

Administrator's progress report**2.24B**

Name of Company Storm Funding Limited	Company Number 02682306
In the High Court of Justice Case, Chancery Division (full name of court)	Court case number 8210 of 2008

(a) Insert full name(s) and
address(es) of
administrator(s)

We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram
Schwarzmann, Michael John Andrew Jervis, and Derek Anthony Howell of
PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT

Joint Administrators of the above company attach a progress report for the period

b) Insert dates

from

to

(b) 23 March 2010

(b) 22 September 2010

Signed



Joint / Administrator(s)

Dated 21 October 2010

Contact Details

You do not have to give any contact information in
the box opposite but if you do, it will help Companies
House to contact you if there is a query on the form
The contact information that you give will be visible
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PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT	
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Storm Funding Limited – In Administration

Joint Administrators' progress
report for the period 23 March 2010
to 22 September 2010

21 October 2010

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the fourth progress report by the Joint Administrators (the "Administrators") of Storm Funding Limited ("Storm" or the "Company")

Creditors should have received the Administrators' proposals (the "Proposals") dated 12 November 2008 which were approved at a meeting of creditors held on 27 November 2008. Creditors should also have received the Administrators' first, second and third progress reports dated 21 April 2009, 22 October 2009 and 20 April 2010 respectively

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 22 September 2010

Objectives of the Administration

The Administrators are pursuing the objective of achieving a better result for Storm's creditors as a whole than would be likely if Storm were wound up (without first being in Administration)

The specific aims of this Administration are to

- Protect and manage the Company's portfolios of assets; and
- Realise these assets, including asset and mortgage backed securities, and other debtors on a managed basis

Creditors' Committee

A Creditors' Committee has not been formed

Outcome for Creditors

The significant uncertainties which have previously been reported on remain. As a result it is not possible for the Administrators to provide a reliable estimate of the likely dividend to ordinary unsecured creditors

The Administrators will continue to manage the Administration in accordance with the Proposals approved by creditors

The Administrators would encourage any creditor that has not submitted its claim to do so by completing and returning the enclosed statement of claim form.

Administrators' Remuneration

As there is no Creditors' Committee, the Administrators have sought the approval of the general body of creditors to draw remuneration in respect of costs incurred in this Administration

Extension of the Administration

On the application of the Administrators the High Court made a further Order extending the period of the Administration to 30 November 2011

Future Reports

The Administrators will next report to creditors in approximately six months time

Signed



D Y Schwarzmenn
Joint Administrator
Storm Funding Limited

Section 2 Joint Administrators' actions to date

Business Activities

Storm is a wholly owned subsidiary of Mable Commercial Funding Limited.

Storm principally held residential and commercial mortgage backed securities issued by special purpose vehicles and also provided financing across the Lehman Brothers group

Storm utilised employees seconded from Lehman Brothers Limited and principally operated from the Lehman Group's former premises at 25 Bank Street, London

Progress to Date

The Administrators have continued with the strategy in their Proposals as approved by creditors on 27 November 2008.

Below is a summary of progress made during the period 23 March 2010 to 22 September 2010.

Repo'd Securities

As stated in the previous progress reports, the majority of Storm's mortgage backed securities were repo'd to Lehman Brothers Bankhaus AG ("Bankhaus") On 15 September 2008 Bankhaus 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's are purportedly defined in a draft General Master Repurchase Agreement ("GMRA") dated 15 August 2008

A key task in the Administrators' strategy to finalise Storm's affairs is determining the financial relationship with Bankhaus

Storm and its expert advisers are working to determine the most appropriate method of valuing the underlying securities in order to substantiate any claim between the parties. This is a complex task Progress has been made and the Administrators expect to be able to report on the position in their next progress report.

Non-repo'd Securities

The Administrators continue to identify the type, number and location of each security held by Storm in order to enable them to evidence Storm's claims as a creditor of other Lehman insolvent entities. As mentioned in previous reports, Storm has submitted a Trust Asset Claim against Lehman Brothers International (Europe) with a total value of US\$519m. To date Storm has not been advised whether its claim has been reviewed, or the likely timing or quantum of the return of any assets in relation to this claim.

Inter-company Debtors

The Administrators continue to gather information to evidence Storm's claims against inter-company debtors as well as lodge claims against other insolvent Lehman entities in advance of any bar-dates imposed for the submission of claims, which has involved extensive communication with affiliates

Storm has submitted three claims against Lehman Brothers Holdings Inc with a total value of \$9 2bn. To date Storm has not been advised of whether its claims have been reviewed or the likely timing or quantum of any distribution Storm has also submitted a claim against Lehman Brothers Inc with a value of \$243m This claim has initially been denied but Storm has an extension to appeal against the determination

Inter-company Debtors – Dutch Debtor

Further realisations from the controlled divestment of the assets of a Dutch debtor are dependent on the success of that company in recovering assets from other parties

Inter-company Debtors – Project Eagle

As stated in the previous progress report dated 20 April 2010, Storm provided a loan to a Lehman group company, which was used to originate mortgage loans (the "Mortgage Assets"). These Mortgage Assets were pledged as security against the loan. The Mortgage Assets are being held and run-off within the Administration using a Lehman owned servicing platform, Capstone Mortgage Services Limited ("Capstone"). In addition to the Mortgage Assets, Storm also has a number of other inter-company receivables, the value of which is dependent upon Capstone continuing to service the underlying mortgage loans.

As previously advised, to ensure that the value of these inter-company receivables is preserved and the value of the Mortgage Assets maximised, the Administrators have worked closely with the management of Capstone to secure its ongoing viability, including agreeing to provide future working capital and supporting a restructuring initiative. The Administrators received Financial Services Authority approval recently and the Capstone restructuring has been completed.

As part of the restructuring, the Administrators are seeking to incorporate an asset management company of which Storm will be a corporate partner. The asset management company will provide strategic asset-management advice to Storm, Capstone and certain other Lehman entities that hold mortgage assets. This process is continuing and is expected to be completed by the time of our next progress report.

Between 23 March 2010 and 22 September 2010, the Administrators have collected loan interest and principal sums totalling £8.4m in relation to the Mortgage Assets.

Future Strategy

Administrators will continue to

- Seek the return of Storm's assets held by other Lehman entities,
- Evidence and submit claims against other members of the Lehman Group for balances due to Storm and monitor the strategy with regards to the declaration of interim distributions,

- Finalise contractual arrangements between the asset management company and other asset holding group entities seeking asset management services,
- Pro-actively monitor asset performance where a hold strategy has been adopted (including the Mortgage Assets) with the view to future sales, and
- Realise assets, where possible

Section 3 Statutory and other information

<i>Court details for the Administration</i>	High Court of Justice, Chancery Division, Companies Court - case 8210 of 2008
<i>Full name</i>	Storm Funding Limited
<i>Trading name</i>	Storm Funding Limited
<i>Registered number</i>	2682306
<i>Registered address</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors</i>	A Attia (resigned 12/01/09), D Gibb (resigned 17/07/09), PEJ Hansell (resigned 23/10/08), IM Jameson (resigned 17/07/09), AJ Rush (resigned 28/10/08) and PA Sherwood (resigned 31/10/08)
<i>Company secretary</i>	P Dave (resigned 25/01/10), M Smith (resigned 25/01/10) and ESE Upton (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary</i>	None of the directors own shares in the Company
<i>Date of the Administration appointment</i>	23 September 2008
<i>Administrators' names and addresses</i>	DY Schwarzmman, MJA Jervis, AV Lomas, SA Pearson, and DA Howell, of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<i>Appointer's name and address</i>	The directors of the Company, whose address at appointment was 25 Bank Street, London, United Kingdom, E14 5LE
<i>Objective being pursued by the Administrators</i>	Achieving a better result for Storm's creditors as a whole than would be likely if Storm were wound up (without first being in Administration)
<i>Division of the Administrators' responsibilities</i>	In relation to paragraph 100(2) Sch 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
<i>Details of any extensions of the initial period of appointment</i>	The Court has granted an extension of the Administration to 30 November 2011
<i>Proposed end of the Administration</i>	The Administrators are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them
<i>Estimated dividend for unsecured creditors</i>	It is too early to estimate the likely dividend for unsecured creditors
<i>Estimated values of the prescribed part and Storm's net property</i>	There is no prescribed part in this matter
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86</i>	Not applicable
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000)</i>	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are the main proceedings

Section 4 Financial information

Administrators' Remuneration

The manner in which Administrators' remuneration is determined and approved is set out in the Insolvency Rules 1986 2 106 to 2 109 (the "Rules")

In accordance with the Proposals, as a Creditors' Committee was not formed, it is for creditors to agree the level of the Administrators' remuneration and Category 2 disbursements. Creditors have previously been provided with a full SIP9 analysis and therefore it is not repeated here

On 21 May 2010 a meeting was held to vote upon the fee resolution to authorise remuneration incurred between 23 September 2008 to 31 December 2009. Votes were received in favour of the resolution and so the remuneration was drawn

On 20 September 2010 a meeting was held to vote upon the resolution to authorise remuneration incurred between 1 January 2010 and 30 June 2010. Again, all votes received were in favour of the resolution, but at the request of one creditor only 75% of the relevant remuneration will be drawn pending clarification of certain issues

To date remuneration for the period to 31 December 2009 of £4.3m including VAT has been drawn. This represents 9,350 hours at an average hourly rate of £402. The remaining authorised remuneration will be drawn shortly

Receipts and Payments Account

An account of the receipts and payments in the Administration for the six months to 23 September 2010, and a cumulative total since commencement of the Administration, is set out in section 5 of this report. The base currency for reporting purposes has changed to sterling

Significant receipts in the period covered by this report are

- £8.4m in respect of principal and interest

Significant payments in the period covered by this report are

- Office holders' remuneration of £4.3m, drawn in respect of the period from 23 September 2008 to 31 December 2009,
- Payroll and employee costs of £1.92m, and
- Legal fees of £0.34m

Total cash held as at 23 September 2010 was £60.3m (GBP equivalent)

Section 5 Receipts and Payments

	As at 22 September 2010	As at 22 September 2010	Movements 23 March 2010 to 22 September 2010	As at 22 March 2010 (GBP equivalent) RESTATED at 22 September 2010 exchange rate	As at 22 March 2010 (GBP equivalent)
	GBP (£)	EUR (€)	£	£	£
RECEIPT					
Principal and interest	32,109	43,557	8,418	60,910	62,958
Coupon receipt	-	1,513	-	1,292	1,364
Receipts Grand Totals	32,109	45,070	8,418	62,202	64,322
PAYMENT					
Building and occupancy cost	532	-	80	452	452
Payroll and employee costs	3,568	-	1,920	1,648	1,648
Capstone share repurchase	50	-	50	-	-
Asset Management Company expenses	80	-	80	-	-
Legal fees	1,647	-	335	1,312	1,312
Office holders' remuneration	4,339	-	4,339	-	-
Office holders' disbursements	6	-	4	2	2
Other professional fees	95	-	65	30	30
Payments Grand Totals	10,317	-	6,873	3,444	3,444
NET POSITION	21,792	45,070	1,545	58,758	60,878
CASH BALANCES					
HSBC	2,388	112			
Money markets	19,404	44,958			
Total Cash	21,792	45,070			

Exchange rate as at 22 March 2010

EURO €1 GBP 0 9016

Exchange rate as at 22 Sept 2010

EURO €1 GBP 0 8545

Amounts include VAT where applicable