the Administrators’ proposals and to decide whether creditors’ committees should be formed.

Creditors will be bound by the Administrators’ proposals if such proposals are approved at the creditors’ meetings by the requisite majority. It is therefore important that you read this document carefully. A creditor is entitled to propose modifications to these proposals for the Administrators’ and creditors’ consideration.

Immediately following the creditors’ meetings, the Administrators will post onto the PwC web site any material information which is disclosed at the meetings and which is not at that time in the public domain.

Future reporting

At six monthly intervals further reports will be provided to the creditors of the Companies, setting out the progress that has been made together with the Companies’ receipts and payments for each six monthly period.

Signed:



Dan Yoram Schwarzmann
Joint Administrator
Mable Commercial Funding Limited
Storm Funding Limited

Section 2: The circumstances giving rise to the Administrators' appointments

Background information

Mable was the holding company for a number of subsidiaries within the Lehman Brothers Group of Companies ("the Lehman Group"), including Storm. It principally acted to manage the flow of investment funds to these subsidiaries from Lehman Brothers Holdings Inc ("LBHI") and Lehman Brothers International (Europe) ("LBIE"), the ultimate US registered parent of the Lehman Group and the main European broker - dealer respectively.

Events immediately preceding the Administrators' appointments

On 15 September 2008, LBHI announced that it was preparing to file for Chapter 11 insolvency protection in the USA, precipitating the appointment of Administrators to protect the business and assets of LBIE, amongst other Lehman Group companies, on the same day.

Immediately upon their appointment, the Administrators met with the directors of LBIE and undertook a detailed review of the UK operations of the Lehman Group.

As part of this review, it was established that Mable could not repay its liabilities to LBHI and LBIE and Storm could not repay its liabilities to Mable.

On 22 September 2008 the directors of Mable and Storm resolved to place the Companies into Administration.

The Administration orders in respect of Mable and Storm were made on 23 September 2008.

Objectives of the Administrations

As it was not reasonably practicable to rescue Mable and Storm as going concerns, the Administrators are pursuing the objective of achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).

The specific aims of these Administrations are to:

- protect and control the Companies' portfolios of assets; and
- realise these assets, including cash and asset and mortgage backed securities, on a managed basis.

Section 3: An overview of the Companies' businesses and structure

Mable

Mable acted as the holding company and funding vehicle for mortgage and asset backed debt financing on behalf of a number of direct and indirect subsidiaries (the "Mable Group").

The key subsidiaries within the Mable Group:

- originated mortgages and sold these to Special Purpose Vehicles ("SPVs") which securitised the assets and issued notes to investors;
- retained a residual interest in these SPVs;
- serviced the mortgages held by the SPVs in return for a fee; and
- held portfolios of performing and non performing loans.

Mable's main assets at the date of appointment were intercompany debts and shareholdings in a number of its subsidiaries.

Storm

Storm is a wholly owned subsidiary of Mable. It latterly held residential and commercial mortgage backed securities issued by the SPVs.

Historically these mortgage backed securities were sold to third party investors, generating funds for the Mable Group.

In 2007 following the sharp contraction of liquidity in the financial system, the external market for these mortgage backed securities had effectively closed. As a consequence, Storm purchased these securities with the ultimate objective of obtaining funding from the European Central Bank for the Mable Group.

As at 23 September 2008, Storm's main assets consisted of:

- mortgage backed securities that were sold subject to a repurchase agreement ("repo'd") to Lehman Brothers Bankhaus AG ("Bankhaus"), a German registered member of the Lehmans Group and subsequently pledged to the European Central Bank ("ECB");
- mortgage backed securities which had been repo'd to Bankhaus and not pledged to the ECB;
- mortgage backed securities which were not repo'd; and
- intercompany debtors and other assets.

Mable and Storm utilised employees seconded from Lehman Brothers Limited (LBL) and principally operated from the Lehmans Group's premises at 25 Bank Street, London E14 5LE, England.

Section 4: The Administrators' actions to date

Overview

We set out below a high level summary of the Administrators' activities in the initial weeks.

Following a rapid assessment of the businesses and their operating structures, the Administrators established control over the Companies' operations.

The Administrators' activities are defined in three phases:

Phase I: Control and assimilation

The immediate challenge faced by the Administrators was gaining an understanding of the Companies' businesses and asserting control over their operations.

The Administrators called upon the extensive expertise of the Real Estate, Banking and Capital Markets, Corporate Finance and Distressed Debt practices within PricewaterhouseCoopers LLP ("PwC") and coupled with the knowledge of the Lehman's staff, this enabled the Administrators to ensure risk was managed and control asserted across the Companies.

In the first two weeks of the Administration we:

- implemented retention arrangements for key employees seconded from LBL;
- conducted a detailed review to gain an understanding of and exert control over the Companies' asset holdings and investment structures;
- established new processes for collating and managing stakeholder and interested party enquiries; and
- explored the potential to sell the Companies' businesses and assets.

Phase II: Systemisation

Formalising the processes, controls and disciplines required to enable the protection and orderly realisation of the assets and the agreement of claims against the Companies.

Phase III: Run-off

Realising the assets on a managed basis, with the assistance of specialist practices within PwC over the coming months.

In the paragraphs below we set out a summary of the work being performed in effecting an orderly realisation of the Companies' assets and wind down of operations.

Mable

Following their appointment, the Joint Administrators have facilitated the management of the assets of the subsidiaries that are not subject to formal insolvency procedures, in order to protect the interests of Mable's creditors.

Negotiations are in hand with a number of parties that have expressed an interest in acquiring certain subsidiaries as going concerns. Other subsidiaries may require the protection of an insolvency process to maximize realisations.

Storm

The Joint Administrators are working closely with Storm's staff to gain control of Storm's assets and manage realisations in an orderly manner.

Due to the complexity of the intercompany relationships and the impact of insolvencies in other jurisdictions on intercompany balances and asset holdings, the Joint Administrators are unable to provide a meaningful estimate of realisations at the date of this report.

Repo'd securities

The majority of Storm's mortgage backed securities were repo'd to Bankhaus which on 15 September 2008 became the subject of a moratorium to protect creditors, imposed by the German financial supervisory authority.

The rights and obligations of Storm and Bankhaus in respect of these repo agreements are purportedly defined in a draft General Master Repo Agreement ("GMRA") dated 15 August 2008.

If the GMRA applies to the transactions between Storm and Bankhaus:

- the Bankhaus moratorium is a default event;
- this default event triggers an obligation on Storm to repurchase the securities;
- Storm will be required to calculate the repurchase price, being the market value of the securities at the fifth dealing day after being made aware of the default event; and
- if the market value of the securities on that fifth day exceeds the liability to Bankhaus, Storm will submit a claim against Bankhaus for the balance.

As at the date of this report, it is not clear that the GMRA applies to these transactions or if Bankhaus will be in a position to settle all or part of any claim that may be made by Storm.

Non repo'd securities

In the absence of an account in its own name, those securities held by Storm outside the repo agreement with Bankhaus were held in an LBIE account at Euroclear.

Following the appointment of Administrators to LBIE on 15 September 2008 Euroclear sold a number of Lehman Group assets, including securities that may have been owned by Storm, in settlement of a debt due from LBIE.

The Joint Administrators are currently assessing which assets held in LBIE's Euroclear account were owned by Storm as at 15 September 2008 and which have subsequently been sold. The Joint Administrators are also assessing the most appropriate method of securing these assets to protect the interests of Storm's creditors.

Intercompany debtors

There are a number of debts due to Storm from other companies within the Lehman Group. The values of these debts have yet to be finalised.

Section 5: Proposals for achieving the purpose of the Administrations

The Administrators make the following proposals for achieving the purposes of the administrations.

- i) The Administrators will continue to manage and finance the businesses, affairs and property from asset realisations in such manner as they consider expedient with a view to achieving a better result for the Companies' creditors as a whole than would be likely if the Companies had been immediately liquidated.
- ii) The Administrators may investigate and if appropriate, pursue any claims that the Companies may have under the Companies Act 1985, the Companies Act 2006 or the IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Companies or to maximise their realisations or for any other purpose incidental to these proposals.
- iii) The Administrators will at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator or supervisor of a company voluntary arrangement / scheme of arrangement and the costs of so doing be met as a cost of the Administrations as part of the Administrators' remuneration.
- iv) The Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Schedule B1 IA86.
- v) A creditors' committee will be established for each company if sufficient creditors from each company are willing to act on the relevant committee. The Administrators propose to seek the election of creditors' committees and to consult with them from time to time. Where the Administrators consider it appropriate, they will seek sanction from the committees to a proposed

action rather than convening a meeting of all creditors.

- vi) The Administrators will consult with the relevant creditors' committee concerning the necessary steps to extend the Administrations beyond the statutory duration of one year if an extension is considered advantageous. The Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension.
- vii) The Administrators may use any one or a combination of "exit route" strategies in order to bring the Administrations to an end. The Administrators wish to retain a number of the options which are available to them, including:
 - (a) the Administrators may formulate proposals for a scheme of arrangement under Section 899 of the Companies Act 2006 and if so ordered by the court will put them to meetings of the various classes of creditors. If the scheme of arrangement is approved and sanctioned by the court, the Administration will be brought to an end by notice to the Registrar of Companies on completion of the Administration under Paragraph 84 Schedule B1 IA86, following registration of which the Companies will be dissolved three months later, OR
 - (b) the Administrators may place the Companies into creditors' voluntary liquidation. In these circumstances, it is proposed that Dan Yoram Schwarzmann, Anthony Victor Lomas, Steven Anthony Pearson and Michael John Andrew Jervis be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either any or all of them. In accordance with Paragraph 83(7) Schedule B1 IA86 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate

alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved, OR

(c) The Administrators may formulate proposals for company voluntary arrangements ("CVA") and put them to meetings of the Companies' creditors and shareholders for approval. If the CVAs are approved, the Administrations will be brought to an end by notice to the Registrar of Companies on completion of the Administrations under Paragraph 84 Schedule B1 IA86, following registration of which the Companies will be dissolved three months later, OR

(d) The Administrators may apply to the Court to allow the Administrators to distribute surplus funds to unsecured non-preferential creditors. If such permission is given, the Administrations will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Schedule B1 IA86, following registration of which the Companies will be dissolved three months later. If permission is not granted the Administrators will place the Companies into creditors' voluntary liquidation or otherwise act in accordance with any Order of the Court.

viii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 IA86 in respect of any action of theirs as Administrators at a time determined by the court.

ix) The Administrators' fees will be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge-out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed, it will be for the general body of creditors to determine these instead.

x) The primary currency for the Administrations will be US Dollars and funds will be maintained in US Dollars, (except to the extent that monies are needed to meet Administration expenses payable in other currencies). The Administrators will require creditors to submit their claims in US Dollars and dividends will be paid in US Dollars in the chosen exit route from the Administration.

Voting

Creditors will be asked to vote upon the following matters at the initial meetings of creditors:

i) The approval of the Administrators' proposals for achieving the purpose of the administrations; and

ii) The formation of creditors' committees.

Section 6: Financial Information

The Administrators have granted the Directors an extension of time in which to prepare a Statement of Affairs due to the complexity of the task.

The Administrators do not believe it is in the interests of creditors to provide an alternative analysis at this time as such analysis is likely to be materially incomplete and as a result materially misleading in gaining an understanding of the assets and liabilities of the Company.

Attached is a list of the Companies' creditors as at 23 September 2008.

When available, copies of the Statements of Affairs will be lodged at Companies House and will be placed on the PwC website.

If available at the time, reference will be made to the Statement of Affairs at the forthcoming creditors' meetings. If not, the Administrators will present as up to date an explanation of the financial position as they are able to and will also make that available to creditors who do not attend, by way of the PwC website immediately following the meeting on 20 November 2008.

Creditor List- Mable

LB INTERNATIONAL (EUROPE) PCO- 25 Bank Street, London, UK, E14 5LE

LB ODC 3- 25 Bank Street, London, UK, E14 5LE

LBHI (LONDON)- 25 Bank Street, London, UK, E14 5LE

OCI LIMITED- c/o 25 Bank Street, London, UK, E14 5LE

LCPI LONDON BRANCH- 25 Bank Street, London, UK, E14 5LE

MMP FUNDING- c/o 25 Bank Street, London, UK, E14 5LE

ASSETFINANCE MARCH (G) LIMITED- c/o Bank Street, London, UK, E14 5LE

PAMI HARBOUR PARK- 1013 Centre Road, Wilmington, DE 19805

LW LP INC. PCO- c/o 25 Bank Street, London, UK, E14 5LE

LB HOLDINGS INC PC - 25 Bank Street, London, UK, E14 5LE

LEHMAN COMMERCIAL PAPER INC. PC- 500 Central Avenue, Albany, New York 12206-2290

LB INC. PCO- c/o 25 Bank Street, London, UK, E14 5LE

LB UK HOLDINGS- 25 Bank Street, London, UK, E14 5LE

THAYER GROUP- St Helier, Jersey, Channel Islands JE2 3RA

THAYER PROPERTIES LTD- 25 Bank Street, London, UK, E14 5LE

LB BANKHAUS (LONDON)- 25 Bank Street, London, UK, E14 5LE

LB EUROPE LTD- 25 Bank Street, London, UK, E14 5LE

LB SPECIAL FINANCING INC.- c/o 25 Bank Street, London, UK, E14 5LE

LB (PTG) LTD- 25 Bank Street, London, UK, E14 5LE

LB BANKHAUS AG, ITALIAN BRANCH- Piazza Del Carmine, 20121 Milan Italy

LB INVESTMENTS (UK) LTD- 25 Bank Street, London, UK, E14 5LE

LEHMAN BROTHERS FINANCE (JAPAN)- Corporation Trust Centre, 1209 Orange Street Wilmington Delaware

2B SERVICES INDIA PRIVATE COMPANY- 10FL, Winchester Building, Off High Street , Hiranandani Park

LB JAPAN INC. PCO- 6-10-1 Roppongi Minato-ku, Tokyo , Japan

LB ASIA HOLDINGS LTD. PCO- Unit 1907-9, 1913-5 of 19/F, 2201, 2210-7 of 22/F25-26/F, 2706-2714 of 27/F, Two International Finance Center8 Finance Street Central HONG KONG

LB HOLDINGS PLC- 25 Bank Street, London, UK, E14 5LE

Creditor List- Storm

LB Asia Holdings Limited- Two International Finance Centre, 8 Finance Street, Central HONG KONG

Lehman Commercial Paper Inc.- 500 Central Avenue, Albany, New York 12206-2290

Lehman Brothers Holdings Inc.- c/o Corporation Service Company, 2711 Centerville Rd., Ste. 400, Wilmington, Delaware 19808

Lehman Brothers Europe Limited- 25 Bank Street, London, E14 5LE

Eldon Street Holdings Ltd- 25 Bank Street, London, E14 5LE

Lehman Brothers Finance (Japan) Inc.- Corporation Trust Centre, 1209 Orange Street Wilmington Delaware

Mable Commercial Funding Limited- 25 Bank Street, London, E14 5LE

Lehman Brothers Holdings Inc. UK Branch- 25 Bank Street, London, E14 5LE

Lehman Brothers Inc- c/o Corporation Service Company, 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808 United States

LB Holdings Plc- 25 Bank Street, London, UK, E14 5LE

South Pacific Mortgage Limited- 25 Bank Street, London, UK, E14 5LE

Lehman Brothers Limited- 25 Bank Street, London, UK, E14 5LE

Lehman Brothers Special Finance Inc- c/o Corporation Service Company, 2711 Centerville Rd., Ste. 400, Wilmington, Delaware 19808

SP Funding 1 Ltd- 25 Bank Street, London, UK, E14 5LE

Thayer Properties (JERSEY) Limited- 26 New Street, St Helier, Jersey, JE2 3RA

Lehman Brothers International Europe- 25 Bank Street, London, UK, E14 5LE

LB UK Holdings Limited- 25 Bank Street, London, UK, E14 5LE

ELQ Hypotheken N.V.- Haarlerbergweg 21C-23C, 1101 CH Amsterdam Zuidoost, Postbus 12794, 1100 AT Amsterdam Zuidoost

LB Capital GMBH- Rathenauplatz 1 , 60313 Frankfurt, Germany

Hearn Street Holdings Limited- 47 Esplanade, St Helier, Jersey, JE1 OBD Channel Islands

LB SF No.1- 25 Bank Street, London, UK, E14 5LE

LB Bankhaus (London)- Rathenauplatz 1, Frankfurt am Main D60313 GERMANY

Preferred Mortgages- 25 Bank Street, London, UK, E14 5LE

Preferred Funding 5- 6 Broadgate, London, EC2M 2QS

LB Real Estate Japan Ltd- 745 Seventh Avenue, New York, New York 10019

LB Re Financing No.3 Ltd- 25 Bank Street, London, UK, E14 5LE

LB I Group Inc PCO - c/o Corporation Service Company, 2711 Centerville Rd., Ste. 400, Wilmington, Delaware 19808

LCPI London Branch- 25 Bank Street, London, UK, E14 5LE

Section 7: Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court - Court Case 8211 of 2008	High Court of Justice, Chancery Division, Companies Court - Court Case 8210 of 2008
Full name:	Mable Commercial Funding Limited	Storm Funding Limited
Trading name:	Mable Commercial Funding Limited	Storm Funding Limited
Registered number:	2682316	2682306
Registered address:	25 Bank Street, London E14 5LE England	25 Bank Street, London E14 5LE England
Company directors	PR Sherratt, IM Jameson, JC Blakemore, AJ Rush, B Porter, PEJ Hansell, D Gibb	IM Jameson, AJ Rush, A Attia, PEJ Hansell, D Gibb, PA Sherwood
Company secretary:	M Smith, P Dave and ESE Upton	
Shareholdings held by the directors and secretary:	None of the directors own shares in the Companies.	
Date of the Administration appointment:	23 September 2008.	
Administrators' names and addresses:	AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis, and GH Martin of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT	
Appointer's name and address:	The directors of the Companies, 25 Bank Street, London E14 5LE England.	
Objective being pursued by the Administrators:	Achieving a better result for creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).	

Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Schedule B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators may be done by any or one or more of the persons for the time being holding that office.
Proposed end of the Administration:	The Administrators are not yet in a position to determine the most likely exit routes from these Administrations and wish to retain the options available to them.
Estimated dividend for unsecured creditors:	It is too early to estimate the likely dividend for unsecured creditors.
Estimated values of the prescribed part and net property:	There is no qualifying floating charge holder, so there will be no prescribed part
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable as there is no prescribed part.
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to these Administrations and these are the main proceedings.

Appendix: Questions and answers regarding the initial meeting of creditors and the creditors' committee

(Reference to “Rules” are to the Insolvency Rules 1986)

Who will be at the meeting?

One or more of the Administrators will chair the meeting and answer creditors' questions (Rule 2.36). There is no obligation on the directors of the Companies to attend unless they are required to do so by the Administrators (Rule 2.34(2)).

What will happen at the meeting?

It will be assumed that creditors will already have received and read the Administrators' proposals. The meeting will give creditors an opportunity to put questions to the Administrators. The meeting will then consider and vote upon any modifications that individual creditors might put forward, following which a vote will be taken upon the whole proposals as modified.

Various other resolutions might be considered, in particular those dealing with the basis of the Administrators' remuneration and the appointment and composition of any creditors' committee.

Am I obliged to attend the creditors' meeting?

You are not obliged to attend the creditors' meeting. The law recognises that creditors are not always able to attend in person and allows you to ask a representative to attend as proxy and vote on your behalf. You will not prejudice your claim and entitlement to dividend if you do not attend or appoint a proxy.

How do I ensure that my vote counts at the meeting?

In order to vote, a creditor must have submitted written details of his claim and the chairman must have admitted that claim for voting purposes following the guidelines below. These details need to be submitted to the Administrators no later than 12.00 noon on the business day before the meeting (Rule 2.38(1)). You might also need to lodge a proxy.

The chairman can admit a claim for voting purposes even though it was submitted late if he is satisfied this was due to reasons beyond the creditor's control (Rule 2.38(2)).

Do I need to lodge a proxy form?

If you yourself are the creditor (and not a corporate body such as a limited company), you may vote by simply attending the meeting, provided you have lodged a claim as explained above.

If you do not want to attend the meeting, you may nominate someone else, or the chairman of the meeting, to vote for you. They can vote either on your instructions or at their discretion. Do, however, remember that the chairman will be one of the Administrators and you might wish to consider specifying clearly how he should vote.

You must do this by completing the enclosed proxy form or a substantially similar form. The form needs to be signed by the creditor or by someone authorised by him and the nature of the person's authority to sign should be stated (Rule 8.2). If a company is the creditor, a director should normally sign. The proxy form must then be submitted at or before the meeting.

Please remember that if the debt is owed to a limited company or other corporation and you wish to attend and vote at the meeting, you should complete and return the proxy form even if you are a director of the Companies. Alternatively you can produce at the meeting a resolution of the directors authorising you to represent that company. (Rule 8.7).

Who decides whether my claim ranks for voting purposes?

The chairman has the power to accept or reject the whole or any part of your claim (Rule 2.39(1)). If he is in doubt whether your claim should be admitted, he should mark it as objected to and allow you to vote. If however, the objection is sustained, then your vote will be declared invalid (Rule 2.39(3)). If your vote was critical to the outcome of the meeting, this could change the resolutions that were passed and/or result in a further meeting (Rule 2.39(4)).

What happens if I disagree with the chairman's decision?

You are entitled to appeal to the court for an order reversing the chairman's decision on your claim provided you do so within 14 days of the Administrator reporting the result of the meeting to the court, the Registrar of Companies and the creditors (Rule 2.39(5)). If the court does reverse the chairman's decision it can order that another meeting be held or make such other order as it thinks just (Rule 2.39(4)).

Creditors also have the right to appeal to the court if they believe that the administration unfairly harms their interests (Paragraph 74(1) ScheduleB1 IA86).

We recommend that you seek legal advice about the merits of taking these steps in any particular circumstances.

How do I calculate my claim for voting purposes?

Votes are calculated according to the amount of a creditor's claim as at the date on which the Companies entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustments by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes were counted (Rule 2.38(4)).

What majorities are needed to approve resolutions?

A resolution to approve the proposals or any modification to them is passed at the creditors' meeting if supported by a majority in excess of 50% in value of the creditors voting on the resolution (Rule 2.43(1)).

Any resolution is invalid if those voting against it include more than 50% in value of the creditors to whom notice of the meeting was sent and who are not, to the best of the chairman's / Administrator's belief, connected with the Companies (Rule 2.43(2)).

What happens if I cannot yet quantify my claim with certainty?

A creditor cannot vote in respect of a debt for an unliquidated amount or any debt where the value is not ascertained, unless the chairman / Administrator agrees to put on the debt an estimated minimum value for voting purposes (Rule 2.38(5)).

What happens if my debt is wholly or partly secured?

A secured creditor whose debt is wholly or partly secured is entitled to vote only in respect of the balance (if any) of his debt after deducting the value of his security as estimated by him.

What happens if I hold a negotiable instrument?

A creditor shall not vote in respect of a debt on or secured by a current bill of exchange or promissory note unless he is willing to:

- i) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the Companies and against whom a bankruptcy order has not been made (or in the case of a company, which has not gone into liquidation) as security in his hands; and
- ii) to estimate the value of the security and, for the purpose of his entitlement to vote, to deduct it from his claim (Rule 2.41).

What happens if I am a creditor under a hire-purchase, conditional sale agreement or leasing agreement?

An owner of goods under a hire-purchase or chattel leasing agreement, or a seller of goods under a conditional sale agreement is entitled to vote in respect of the amount of the debt due and payable to him by the Companies on the date the Companies entered Administration. In calculating the amount of any debt for this purpose, no account shall be taken of any amount attributable to the exercise of any right under the relevant agreement, so far as the right has become exercisable solely by virtue of: -

- the making of an administration application
- a notice of intention to appoint an administrator or any matter arising as a consequence, or
- of the Companies entering administration (Rule 2.42).

Am I bound by the Administrators' proposals if they are approved at the meeting?

The Administrators' proposals, when approved by the creditors' meeting, will dictate how the Companies' affairs will be conducted in future and how creditors' claims will be addressed.

Once approved the proposals are binding on all creditors, including those not present or represented at the meeting. For this reason, it is important that creditors properly consider the proposals and decide whether and how they wish to vote.

What are the functions of the creditors' committee?

The creditors' committee shall assist the Administrator in discharging his functions, and act in relation to him in such manner as may be agreed from time to time (Rule 2.52(1)).

In particular, it has the duty to agree the basis of the Administrator's remuneration (Rule 2.106(3)).

How is the creditors' committee formed?

The creditors' committee is established at a creditors' meeting. It is not obligatory but the creditors decide whether they wish to have one (Paragraph 57(1) Schedule B1 IA86).

The committee for each company must consist of at least three and not more than five creditors of the relevant company, elected at the meeting (Rule 2.50(1)).

Any creditor of the Mable or Storm is eligible to be a member of the relevant committee, so long as his claim has not been rejected in whole for the purpose of his entitlement to vote (Rule 2.50(2)). A body corporate may be a member of the committee, but it can only act as such through a properly appointed representative (Rule 2.50(3)).

No person may act as a member of the committee unless and until he has agreed to do so (Rule 2.51(2)). Unless the relevant proxy or authorisation contains a statement to the contrary, such agreement may be given by the creditor's proxy-holder or representative under Section 375 of the Companies Act 1985 present at the meeting establishing the committee (Rule 2.51(2)).

A person acting as a committee member's representative must hold a letter of authority entitling him so to act (either generally or specially) and signed by or on behalf of the committee-member (Rule 2.55(2)).

No member may be represented by a body corporate, or by a person who is an undischarged bankrupt, a disqualified director or a person who is subject to a bankruptcy restrictions order, bankruptcy restrictions undertaking or interim bankruptcy restrictions order or is subject to a composition or arrangement with his creditors (Rule 2.55(4)).

No person shall on the same committee act at one and the same time as representative of more than one committee-member (Rule 2.55(5)).

The creditors' committee does not come into being, and accordingly cannot act, until the Administrator has issued a certificate of its due constitution (Rule 2.51(1)).

