

Arc Capital and Income Plc - in Administration ("the Company")

Information for Creditors with Lehman-backed Products

as at 14 January 2010

The purpose of this advisory note is to clarify the position in respect of which investors should be making a claim in the Administration.

Q. Should I submit a claim to the Administrators?

- A. Investors who invested in products backed by the Lehman Brothers Group should complete and submit a Proof of Debt form to the Administrators. The Administrators may, at a later date, request that creditors provide further information to support their claim.

An example of a completed Proof of Debt form is annexed to this advisory notice.

A blank Proof of Debt form can be found on the Joint Administrators' website.

The following 3 products are the only Lehman Brothers Group backed investments:

1. Fixed Income Plan 6
2. Stepped Kick Out Plan 5
3. Bull & Bear Enhanced Investment Plan 3

Note:

The Financial Services Compensation Scheme ("FSCS") announced on 11 December 2009 that it was ready to consider individual compensation claims relating to structured products sold by the Company.

The FSCS has identified two broad categories of products: Capital Secure products and Capital At Risk products.

1. Capital Secure

The FSCS's investigations indicate that Capital Secure products may have been mis-sold by Arc. The investment categorised as a Capital Secure product is:

Arc - Bull & Bear Enhanced Investment Plan 3

Application forms will be sent to investors by the FSCS. The Administrators have provided the FSCS with full details of the relevant investors so there is no need for investors to contact the FSCS prior to receiving an application form. Claims will be processed once the FSCS has received completed application forms and any supporting information required from investors.

2. Capital at Risk


The FSCS is continuing to investigate the position of investors with Capital At Risk products. The investments categorised as Capital At Risk products are:

Arc - Fixed Income Plan 6

Arc - Stepped Kick Out Plan 5

The FSCS will update investors of Capital At Risk products as soon as their investigations are complete. The Administrators have provided the FSCS with investors' details in respect of these products.

PROOF OF DEBT - GENERAL FORM

ARC CAPITAL AND INCOME PLC - in Administration Date of Administration: 26 October 2009	
1. Name of Creditor (If a company please also give company registration number)	Mr J. Doe
2. Address of Creditor for correspondence	1 Any street Any town xy1 1xy
3. Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation.	£ 18,000.00
4. Details of any documents by reference to which the debt can be substantiated. [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	correspondence statements [as applicable]
5. If the amount shown above includes Value Added Tax, please show: - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ n/a £
6. If amount in 3 above includes outstanding uncapitalised interest please state amount	£ -
7. If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	n/a
8. Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	[please give details]
9. Particulars of any security held, the value of the security, and the date it was given	n/a
10. Signature of creditor or person authorised to act on his behalf	
Name in BLOCK LETTERS	MR JOHN DOE
Position with or in relation to creditor	n/a
Address of person signing (if different from 2 above)	
Admitted to vote for	Admitted for dividend for
£ to be completed by	£ to be completed
Date Administrator	Date by Administrator
Liquidator	Liquidator