

FEDERAL-MOGUL GLOBAL GROWTH
LTD

31454611

**Joint Supervisors'
Annual Report to Creditors**

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

28 November 2008

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1 Introduction

- 1.1 You will recall that I was appointed Joint Supervisor of Federal Mogul UK Holdings Ltd and Federal Mogul Global Growth Ltd (the **Companies**) CVAs, together with my partners, J Gleave and S Mackellar on 11 October 2006.
- 1.2 This is my second annual report and provides an update on the progress of the CVAs in accordance with Rule 1.26 of the Insolvency Rules 1986. At Appendix A, I have provided an account of my Receipts and Payments for the year ended 10 October 2008, together with a cumulative account for the CVAs to the date of their second anniversary.
- 1.3 You will note that there have been no receipts or payments for either Companies.

2 Realisation of Assets

Indemnities

- 2.1 As neither of the Companies had any assets at the date that the CVAs 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 either 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 my 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 2008 total £60,391.50. This represents 307.6 hours at an average rate of £196 per hour. To date, £56,626 plus VAT has been drawn on account of these fees.
- 4.4 Attached as Appendices B and C are Time Analyses for the period since my last report, together with a cumulative account for the duration of the CVAs. The Time Analyses are produced in accordance with the provisions of Statement of Insolvency Practice 9 (SIP9), which provides details of the activity costs incurred by staff grade to date.
- 4.5 Please note that when time has been incurred in tasks which relate to a number of Federal-Mogul Group companies which are in CVAs, 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.
- 4.6 Attached, as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors and re-charging of disbursements.

5 Conclusion

5.1 Finally, I should advise that the CVA will be closed imminently, following the distribution of the surplus in accordance with the terms of the CVA proposals.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Anne O'Keefe', with a stylized, cursive script.

Anne O'Keefe
Joint Supervisor

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

Receipts and Payments Accounts for the Period from 11 October 2007 to 10 October 2008 and Cumulative Accounts for the period from 10 October 2006 to 11 October 2008

Appendix A

Voluntary Arrangement of F-M UK Holding Limited		
	From 11/10/2007 To 10/10/2008	From 11/10/2006 To 10/10/2008
	<u><u>NIL</u></u>	<u><u>NIL</u></u>
REPRESENTED BY		<u><u>NIL</u></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 £56,626, plus disbursements of £6,580.15 and VAT		

Voluntary Arrangement of Federal-Mogul Global Growth Limited		
	From 11/10/2007 To 10/10/2008	From 11/10/2006 To 10/10/2008
	<u><u>NIL</u></u>	<u><u>NIL</u></u>
REPRESENTED BY		<u><u>NIL</u></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 £56,626, plus disbursements of £6,580.15 and VAT		

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

Time Analysis for the Period from 11 October 2007 to 10 October 2008

Appendix B

	Employee Grade					(£'s)	
	(Hours)					Total Cost	Average
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analyst/ Support	Total Hours		Rate p/h
Administration and Planning							
Strategy and Control	-	3.8	2.0	-	5.8	1,787.5	308
Bank and Creditor Reporting	-	3.8	3.1	-	6.9	2,071.5	300
Creditors Committee	-	1.2	-	-	1.2	390.0	325
Statutory Duties	-	0.3	0.5	0.5	1.3	332.5	256
Job Administration	-	0.2	1.5	4.5	6.2	1,172.5	189
Cash Accounting and Time Records	1.4	0.3	3.5	27.6	32.8	6,508.0	198
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	1.1	-	-	-	1.1	544.5	495
Investigations							
D Reports	-	-	-	-	-	-	-
Other Investigations	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Debtors							
Debt Collection	-	-	1.0	-	1.0	270.0	270
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Trading							
Initial Actions	-	-	-	-	-	-	-
Cash Accounting	-	-	-	-	-	-	-
Ongoing Trading Activities	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Creditors							
Creditor Dealings	-	-	0.5	0.9	1.4	247.5	177
Creditor claims	1.2	4.5	0.5	3.4	9.6	2,601.5	271
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Employees	-	-	-	-	-	-	-
Employee Communications	-	-	-	-	-	-	-
Totals	3.7	14.1	12.6	36.9	67.3	15,925.5	237

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

Cumulative Time Analysis for the Period from 11 October 2006 to 10 October 2008

Appendix C

	Employee Grade					(£'s)	
	(Hours)					Total Cost	Average
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analyst/ Support	Total Hours		Rate p/h
Administration and Planning							
Strategy and Control	6.7	15.6	26.5	28.2	77.0	17,353.0	225
Bank and Creditor Reporting	0.5	5.3	3.4	-	9.2	2,852.5	310
Creditors Committee	-	1.2	-	-	1.2	390.0	325
Statutory Duties	-	1.0	0.5	26.1	27.6	3,850.0	139
Job Administration	1.6	3.5	2.0	75.1	82.2	9,479.5	115
Cash Accounting and Time Records	4.0	1.5	6.0	45.9	57.4	11,928.5	208
Travel and Waiting Time	-	-	-	5.0	5.0	625.0	125
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	2.4	0.1	-	1.0	3.5	1,204.5	344
Investigations							
D Reports	-	-	-	-	-	-	-
Other Investigations	-	-	-	-	-	-	-
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Debtors							
Debt Collection	-	-	1.0	-	1.0	270.0	270
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Trading							
Initial Actions	-	-	-	-	-	-	-
Cash Accounting	-	-	-	-	-	-	-
Ongoing Trading Activities	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Creditors							
Creditor Dealings	2.0	-	0.9	6.1	9.0	1,591.5	177
Creditor claims	10.1	9.6	10.7	3.4	33.8	10,759.5	318
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	-	-	0.7	0.7	87.5	125
Employees	-	-	-	-	-	-	-
Employee Communications	-	-	-	-	-	-	-
Totals	27.3	37.8	51.0	191.5	307.6	60,391.5	196

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

Appendix D

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
Denton Wilde Sapte (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

A schedule of Kroll charge-out rates effective from 1 January 2008 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	495
Partner 2*	445
Director	400
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	195
Treasury Associate	135
Treasury Analyst	80
Support	80
*Key	
Partner 1 – Partners with 3 or more years experience at partner level	
Partner 2 – Partners with less than 3 years experience at partner level	
Senior Associate 1 – Staff who have been Senior Associates for over 2 years	
Senior Associate 2 – Staff who have been Senior Associates for less than 2 years	
Analyst – Staff who have been Analysts for more than 1 year	
Junior Analyst – First year Analyst	