

Company No. 3002

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES



SPECIAL RESOLUTION

of

BRITANNIC ASSURANCE plc

At an extraordinary general meeting of the Company held at the Birmingham Botanical Gardens, Westbourne Road, Edgbaston, Birmingham at 2.45 p.m. on 9 October 1998 the following resolution was passed as a special resolution:

SPECIAL RESOLUTION

That:

1. the Scheme of Arrangement dated 16 September 1998 (the "Scheme") between the Company and the holders of the Scheme Ordinary Stock (as defined in the Scheme), a print of which has been produced to this meeting and has for the purpose of identification been signed by the Chairman hereof, be and the same is hereby approved and the directors of the Company be and they are hereby authorised to take or concur in all steps necessary for carrying the same into effect;
2. for the purpose of giving effect to the Scheme in its original form or with or subject to any modifications, additions or conditions approved or imposed by the Court, the capital of the Company be reduced by cancelling all the Scheme Ordinary Stock;
3. forthwith and contingently upon the reduction of capital taking effect:
 - (a) the share capital of the Company shall be increased to its former amount by the creation of such number of new ordinary shares of 5p each as shall be equal in aggregate nominal amount to the aggregate nominal amount of the Scheme Ordinary Stock cancelled pursuant to paragraph 1 of this Resolution and such new ordinary shares shall carry the same rights and be subject to the same restrictions as the ordinary stock of 5p nominal so cancelled; and
 - (b) the Company shall apply the credit arising in its books of account on reduction of capital in paying up, in full at par, the new ordinary shares of 5p each created pursuant to (a) of this sub-paragraph 3 and shall allot and issue the same, credited as fully paid up, to Britannic or its nominees;
4. pursuant to section 80 of the Companies Act 1985 (the "Act") the directors of the Company be and they are hereby unconditionally authorised for the purposes of

section 80 of the Act to effect the allotment of the ordinary shares of 5p each referred to in (b) of sub-paragraph 3 of this resolution provided that (a) the maximum aggregate nominal amount of ordinary shares of 5p each which may be allotted hereunder is £12,000,000 (b) such authority shall, unless renewed, expire on the date which is five years from the date on which this resolution is passed and (c) such authority shall be in addition to any subsisting authority conferred on the directors of the Company pursuant to the said section 80;

5. the Articles of Association of the Company be amended by the adoption and inclusion of the following new Articles:

"SCHEME OF ARRANGEMENT"

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Where, pursuant to section 425 of the Companies Act 1985 (the "Section"), a compromise or arrangement is proposed between the Company and its shareholders or any class of them and the Company allots any shares (or, where the proposed compromise or arrangement is between the Company and a class of its shareholders, any shares in the class held by those shareholders) on or after the date of any meeting directed by the Court pursuant to the Section at which the holders of such shares or class of shares approve such compromise or arrangement by the statutory majority and prior to the business day (being a day excluding Saturdays, Sundays and public holidays on which banks are open for business in London) preceding the day when such compromise or arrangement shall have been sanctioned by the Court, such shares shall be subject to the terms of the compromise or arrangement and the holder or holders of such shares shall be bound thereby accordingly.

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1. Any person who becomes a shareholder in the Company after the close of business on the business day (being a day excluding Saturdays, Sundays and public holidays on which banks are open for business in London) preceding the day on which an order is made by the Court sanctioning such compromise or arrangement as is referred to in Article 40A above (the "Vendor") may on any date give to Britannic plc whilst it is a shareholder in the Company (the "Purchaser") a notice requiring the Purchaser to purchase all the Ordinary Stock in the Company held by the Vendor (the "Disposal Shares") for a consideration consisting of one ordinary share of 5 pence in the capital of the Purchaser for each 5 pence nominal value of Ordinary Stock in the capital of the Company (but subject to paragraph 3 below) and within 21 days after the date of the notice or such other date as may be agreed between the Purchaser and the Vendor the Vendor shall be bound to transfer and the Purchaser shall be bound to purchase the Disposal Shares for such consideration.
2. The Purchaser may on any date give a notice to the Vendor requiring the Vendor to sell to the Purchaser the Disposal Shares for the consideration

determined in paragraph 1 above and within 21 days after the date of the notice or such other date as may be agreed between the Purchaser and the Vendor, the Vendor shall be bound to transfer and the Purchaser shall be bound to purchase the Disposal Shares for such consideration.

3. In the event of any increase or variation of the share capital of the Purchaser after such compromise or arrangement referred to in Article 40A above shall have become effective by way of capitalisation or rights issue, or subdivision, consolidation or reduction or otherwise, the Board of the Company shall make such adjustments to the consideration to be paid to the Vendor under paragraph 1 or, as the case may be, 2 above as it considers appropriate (save that, except in the case of a capitalisation issue, no adjustment shall be made without the prior confirmation in writing by the auditors for the time being of the Company that it is in their opinion fair and reasonable)."



CHAIRMAN