

**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.**

**ARM ASSET BACKED SECURITIES SA (the Issuer)**  
**(a Société Anonyme incorporated under the laws of the Grand Duchy of Luxembourg)**

The Issuer is a securitisation undertaking organised under Luxembourg law, which commenced issuing bonds in 2006. As such a securitisation vehicle, the Issuer was required to be authorized and supervised by the Commission de Surveillance du Secteur Financier (CSSF). In August 2011, the CSSF declined to grant a license to the Issuer, thereby requiring the Issuer to suspend payments and prevent it from taking any action, other than protective measures, unless authorized by the CSSF acting as Supervisory Commissioner. Thereafter, a Luxembourg district court appointed Ernst & Young, represented by Jean-Michel Pacaud, as the Supervisory Commissioner.

On 8 October 2013, the Issuer, acting through its directors Timothy Roberts, Ross Carr and Ronan Collins, filed a petition for the winding up of the Issuer in the Chancery Division of the High Court of Justice of England & Wales. Subsequently, on 9 October 2013, Mark James Shaw and Malcolm Cohen of BDO LLP, 55 Baker Street, London W1U 7EU were appointed as Provisional Liquidators of the Issuer by order of Mr Justice David Richards in the Chancery Division of the High Court of Justice of England & Wales.

This document is published by the Provisional Liquidators on behalf of the Issuer. The Provisional Liquidators act as agents of the Issuer and without personal liability.

**NOTICE to the holders of all bonds presently outstanding as issued by the Issuer and listed on the Irish Stock Exchange, whether under the Base Prospectus dated 18 September 2009 for a US\$1,000,000,000 asset-backed securitisation bond program or otherwise (the Bondholders and the Bonds, respectively).**

The Provisional Liquidators have previously disclosed that a current estimate of the overall ratio of the book values of the Issuer's assets to the book values of its liabilities appears to be between 33% and 45%, depending on the assumptions applied to various legal and financial issues. The caveats to these stated ratios were set out in our previous RNS.

The Provisional Liquidators have had a series of helpful discussions with the counterparty to the sale and purchase agreement regarding various issues, including the confidentiality restrictions set out in that agreement.

As a result of these discussions, we are now in a position to make further disclosure to Bondholders:

- As a result of the CSSF declining to regulate the Issuer in Luxembourg and the subsequent decision of the FSA (now the FCA) to freeze certain funds invested in tranches 9-11, the Issuer was unable to:
  - Purchase new SLS policies;
  - Meet operating expenses; or
  - Pay ongoing premiums on the SLS policies it held.
- This led to the directors of the Issuer taking the commercial decision to sell the SLS portfolio. This sales process was run by the Directors of ARM with the assistance of a

selection committee involving external experts (including actuaries from Ernst & Young in London), and overseen by Jean-Michel Pacaud, as the Supervisory Commissioner.

- A sale and purchase agreement was signed on 2 November 2012 between ARM Institutional Investors Delaware Trust, ARM Asset Backed Securities SA, Financial Credit Investment I Limited and Financial Credit Investment I Trust D. The Supervisory Commissioner approved the sale and purchase agreement.
- The agreement provided that all SLS policies held by ARM Institutional Investors Delaware Trust as of 2 November 2012 are sold to Financial Credit Investment I Trust D for a consideration of \$68,778,774, which is to be paid (subject to certain conditions being met) in annual instalments of \$7,227,877 on the last business day of each year until 2021. Instalment payments of \$3,727,878 under the agreement have already been made.
- Under the agreement, there is a requirement that all SLS policies legally transfer to Financial Credit Investment I Trust D. At present, one policy is yet to be assigned to the purchaser. The Provisional Liquidators remain in constructive discussions with the purchaser to seek an appropriate way of resolving this issue as soon as possible.

Bondholders who wish to obtain further information in relation to the provisional liquidation may contact them directly as follows:

Post: BDO LLP, 55 Baker Street, London W1U 7EU  
(quoting "ARM ABS SA" in the reference)

Email: [ARM.ABS.SA@bdo.co.uk](mailto:ARM.ABS.SA@bdo.co.uk)

Web: [www.bdo.co.uk/arm-abs-sa](http://www.bdo.co.uk/arm-abs-sa)

This Notice is given by the Provisional Liquidators of the Issuer on 10 March 2014.

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