

Defined terms used in these FAQs have the meaning given to them in the draft term sheet dated 10 March 2014 published on the LBIE website on 28 March 2014

1. What is the amount of further distributions above 100p that LBIE might be able to distribute by the end of 2015?

The Joint Administrators have not prepared forecasts as far out as the end of 2015. However, existing estimates show that LBIE would likely be in a position to distribute a further amount equal to 10% of total unsecured claims by the end of June 2014 if all issues relating to the Surplus were resolved.

2. How was the high case creditor number of £12.91bn determined?

The figures as at 14 February 2014 were determined on a basis consistent with those included within the Joint Administrators' previous progress reports. This is a combination of actual admitted claims and, for those not yet agreed, either proof of debt values or reflecting assumptions as to amounts lower than proof of debt values for certain claims.

3. Has LBIE started to partially admit claims?

Since the publication of the Joint Administrators' tenth progress report dated 11 October 2013, LBIE has begun to partially admit claims whilst continuing discussions with the relevant Creditors regarding the residual amounts of their proofs of debt. Within the claims analysis on page 6 of the Surplus Entitlement Proposal (the "Proposal") presentation, the admitted portions of such claims are included in the "Claims admitted" section, and the remaining balance of these proofs are within "No offers made" with a mid-market LBIE value of zero.

4. What approach has been taken to determine the termination date of underlying agreements for Creditors that were acceded to the CRA, as shown in the additional information dated 21 March 2014?

Under the terms of the CRA, if a Creditor had not terminated its underlying contracts prior to accession, they would be deemed to have done so on the last business day of the month of accession. The majority of terminations which occurred in 2010 were as a result of this. Where a contract was terminated by a Creditor prior to its accession to the CRA, the date of termination is used as the early termination date. For each case where the contract termination date is not clear, LBIE has reviewed available documentation to determine if there was a credible attempt or evidence of an intention by the Creditor to terminate the contract. Where such evidence exists, the agreement is deemed to have been terminated on the date on which the attempt was made or the intention was clear; where there is no such evidence, it is assumed that no termination occurred other than as deemed by the CRA.

5. Would the Subordinated Creditor be given a vote in respect of the Subordinated Debt in any CVA resulting from the Proposal?

The Joint Administrators have not given detailed consideration to the basis of voting in any CVA, but are working on the assumption that the Subordinated Creditor would be entitled to a vote equivalent to the full value of the Subordinated Debt.

6. Does LBIE intend to appeal the judgment handed down in respect of the Waterfall Application?

The Joint Administrators are considering their response to the judgment including the scope and extent of any potential appeal. Further updates will be provided on this matter separately in due course.

7. How have the proved unsecured claims of LBHI2 and LBL been reflected in the Proposal?

LBHI2 has submitted a proof of debt for £38m in respect of general intercompany funding and LBL has submitted a proof of debt for £363m in respect of a number of matters, some of which are disputed by the Joint Administrators. Neither of these claims has been admitted and no amounts in relation thereto have been included in the illustrative outcomes or high case creditor numbers included in the Proposal.

8. Have LBIE's contribution claims into its members been reflected in the Proposal?

No recoveries in respect of contribution claims have been reflected in the illustrative outcomes included in the Proposal.

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