



Press release

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**JOINT ADMINISTRATORS APPOINTED AT
ARC CAPITAL & INCOME plc**

Today Robin Davis, John Alexander and Melvyn Carter of Carter Backer Winter LLP have been appointed Joint Administrators of Arc Capital & Income plc ("ACI") at the request of the Directors.

This announcement follows an extensive Financial Services Authority (FSA) review of structured products. The FSA's review looked at the UK structured product market, including those backed by the Lehman Brothers Group, and examined the firms' systems and controls and marketing literature. As a result of this review, ACI has assessed its financial position in relation to potential claims by investors with Lehman-backed products. If these claims are upheld the result would be to make ACI insolvent and therefore the directors decided to place ACI into administration.

ACI specialises in producing structured products for the UK investment market. They predominantly market through Independent Financial Advisers. They also produce bespoke products for institutions and high net worth individuals.

ACI arranges the underlying investments for its structured products with a range of different banks. Some of the structured products sold by the firm in 2008 were backed by firms in the Lehman Brothers Group. The marketing and distribution of these products, along with the wider structured products market, have been subject to a FSA review.

Of the 10,000 investors with ACI, approximately 250 had invested in Lehman Brothers backed products. As ACI is now in administration, customers who have invested in Lehman-backed products with ACI may be entitled to compensation from the Financial Services Compensation Scheme (FSCS).

The Joint Administrators are committed to working with the FSA and the FSCS to ensure that investors' interests are protected. The Joint Administrators are working to offer the business, or part of it, for sale as a going concern in order that investments continue in the way they were originally proposed.

Administrator John Alexander commented: “We are committed to working with the FSA and the Financial Services Compensation Scheme (“FSCS”) to protect the interests of both the investors and the creditors. In particular, we are working very closely with the FSCS, FOS and the FSA to ensure compensation will be paid to investors where due”.

“We are committed to protecting the interests of investors. On information reviewed to date it appears that their funds have been segregated from ACI’s own monies and our first priority is to confirm that this is the case. Until we ascertain this, no funds will be able to be returned.”

The administration of the products is handled by the company and sufficient staff have been retained to ensure that existing plans will be administered during the period of the administration.

The firm’s Joint Administrators, Robin Davis, Melvyn Carter and John Alexander of Carter Backer Winter LLP will shortly contact all customers who bought products through these firms, setting out what they need to do next. They have also set up a website at <http://www.cbw.co.uk/arc.html> and a contact helpline for investors at 0844 880 6511 with information and guidance. Investors are asked not to take any action at this stage.

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All press enquires to John Alexander of CBW – 020 7309 3827

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