



Sea Containers Limited - the Pensions Regulator indicates its intention to publish its first Financial Support Direction

Summary

Yesterday the Pensions Regulator published Determination Notices stating that it intends to issue a Financial Support Direction (its first) against Sea Containers Limited (“SCL”). These Determination Notices (pursuant to s96 Pensions Act 2004) relate to the two pension schemes of SCL’s English subsidiary, Sea Containers Services Limited (“SCSL”).

SCL, a Bermudan registered company, and SCSL (together with another subsidiary) are currently the subject of Chapter 11 protection in the United States in order to achieve a financial restructuring.

The Determination

The Financial Support Direction (“FSD”) (pursuant to s43 Pensions Act 2004) will require SCL to put in place financial support in the form of an arrangement whereby it is liable for that part of SCSL’s pension liabilities in relation to the two pension schemes which may become due by virtue of s75 Pensions Act 1995 (a “**Section 75 Debt**”). The Determination Notices give the most recent estimates of the Section 75 Debt of each of the two schemes as £17,587,332 and £73,691,342.

The Determination Notices were issued following a hearing before the Determinations Panel on 12 and 13 June 2007. Warning notices had been previously issued to SCL.

The Panel’s reasoning will be issued on 25 June 2007.

The Financial Support Direction will be issued 28 days after the date of the Determination Notices. In the meantime an appeal may be made to the Pensions Regulator Tribunal.

Relationship with Chapter 11

Not only will this be the first Financial Support Direction to be imposed, of particular interest is how it is going to interrelate with the ongoing Chapter 11 proceedings in the U.S.

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