

TO ALL KNOWN CREDITORS

24 January 2011

Ref: CR/TJ/KA/ZW/NWM1005/D11.04

Please ask for Steven Henderson

Direct line: 0161 333 2749
Direct fax: 0161 333 3008

Dear Sirs

Zavvi Retail Limited (in Creditors' Voluntary Liquidation) ('the Company')

I write further to the appointment of S Allport and I as Joint Liquidators of the Company on 18 December 2009.

I enclose a copy of our report including our receipts and payments account for the period from the date of our appointment to 17 December 2010.

I also enclose a notice convening an annual meeting of creditors to be held at the offices of Ernst & Young LLP, 100 Barbirolli Square, Manchester M2 3EY at 11:30am on 18 February 2011 in accordance with the provisions of Section 105 of the Insolvency Act 1986. The purpose of the meeting is for me to present our report on the progress of the Liquidation. No other information will be provided.

As in practice creditors rarely attend such meetings, I am enclosing a form of proxy which will enable the business of the general meeting of the Company to proceed in your absence. As the purpose of the meeting is purely formal your attendance is not essential unless you have any matters to raise concerning the Liquidation.

Please do not hesitate to contact my colleague Steven Henderson on the above direct line if you have any queries in this matter.

Yours faithfully
for the Company



T A Jack
Joint Liquidator

Encs: Notice of Annual meeting
Joint Liquidators' report
Proxy form

T A Jack and S Allport are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Zavvi Retail Limited (in Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 105 of the Insolvency Act 1986, that meetings of the members and creditors of the above Company will be held at Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY on 18 February 2011 at 11:00am and 11:30am respectively, for the purpose of laying before the meetings an account of the Liquidators' acts and dealings and of the conduct of the winding up during the preceding year.

A form of proxy for use at the meetings, if desired, is enclosed herewith and should be lodged with the Liquidators at Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY not later than noon on the business day before the meeting.

Dated: 24 January 2011

A handwritten signature in black ink, appearing to read 'T A Jack', written over a horizontal line.

T A Jack
Joint Liquidator

T A Jack and S Allport are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

TO ALL KNOWN MEMBERS AND CREDITORS

24 January 2011

Ref: R/TJ/KA/SH/NWM1005/PCF

Please ask for Steven Henderson

Direct line: 0161 333 2749
Direct fax: 0161 333 3008

Dear Sirs

Zavvi Retail Limited (in Creditors' Voluntary Liquidation) ('the Company')

Registered number: 02224492

Registered office address: 100 Barbirolli Square, Manchester, M2 3EY

In accordance with the provisions of Paragraph 83 of Schedule B1 to the Insolvency Act 1986 ('the Act'), on 18 December 2009 the Company moved from Administration into Creditors' Voluntary Liquidation ('CVL' or 'Liquidation') with S Allport and I appointed as Joint Liquidators.

We present our first annual report on the Liquidation, covering the period from 18 December 2009 to 17 December 2010 ('the Period').

Receipts and payments account

A receipts and payments account for the Period is attached at Appendix 1. Please note that this does not reflect estimated future realisations or costs.

Background

The Zavvi Group ('the Group') was formed from a management buy out of the UK and Ireland Virgin Megastore business, a division of the Virgin Group, in September 2007 ('the MBO'). A summary of the Group structure is attached at Appendix 2.

The Company was the Group's principal trading entity.

Asset realisations

Administration surplus

Surplus funds totalling £21,654,695.80 were transferred from the Company's Administration.

Administration VAT recovery

A number of VAT refunds relating to the Administration period remained outstanding from HM Revenue & Customs ('HMRC') when the Company moved into Liquidation. These amounts, totalling £243,675.95 were received during the Period.

Bank interest

Bank interest of £199,865.94 was received during the Period.

The Company's funds are principally held in money market investments in order to maximise interest earned.

Business rates**Prepayments**

During the Period we realised a further £97,980.07 in respect of business rates prepayments.

Our advisors continue to investigate opportunities to realise further value in this area.

Appeals

With the assistance of King Sturge LLP we have achieved further realisations from appealing the rateable values of the Company's property portfolio.

During the Period we realised £115,935.51 from business rates appeals. In addition, we are aware of further recoveries of circa £72,000.00 which were agreed but which had not been received at 17 December 2010.

Tax losses

The Company was historically loss making and had accumulated significant tax losses prior to its insolvency. Such losses can either be carried forward to be used against trading profits or they can be shared with qualifying group companies under the group relief provisions. Consequently, losses relating to the period prior to the MBO could be transferred to certain companies within the Virgin group ('Virgin').

The MBO agreement required that the Company transfer pre-MBO losses that were not required by the Group to Virgin. During the Period we entered into negotiations with Virgin and secured a payment of £100,000.00 for the transfer of pre-MBO losses.

VAT bad debt relief claim

During September 2010 we submitted a VAT bad debt relief claim to HMRC totalling £84,081.68. This claim related to unpaid invoices raised prior to the Company entering Administration on 24 December 2008.

I am pleased to report that during November 2010 a full refund of £84,081.68 was paid by HMRC to the Company in settlement of this claim.

IT equipment

During the Period we completed a sale of certain items of IT equipment to Head Entertainment LLP for consideration of £5,000.00.

Remaining assets

Debt due from Zavvi Retail (Ireland) Limited (in Liquidation) ('ZRIL')

The Company has formally lodged an unsecured claim against ZRIL in the sum of £4.98 million, representing the balance owing to the Company from numerous pre-appointment intercompany transactions. Although the claim has not yet been agreed by the Irish High Court Examiner, during the Period ZRIL's Liquidator reported that ZRIL will distribute circa 67c in the €1 to its unsecured creditors, indicating that the Company may in due course receive circa £3 million from this insolvency.

It is not currently known when this claim will be formally adjudicated on or when ZRIL will make a distribution to its unsecured creditors.

Intercompany debt due from Zavvi Group Limited (in Creditors' Voluntary Liquidation) ('ZGL')

The Company is part of a VAT group which has ZGL as its representative member. The Company has a claim of £3.5 million against ZGL in respect of the VAT due to it at 24 December 2008, being the date Administrators were appointed to ZGL. This amount is reduced to £3.2 million after setting-off amounts due to ZGL from the Company.

The Company's net claim of £3.2 million has been admitted into the Liquidation of ZGL as an unsecured claim for dividend purposes. ZGL is currently expected to distribute between 50p and 90p in the £1 (dependent on the extent of lease guarantee claims made against it) to its unsecured creditors, meaning that the Company may eventually receive between £1.6 million and £2.9 million in respect of this debt.

It is not yet known when ZGL will make a distribution to its unsecured creditors.

Intercompany debt due from Zavvi Online (Guernsey) Limited (in Voluntary Liquidation) ('ZOGL')

The Company submitted a claim against ZOGL for £3.7 million. This claim relates to numerous pre-appointment payments made by the Company to support ZOGL's day to day operations. The claim may be reduced to £2.8 million after setting-off a claim of circa £0.9 million from ZOGL, relating to payments ZOGL made to the Virgin Group in respect of the Company's lease liabilities under the terms of a pre-appointment indemnity agreement. We are currently investigating this claim in more detail.

ZOGL is currently expected to distribute between 7p and 9p in the £1 to its unsecured creditors, meaning that if the Company ranks as an unsecured creditor in ZOGL's Liquidation for £2.8 million, it may eventually receive between £196,000.00 and £252,000.00 in respect of this debt.

A distribution from ZOGL is expected in the first half of 2011.

EMI margin account

We continued to pursue the Company's share of trust funds relating to the sale of EMI products prior to the Company's insolvency. This continues to be estimated at circa £250,000.00.

Voucher trust account

We continued to process trust fund voucher claims (relating to vouchers purchased on or after 27 November 2008) and distribute trust fund monies to valid claimants. At 17 December 2010 we had distributed £205,651.00 in respect of such claims.

In line with the Company's policy of voucher monies expiring after a period of two years, any unclaimed trust fund amounts relating to vouchers over two years old shall become available to the Company. As the sale of vouchers ceased in December 2008, all unclaimed trust funds at the end of December 2010 became available to the Company.

After accounting for un-presented cheques we anticipate that a balance of approximately £273,000.00 will be remitted to the Company in early 2011.

Please note that all future claims relating to vouchers, whether purchased prior to or after 27 November 2008, will now represent an unsecured claim against the Company.

Other matters

Disclaimer of leasehold interests

During the Period we disclaimed the Company's remaining 36 leases, meaning that all 125 leases held by the Company at 24 December 2008 have now been either assigned, disclaimed, surrendered or otherwise disposed of. The Joint Administrators did not have the power to disclaim the remaining leases.

Corporation tax

Two corporation tax returns for the period of Administration were required: one for the period during which the Company traded and a second for the period from the cessation of trade to the conclusion of the Administration.

During the Period we prepared and filed both Administration returns and settled the corresponding aggregate tax liability of £124,082.28.

A tax return for the first year of the Liquidation will be required and will be prepared in early 2011.

Settlement of outstanding Administration liabilities

As detailed in the Joint Administrators' final progress report dated 16 December 2009, any outstanding liabilities from the Administration were to be dealt with during the Liquidation.

Store overheads

Store overheads totaling £567,975.12 were settled during the Period. These payments relate specifically to rent of £391,342.63, business rates of £165,608.00, electricity of £10,790.89 and water rates of £233.60.

Customer refunds

We continue to receive claims from customers in respect of goods supplied during the Administration. Claims totaling £265.98 were settled during the Period.

Joint Administrators' remuneration and disbursements

The former Joint Administrators incurred total time costs of £3,733,901.50, against which £3,293,200 was drawn in the Administration. This left a balance of £440,701.50 to be drawn during the Liquidation. This balance was drawn during the Period, along with outstanding disbursements of £1,882.73.

Legal fees

Legal fees relating to the Administration totaling £249,803.76 were paid during the Period.

Third party distraint monies

During the Administration the Company received £36,781.26 following the auction of a subtenant's assets over which it had distrained. That subtenant - Clearmist Consultants Limited ('Clearmist') - subsequently entered Compulsory Liquidation and the proceeds of the auction became charged for the benefit of Clearmist's preferential creditors pursuant to Section 176(2) of the Act. The auction proceeds were paid over to Clearmist's Liquidator during the Period.

Pursuant to Section 176(3) of the Act, the Company has a claim in Clearmist's Liquidation in respect of any of these amounts which are not paid to Clearmist's preferential creditors, however, at 17 December 2010 it was not resolved as to whether the Company could expect any return in this regard.

Retention of title

During the Administration we received a retention of title claim in respect of CCTV and associated security equipment used in certain stores. The value of this claim was £25,000.00.

Following negotiations with the claimant we entered into an agreement to make a payment of £3,000 in full and final settlement of the claim.

Outstanding matters preventing closure

The Liquidation cannot be closed until the assets detailed above have been realised, all outstanding expenses have been determined and unsecured creditor claims have been agreed. Finalising these issues will enable the Joint Liquidators to make a final distribution to the Company's unsecured creditors and close the Liquidation.

Outcome to creditors

Secured creditors

There are no known secured creditors in this Liquidation.

Preferential creditors

I am pleased to report that we distributed £372,083.95 to preferential creditors during April 2010, representing a distribution of 100p in the £1 in respect of preferential creditor claims received up to that date.

A small number of additional claims were subsequently received and a distribution to these creditors will be made in the near future.

Unsecured creditors

Trade creditors

153 trade creditors have now lodged formal claims totalling circa £6.6 million.

At 17 December 2010 we had adjudicated on all claims received and claims totalling £5.3 million had been admitted for dividend purposes. A small number of trade creditor claims required further investigation and a number of other creditors are yet to submit sufficient documentation in support of their claims. We are in contact with these creditors.

Landlord creditors

The Company held the leases to 125 of the Group's premises at 24 December 2008.

Lease exit costs are a contingent liability of the insolvency and in the Joint Administrators' final report these claims were estimated to potentially total circa £80 million.

At 17 December 2010 we had received claims from 74 landlords. 65 of these claims have been adjudicated on, with claims totalling circa £14.5 million admitted for dividend purposes.

Work continues in respect of the remaining claims.

Employee creditors

During the Period we were advised that an Employment Tribunal had awarded a Protective Award to all of the 1,722 staff made redundant during the Administration. The value of the Protective Award represents three month's wages per employee, totalling circa £5 million. Protective Award claims represent an unsecured claim against the Company.

Prior to the Joint Liquidators becoming aware of this judgement we had received circa 1,250 claims from employees and only 350 of these had an unsecured element in excess of that paid by the Government's National Insurance Fund. Such claims have to be agreed directly with the individual claimant. 170 of the 350 had been agreed at the time.

The judgement has three significant implications which will have a material impact both on the quantum and value of employee creditor claims:

- The unsecured claims of a material number of the 170 employees that we had already agreed need to be re-calculated and re-agreed since the Employment Tribunal award has been made.
- The Protective Award is in excess of that paid by the National Insurance Fund and consequently the claims of the additional 900 employees we believed would not need to be agreed on an individual basis now need to be.
- Many of the circa 500 former employees who had not previously claimed chose not to do so, typically because they had a very small claim. Following the Protective Award we expect that many of these employees will now wish to make a claim. In this regard, we have written to all former employees concerned inviting them to make a claim.

Given that employee unsecured claims in excess of the level paid by the National Insurance Fund have to be agreed with the individual concerned, we expect that the process of agreeing the unsecured claims of former employees will take many months.

Voucher creditors

At 17 December 2010 over 18,050 unsecured voucher claims (representing approximately 12,550 individual claimants) received from customers had been verified and admitted for dividend purposes. These claims total circa £311,000.00.

New voucher claims continue to be received at a rate of approximately five per week.

Customer creditors

At 17 December 2010 we had received 99 claims from customer creditors, of which 79 claims totalling £7,700.00 have been admitted for dividend purposes.

The remaining 20 customer creditors are yet to submit the requisite supporting documentation and therefore these claims cannot be adjudicated on at this time.

Inter company creditors

- Zavvi Entertainment Group Limited (in Creditors' Voluntary Liquidation) ('ZEGL')

ZEGL submitted an unsecured claim against the Company for £55.5 million, relating to funding provided to the Company following the MBO.

Given the material impact that the acceptance of this claim would have on the overall level of unsecured claims and therefore the return to the Company's unsecured creditors, we sought an independent legal opinion on the validity of the claim from our advisors, DLA Piper UK LLP ('DLA'). Consistent with our view, DLA confirmed that ZEGL has a valid unsecured claim against the Company totalling £55.5 million.

Subsequent to receiving DLA's advice we offered the Company's Liquidation Committee the opportunity to consider the evidence in support of ZEGL's claim and to raise any objections it had prior to the claim being admitted for dividend purposes. No objections were raised to the claim being admitted into the Liquidation and consequently ZEGL's unsecured claim has been admitted for dividend purposes at £55.5 million.

- VR Services Limited (in Creditors' voluntary Liquidation) ('VRSL')

The former Joint Administrators of VRSL submitted a formal claim of £458,591.90 against the Company in December 2009. This claim represented the net position of balances owing between the Group companies at the date of insolvency and therefore has been admitted in full for dividend purposes.

Other creditors

At 17 December 2010 we had received two privity of contract claims relating to the Company's property portfolio. We are currently adjudicating on these claims.

Distribution to creditors

In accordance with the provisions of Rule 11.2 of the Insolvency Rules 1986, we propose to shortly issue a notice to creditors detailing our intention to pay an interim dividend in this matter. This notice will be sent to all known creditors either yet to submit a formal claim or yet to provide sufficient documentation in support of their claim; will be posted on the website www.zavvi-info.co.uk; and will be published in the London Gazette, The Times and The Mirror.

This notice will specify 4 March 2011 as the last date for creditors to prove their claim. This is the final date by which all claims must be received.

An interim distribution to creditors will be made as soon as possible after this date.

Please be advised that the Joint Liquidators are not obliged to wait for all known creditors to submit a claim before proceeding with a distribution, therefore if you consider that there are amounts due to you from the Company but you have not yet submitted a claim, please contact Steven Henderson on 0161 333 2749.

Ring-fencing of employee claims

As detailed above we expect that the process of agreeing the unsecured claims of employee creditors will take many months. In order that this does not delay an interim distribution to the detriment of the Company's other creditors, the Joint Liquidators intend to set aside an amount of the Company's funds which relate to employee claims submitted, but not agreed, by 4 March 2011. These funds will be distributed on a periodic basis as individual claims are agreed.

Estimated outcome to creditors

As detailed in the Joint Administrators' final report, asset realisations in the Administration were significantly above initial expectations. Our estimate of the final level of assets that will eventually be realised has also increased further during the Liquidation.

Furthermore, the level of unsecured claims that we have so far received is lower than that originally estimated.

As a result of the above, we currently consider that the Company will be able to return between 10p and 20p in the £1 to its unsecured creditors. However, please note that this represents only an indicative estimate of the final dividend at this time. It will not be possible to confirm the total dividend until the final level of realisations is known and the value of all unsecured claims is quantified.

We expect the interim dividend will be confirmed and paid not later than four months after 4 March 2011, the final date for proving.

Joint Liquidators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Rule 4.127 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Liquidators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to me.

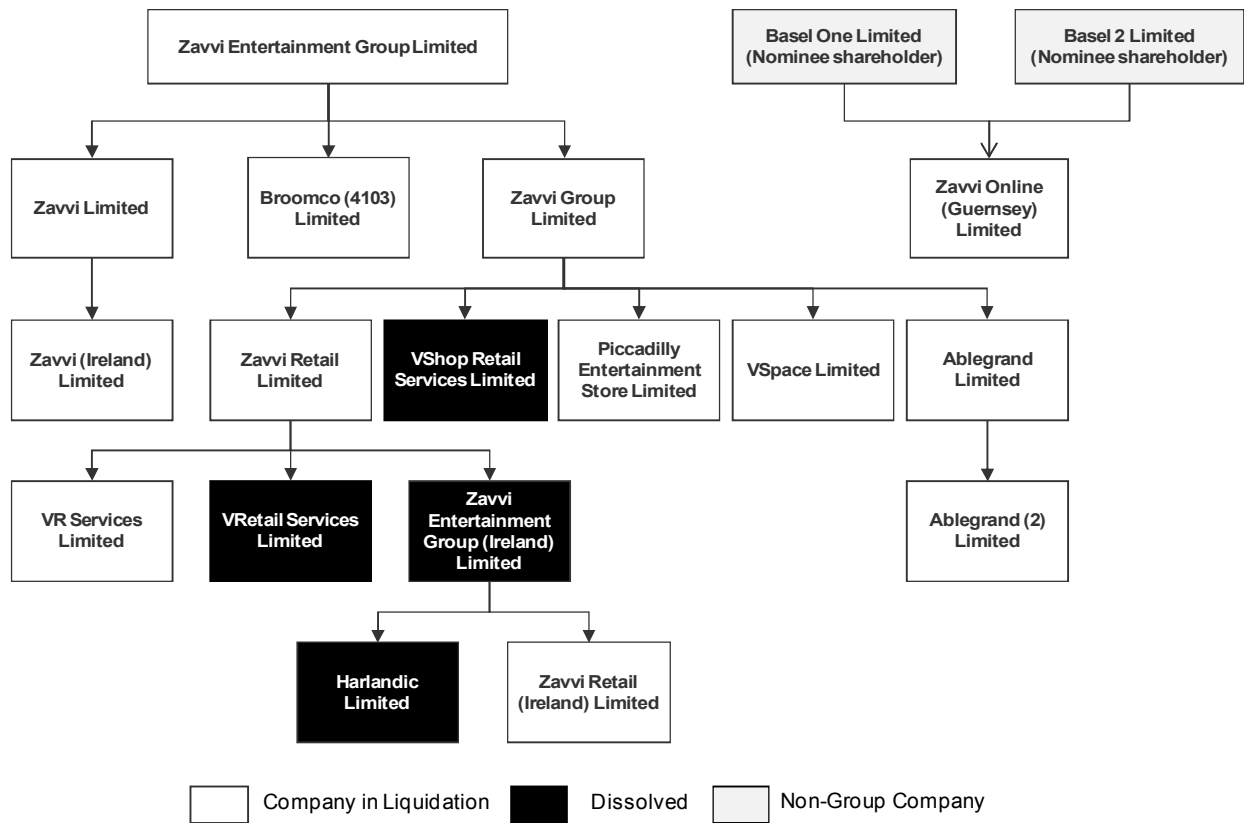
Appendix 1

Zavvi Retail Limited (in Creditors' Voluntary Liquidation) Joint Liquidators' receipts and payments account for the period from 18 December 2009 to 17 December 2010

	18 December 2009 to 17 December 2010 (£)	Statement of Affairs Estimated to Realise (£)
Receipts		
Non trading receipts		
Administration surplus	21,654,695.80	21,654,695.80 *
Administration VAT recovery	243,675.95	
Bank interest	199,865.94	
Business rates appeals	115,935.51	
Tax losses	100,000.00	
Business rates prepayments	97,980.07	
VAT bad debt relief	84,081.68	
IT equipment	5,000.00	
Sundry income	1,745.39	
Prepayments and other debts	66.40	
Total receipts	<u>22,503,046.74</u>	
Payments		
Trading payments		
Customer refunds	265.98	
Rent	391,342.63	
Store overheads	176,632.49	
	<u>568,241.10</u>	
Non trading payments		
Administrators' disbursements	1,882.73	
Administrators' fees	440,701.50	
Legal fees - Administration	249,803.76	
Legal fees - Liquidation	102,800.00	
Agents' fees	93,218.18	
Distribution to preferential creditors	372,083.95	
Bank charges	367.53	
Cheque printing	596.00	
Corporation tax - Administration	124,082.28	
Voucher processing	1,879.67	
Postage	670.10	
Public notices	4,185.00	
Retention of title settlement	3,000.00	
Stationery & photocopying	1,376.91	
Storage charges	1,585.12	
Sundry expenses	113.25	
Third party distraint monies	36,781.26	
Tracing costs	21.63	
	<u>1,435,148.87</u>	
Total payments	<u>2,003,389.97</u>	
Balances in hand	<u>20,499,656.77</u>	
Represented by		
Funds held at the bank	20,450,079.17	
VAT receivable	49,577.60	
	<u>20,499,656.77</u>	
Notes		
- Receipts and payments are shown net of VAT, with VAT receivable and payable shown as separate entries		
- All funds are held in interest bearing accounts		
- The receipts and payments account has been prepared on a cash basis and does not take account of future receipts and payments		
* Statement of Affairs Estimated to Realise column is a requirement of Statement of Insolvency Practice 7. No Statement of Affairs is required in the Liquidation. Estimated to realise values have been taken at the date of appointment of the Joint Liquidators.		

Appendix 2

**Zavvi Retail Limited (in Creditors' Voluntary Liquidation)
Zavvi Group structure**



Appendix 3

Zavvi Retail Limited (in Creditors' Voluntary Liquidation) Summary of Joint Liquidators' time-costs and disbursements for the period from 18 December 2009 to 17 December 2010

	Staff Grade				Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Senior Manager / Manager	Executive	Analyst			
Accounting & Administration	25.0	46.2	237.8	63.0	372.0	80,294.00	216
Bank & Statutory Reporting	4.0	-	-	1.0	5.0	2,205.00	441
Creditors	243.5	45.0	711.6	539.0	1,539.1	341,422.00	222
Debtors	5.0	-	2.5	2.5	10.0	3,277.50	328
Employee Matters	10.0	4.0	468.7	34.2	516.9	105,659.50	204
Immediate Tasks	2.0	-	3.0	6.0	11.0	2,130.00	194
Investigations	5.0	-	16.4	5.7	27.1	5,989.00	221
Legal Issues	2.0	7.5	1.0	-	10.5	3,215.00	306
Other Assets	17.5	-	22.7	-	40.2	11,704.50	291
Other Matters	21.0	47.0	321.3	92.2	481.5	99,075.45	206
Property	41.0	32.5	336.5	309.0	719.0	130,220.00	181
Retention of Title	1.0	-	6.6	-	7.6	1,725.00	227
Statutory Duties	20.0	-	35.5	24.0	79.5	20,130.00	253
Trading	1.0	-	3.9	-	4.9	1,205.00	246
VAT & Taxation	46.0	91.7	198.1	189.8	525.6	158,116.00	301
Total Hours	444.0	273.9	2,365.6	1,266.4	4,349.9		
Time Costs (£)	212,075.00	109,570.50	486,707.95	158,014.50		966,367.95	
Average Hourly Rate (£)	478	400	206	125		222	
Category 1 Disbursements (£)	1,345						
Category 2 Disbursements (£)	-						
	1,345						

Current hourly charge out rates

	Grade	Previous hourly charge out rate	Current hourly charge out rate
		(to 30 June 2010) (£)	(from 1 July 2010) (£)
Restructuring	Partner / Director	405 - 495	425 - 520
	Senior Manager / Manager	275 - 350	290 - 370
	Executive	200	210
	Analyst	80 - 120	85 - 125
Tax	Partner / Director	790 - 960	875 - 1,010
	Senior Manager / Manager	530 - 685	380 - 745
	Executive	270 - 310	150 - 325
	Analyst	120 - 240	175 - 250

Appendix 4

Zavvi Retail Limited (in Creditors' Voluntary Liquidation) Joint Liquidators' policy on fees and disbursements

Office Holders' charging policy for fees

The Company's Liquidation Committee resolved that the Joint Liquidators' remuneration should be fixed on the basis of time properly spent by the Joint Liquidators and their staff in attending to matters arising in the Liquidation.

The Joint Liquidators have engaged a manager and other staff to work on the case. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the Company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Liquidators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period 18 December 2009 to 17 December 2010 is shown at Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' charging policy for disbursements

Statement of Insolvency Practice No. 9 ('SIP 9') published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the Office Holders' firm, which comprise specific expenditure relating to the Liquidation of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Company's creditors. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as the Company's creditors require to support the disbursements drawn.

Category 2 disbursements comprise payments made by the Office Holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

Notes to help completion of this form

Zavvi Retail Limited (in Creditors' Voluntary Liquidation)

Please give full name and address for communication.

NAME OF CREDITOR _____

ADDRESS _____

Please insert name of person (who must be 18 or over) or the "Chairman of the Meeting" (see note below). If you wish to provide for alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternative(s).

NAME OF PROXY FOR CREDITOR

1. _____

2. _____

3. _____

Please delete words in brackets if the proxy-holder is only to vote as directed i.e. if he/she has no discretion.

I appoint the above person to be my/the* creditor's proxy-holder at the meeting of creditors to be held on 18 February 2011 or at any adjournment of that meeting. The proxy-holder is to propose or vote as below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her* discretion).

VOTING INSTRUCTIONS FOR RESOLUTIONS

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below paragraph 1. If more room is required please use the other side of this form.

No resolutions proposed

**This form must
be signed**

SIGNATURE _____

DATE _____

NAME IN CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person.

POSITION WITH CREDITOR OR RELATIONSHIP TO CREDITOR OR OTHER AUTHORITY FOR SIGNATURE

(* - Delete as applicable)

Remember: there may be resolutions on the other side of this form.