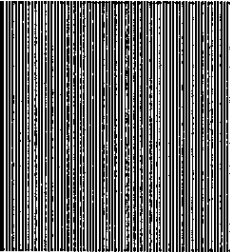


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Joint Supervisors' Annual Report to Creditors

**F-M UK Holdings Ltd & Federal
Mogul Global Growth Ltd -
Both in Company Voluntary
Arrangement**

5 December 2007



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1 Introduction

- 1 1 You will recall that I was appointed Joint Supervisor of F-M UK Holdings Ltd and Federal-Mogul Global Growth Ltd (the **Companies**) CVAs, together with my partners, A O'Keefe and S Mackellar on 11 October 2006
- 1 2 This report is our first annual report and provides an update on the progress of the CVA's in accordance with Rule 1 26 of the Insolvency Rules 1986. At Appendix A, we have provided an account of our Receipts and Payments for the year ended 10 October 2007. There are no receipts or payments in the period.

2 Realisation of Assets

Indemnities

- 2 1 As neither of the Companies had any assets at the date that the CVA's became effective, the CVA proposals provided for two indemnities which would be used to fund the payment of any dividends payable to creditors. The first indemnity was provided by Federal-Mogul Corporation, the ultimate parent company, to fund the payment of allowed preferential claims, allowed general unsecured claims, Chapter 11 costs claims and Cooper claims. For each company, the sums payable under this indemnity are limited to an amount equal to the gross realisable value of the Companies assets.
- 2 2 The second indemnity was provided by Federal-Mogul Corporation and T&N Limited to fund the payment of allowed revenue claims against the Companies.

3 Creditors

Preferential Creditors

- 3 1 There are no preferential creditors' claims within the Arrangement.

Unsecured Creditors

Trade Creditors

- 3 2 No claims have been received from any trade creditors of the Companies.

4 Supervisors' Remuneration

- 4 1 The CVA Proposals stated that a Remuneration Reserve would be established in order to pay the Supervisors' remuneration. This reserve is separate from the funds available to the creditors and has no impact on the level of dividends that are ultimately available for the Companies creditors. The CVA provides that our remuneration will be based upon the time costs of the Supervisors' and their staff in executing the CVA.
- 4 2 In respect of the Companies, all time incurred in executing the CVA has been charged to one time code, in order to simplify time recording and billing procedures. In addition, time relating to the execution of the CVAs of the Federal Mogul Dormant Companies of which there are 29, have also been included within this time code. As the remuneration reserve is totally separate from the funds available for the creditors, this has no impact on the level of any dividends payable to the creditors' of the Companies.
- 4 3 The Joint Supervisors' combined time costs as at 10 October 2007 total £44,466. This represents 240.3 hours at an average rate of £185 per hour. To date, £39,561 plus VAT has been drawn on account of these fees. Attached as Appendix B is a Time Analysis in accordance with the provisions of Statement of Insolvency Practice 9 (SIP9), which provides details of the activity costs incurred by staff grade to 10 October 2007.
- 4 4 Please note that when time has been incurred in tasks which relate to a number of Federal-Mogul Group companies which are in CVA, it has not been possible to allocate this time to individual companies and accordingly it has been charged to T&N Limited rather than the individual company. As part of the CVA proposals for all of the T&N companies, a central fee reserve has been set up and the effect of this is that fees drawn will not impact on the level of dividend to the creditors of T&N Limited or the individual company.
- 4 5 Attached, as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors and re-charging of disbursements.
- 4 6 We anticipate that the CVAs of the Companies will be closed shortly after their second anniversary.

**F-M UK HOLDINGS LTD & FEDERAL-MOGUL GLOBAL GROWTH LTD
COMPANY VOLUNTARY ARRANGEMENT (CVA)**

Should you require further information, please do not hesitate to contact Melissa Doherty of this office

Yours faithfully

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, identifying J J Gleave.

J J Gleave
Joint Supervisor

Enc

**F-M UK HOLDINGS LTD & FEDERAL-MOGUL GLOBAL GROWTH LTD
COMPANY VOLUNTARY ARRANGEMENT (CVA)**

**Receipts and Payments Account for the Period from 11 October 2006
to 10 October 2007**

Appendix A

Voluntary Arrangement of F-M UK Holding Limited	
	£
	£
	<u>NIL</u>
REPRESENTED BY	
	<u>NIL</u>
In accordance with the requirements of Statement of Insolvency Practice 7, I should advise that the Supervisors' fees have been paid from a separate Remuneration Reserve	
Fees drawn to date total £39,561 plus VAT	

Voluntary Arrangement of Federal-Mogul Global Growth Limited	
	£
	£
	<u>NIL</u>
REPRESENTED BY	
	<u>NIL</u>
In accordance with the requirements of Statement of Insolvency Practice 7, I should advise that the Supervisors' fees have been paid from a separate Remuneration Reserve	
Fees drawn to date total £39,561 plus VAT	

**F-M UK HOLDINGS LTD & FEDERAL-MOGUL GLOBAL GROWTH LTD
COMPANY VOLUNTARY ARRANGEMENT (CVA)**

Time Analysis for the Period from 11 October 2006 to 10 October 2007

Appendix B

F-M UK Holding Ltd & Federal-Mogul Global Growth Ltd - the Companies
and Federal-Mogul Dormant Companies
Time Analysis for the period 11 October 2006 to 10 October 2007

FM01ASM

SIP 9

	Employee Grade (Hours)					(£'s)	
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analysts/Support	Total Hours	Total Cost	Average Rate p/h
Administration and Planning							
Strategy and Control	6 7	11 8	24 5	28 2	71 2	15,565 50	219
Bank and Creditor Reporting	0 5	1 5	0 3	-	2 3	781 00	340
Creditors Committee	-	-	-	-	-	0 00	-
Statutory Duties	-	0 7	-	24 9	25 6	3,430 00	134
Job Administration	1 6	3 3	0 5	70 6	76 0	8,307 00	109
Cash Accounting and Time Records	2 6	1 2	2 5	18 3	24 6	5,420 50	220
Travel and Waiting Time	-	-	-	5 0	5 0	625 00	125
Case Closure	-	-	-	-	-	0 00	-
Internal Documentation and IT	1 3	0 1	-	1 0	2 4	660 00	275
Investigations							
D Reports	-	-	-	-	-	0 00	-
Other Investigations	-	-	-	-	-	0 00	-
Internal Documentation	-	-	-	-	-	0 00	-
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	-	-	-	-	-	0 00	-
Sale of Assets	-	-	-	-	-	0 00	-
Insurance	-	-	-	-	-	0 00	-
Litigation	-	-	-	-	-	0 00	-
Internal and External Documentation	-	-	-	-	-	0 00	-
Realisation of Assets - Debtors							
Debt Collection	-	-	-	-	-	0 00	-
Debtors Litigation	-	-	-	-	-	0 00	-
Crown Debtors	-	-	-	-	-	0 00	-
Internal and External Documentation	-	-	-	-	-	0 00	-
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	-	-	-	-	-	0 00	-
Sale of Assets	-	-	-	-	-	0 00	-
Insurance	-	-	-	-	-	0 00	-
Retention of Title	-	-	-	-	-	0 00	-
Hire Purchase / Leased Assets	-	-	-	-	-	0 00	-
Litigation	-	-	-	-	-	0 00	-
Internal and External Communications	-	-	-	-	-	0 00	-
Trading							
Initial Actions	-	-	-	-	-	0 00	-
Cash Accounting	-	-	-	-	-	0 00	-
Ongoing Trading Activities	-	-	-	-	-	0 00	-
Internal and External Communications	-	-	-	-	-	0 00	-
Creditors							
Creditor Dealings	2 0	-	0 4	5 2	7 6	1,344 00	177
Creditor claims	8 9	5 1	10 2	-	24 2	8,158 00	337
Litigation	-	-	-	-	-	0 00	-
Shareholders / Bankrupts	-	-	-	-	-	0 00	-
Internal Documentation	-	-	-	1 4	1 4	175 00	125
Employees	-	-	-	-	-	0 00	-
Employee Communications	-	-	-	-	-	0 00	-
Totals	23 6	23 7	38 4	154 6	240 3	44,466 00	185

**Additional Information in Relation to Supervisors' Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix C

1 Policy

Detailed below is Kroll's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Associates/Analysts may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard

We have not utilised the services of any sub-contractors in this case

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
DWS (legal advice)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

1 2 Disbursements

Category 1 disbursements The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

2 Charge-out Rates

With effect from 1 January 2007, certain job titles within our organisation have been re-classified and the new grade titles are shown within the table below These changes do not affect the rates our staff are being charged out at with the exception of staff previously classified as Administrators This grade has now been re-classified to Analyst and as a consequence, the charge out rate as from 1 January 2007 for this level of staff has been increased by an average of £45 per hour

A schedule of Kroll charge-out rates effective from 1 January 2007 is detailed below

	(Per hour) £
Partner/Director	
Partner 1	475
Partner 2	425
Director	395
Senior Associate	
Senior Associate 1	350
Senior Associate 2	325
Associate/Analyst	
Associate	270
Analyst	240
Junior Analyst and Support Staff	
Junior Analyst	125
Senior Treasury Associate	185
Treasury Associate	125
Treasury Analyst	75
Support	75