

Our Ref WGS/OGH/D00112AL/PF7

To the Investors/Creditors

1 November 2010

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU
www.grant-thornton.co.uk

Dear Sirs

Defined Returns Limited - In Creditors' Voluntary Liquidation ("the Company")

Please be advised that Martin Ellis and I were appointed Joint Liquidators of the Company on 28 September 2010.

I enclose for your information my final annual Administration progress report, previously sent to the Registrar of Companies.

I would also like to draw to your attention the decision made by the Financial Services Compensation Scheme ("FSCS"), on 30 September 2010, in relation to Capital at Risk structured products.

As you are aware the structured products offered by the Company were backed by a number of Lehman Brother entities. These products consisted of Capital Secure plans and Capital at Risk plans, defined by the terms and conditions of the plan literature.

Earlier this year the FSCS paid compensation to a number of Capital Secure investors on the basis that the Company had mis-sold the plans due to inadequate plan literature. The FSCS has now determined that they will not be offering compensation on this basis for Capital at Risk plans, and I copy a summary of their notice below for your reference.

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The FSCS has carried out extensive investigations and analysis into whether customers of NDF, DRL or Arc who held Capital at Risk products are likely to be able to bring valid claims for compensation, and if so on what grounds.

The investment defined as a Capital-at-Risk products is the DRL - Kick Out Performance Plan Issue 1.

Following our review, we are satisfied that the relevant marketing materials provided adequate and appropriate warnings that there was a risk to investors' capital if the organisation backing these investment products failed. This risk is known as the counterparty risk and the firm backing these investment products was in each case part of the Lehman Brothers group.

Investors will not therefore have claims arising from the materials generally and we will not send application forms to all known investors with Capital at Risk products. However, if any investor wishes to submit a claim to us, for any specific other reason, they can do so by emailing us to request an application form. At that time, investors should provide us with as much information as possible about

why they believe their claim is eligible for compensation. We will then assess claims for compensation on a case-by-case basis. By completing the application form, the investor will be able to set out why they believe they have a valid claim against NDF, DRL or Arc. Please be aware, however, that we can only accept a claim where a claimant can demonstrate to us that a legal liability is owed to him or her by one of the firms in default.

There have been a number of complex issues to resolve which required detailed review and external advice. Whilst we understand that investors will be disappointed by this news, we are grateful for the patience shown whilst we investigated the position.

If you think you may have a claim and you would like to be sent an application form, please contact the FSCS in writing at:

Financial Services Compensation Scheme
7th floor, Lloyds Chambers
Portsoken Street
London
E1 8BN
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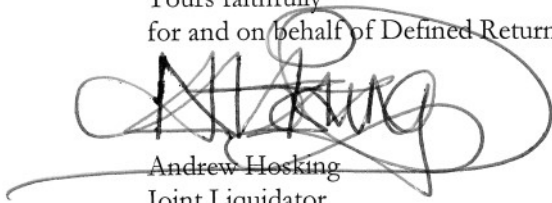
I am currently obtaining legal advice to determine whether I can admit investors as unsecured creditors of the Company. However, I confirm that, with the exception of cash at bank at the time of my appointment, the Company had no other realisable assets (the majority of these were held in the Company's sister company NDF Administration Limited). On this basis any distribution to unsecured creditors will be of negligible value to investors.

Notwithstanding the above all investors who have not received compensation from the FSCS will remain creditors of the relevant Lehman Brothers entity. As previously advised I have made claims on behalf of all these individuals, however, I have not yet been furnished with any information from the Lehman Brothers' insolvencies as to when a distribution may be made.

As liquidator it is my responsibility to maximise the return to creditors. If it is found that investors holding Capital at Risk plans are not creditors of the Company, I would be unable to justify my time costs for managing and processing any of the dividends payable to Lehman Brothers investors, as this would reduce the distribution to the Company's creditors.

Should you have any further queries please contact the Defined Returns Limited Investor Helpline on 0844 770 2203.

Yours faithfully
for and on behalf of Defined Returns Limited



Andrew Hosking
Joint Liquidator