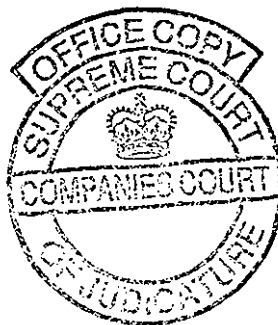
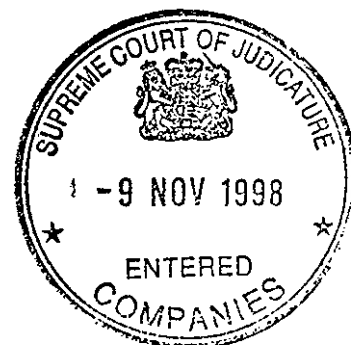


IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
THE HON. MR. JUSTICE NEUBERGER



No.004928 of 1998

Monday the 9th day of November 1998



IN THE MATTER OF BRITANNIC ASSURANCE plc

-and-

IN THE MATTER OF THE COMPANIES ACT 1985

UPON THE PETITION of the above named **BRITANNIC ASSURANCE plc** ("the Company") whose registered office is situate at 1 Wythall Green Way, Wythall, Birmingham B47 6WG on 12th October 1998 preferred unto this Court

AND UPON HEARING Counsel for the Company

AND UPON READING the said Petition and the evidence

AND UPON Britannic plc, by Counsel for the Company, being its Counsel for the purpose, submitting to be bound by the Scheme of Arrangement hereinafter sanctioned and undertaking to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the said Scheme of Arrangement

THE COURT HEREBY SANCTIONS the Scheme of Arrangement set forth in the First Schedule hereto

AND THE COURT CONFIRMS in accordance with the provisions of the above mentioned Act the reduction of the capital of the Company from £12,063,500 to £2,354,716.15 resolved on and effected by a Special Resolution passed at an Extraordinary General Meeting of the Company held on 9th October 1998

AND THE COURT HEREBY APPROVES the Minute set forth in the Second Schedule hereto



AND IT IS ORDERED that this Order be produced to the Registrar of Companies and that an Office Copy hereof be delivered to him together with a copy of the said Minute

AND IT IS ORDERED that notice of the registration by the Registrar of Companies of this Order (so far as it confirms the reduction of capital of the Company) and of the said Minute be published by the Company once in "The Financial Times" newspaper within 21 days after such registration.



THE FIRST SCHEDULE
BEFORE REFERRED TO

SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE

No. 004928 of 1998

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF BRITANNIC ASSURANCE plc

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT

- under -

SECTION 425 OF THE COMPANIES ACT 1985

- between -

BRITANNIC ASSURANCE plc

- and -

the holders of the Scheme Ordinary Stock (as hereinafter defined)

PRELIMINARY

- (A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings namely:

"Admission"	admission of the Britannic Shares to the Official List
"Britannic"	Britannic plc
"Britannic Shares"	ordinary shares of 5 pence each in Britannic to be issued under the Scheme
"Business Day"	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London
"Company"	Britannic Assurance plc (registered in England and Wales No. 3002)
"Court Meeting"	meeting of the holders of the Scheme Stock convened by Order of the Court pursuant to section 425 of the Companies Act 1985 to consider and, if thought fit, approve this Scheme
"CREST"	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo Limited
"Court Order"	the Order of the Court sanctioning this Scheme

SCHEME OF ARRANGEMENT

"Effective Date"	the date on which this Scheme becomes effective in accordance with Clause 5 hereof
"Effective Time"	the time on the Effective Date at which this Scheme becomes effective in accordance with Clause 4 hereof
"New Ordinary Shares"	the new ordinary shares of 5 pence each in the capital of the Company to be issued to Britannic in accordance with Clause 1(B) of this Scheme
"Ordinary Stock"	units of ordinary stock of 5 pence each and ordinary shares of 5 pence each in the capital of the Company
"Preference Stock"	units of preference stock of £1 each and preference shares of £1 each in the capital of the Company
"Record Time"	that time which is immediately prior to the Effective Time
"Scheme"	this scheme in its present form or with any modification thereof, addition thereto or condition approved or required by the Court
"Scheme Ordinary Stock"	the units of Ordinary Stock in issue at the close of business on the date immediately prior to the date of the Court Meeting together with any further such stock issued before the date which is the last Business Day preceding the day on which an order is made by the Court sanctioning the Scheme but excluding 1 unit of Ordinary Stock registered in the name of Britannic
"uncertificated form"	Scheme Ordinary Stock which is for the time being on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 1995, may be transferred by means of CREST

and where the context so admits or requires, the plural includes the singular and *vice versa*.

- (B) The authorised capital of the Company at the date of this Scheme is £12,063,500 divided into 240,000,000 units of Ordinary Stock and 63,500 units of Preference Stock of which 194,175,678 units of Ordinary Stock and 63,500 units of Preference Stock have been issued and are fully paid and the remainder are unissued.
- (C) Britannic was incorporated on 10 March 1998 as a public limited company (under the name of Starnhawk plc) and has an authorised share capital of £12,000,000 divided into 240,000,000 Britannic Shares of which 40 Britannic Shares have been issued and are registered in the names of Mr H. Cottam (20 Britannic Shares) and Mr B. H. Shaw (20 Britannic Shares) as transferees of the subscribers' shares.
- (D) Britannic has agreed to appear by Counsel on the hearing of the Petition to sanction this Scheme and to consent thereto and to undertake to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Cancellation of the Scheme Ordinary Stock

- (A) The share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Ordinary Stock.
- (B) Forthwith and contingently upon the reduction of capital in respect of the cancellation and extinction of the Scheme Ordinary Stock referred to in paragraph (A) of this Clause 1 taking effect, the amount arising in the books of account of the Company as a result of the said reduction of share capital shall be capitalised and applied in paying up in full, at par, such number of New Ordinary Shares which shall be issued, credited as fully paid, to Britannic as shall be equal in aggregate nominal amount to the aggregate nominal amount of the Scheme Ordinary Stock cancelled.

2. Consideration

In consideration for the cancellation and extinction of the Scheme Ordinary Stock pursuant to Clause 1(A) above, Britannic shall, on the Effective Date, allot and issue credited as fully paid to the persons who at the Record Time are the holders of Scheme Ordinary Stock, one Britannic Share for every 5 pence nominal of Scheme Ordinary Stock then held by such persons save that in the case of each of Mr H. Cottam and Mr B. H. Shaw (referred to in preliminary (C) to this Scheme) the Britannic Shares presently registered in their respective names shall be deemed for the purposes of this Scheme to have been allotted and issued to them in accordance with this Scheme.

3. Certificates for Scheme Ordinary Stock

From and including the Effective Time, all certificates representing holdings of Scheme Ordinary Stock shall cease to have effect as documents of title to the Scheme Ordinary Stock comprised therein and each holder of any of the Scheme Ordinary Stock shall be bound at the request of Britannic to deliver to Britannic the certificate(s) for his or her holding(s) thereof.

4. Effective Date

This Scheme shall become effective as soon as an office copy of the Order of the High Court sanctioning the Scheme under section 425 of the Companies Act 1985 and confirming under section 137 of such Act the reduction of capital provided for by this Scheme shall have been duly delivered to the Registrar of Companies in England and Wales for registration and registered by him.

5. Despatch of consideration

Britannic shall, within 14 days after the Effective Date, unless prohibited by law, send to the allottees certificates for the Britannic Shares in accordance with the Scheme save that following Admission in the case of the Scheme Ordinary Stock held in uncertificated form through CREST, Britannic shall allocate the Britannic Shares into the same CREST account in accordance with the Uncertificated Securities Regulations 1995. If, in respect of any holder of Scheme Ordinary Stock with a registered address outside the UK, Britannic is advised that the issue of Britannic Shares pursuant to Clause 2 of the Scheme would infringe the laws of any jurisdiction outside the UK, or would require Britannic to observe any governmental or other consent or any registration, filing or other formality, Britannic may determine that no Britannic Shares shall be allotted to such holder pursuant to Clause 2 but shall instead be allotted and issued to a nominee appointed by Britannic, as trustee for such holder, on terms that the nominee shall, as soon as

SCHEME OF ARRANGEMENT

practicable following the Effective Date, sell the Britannic Shares so allotted and issued at the best price which can reasonably be obtained and shall account by cheque for the net proceeds of such sale (after the deduction of all expenses and commissions, including any value added tax payable thereon) by sending a cheque to the holder of such Scheme Ordinary Stock in accordance with the provisions of this Clause of this Scheme within 7 days of any such sale.

All certificates required to be sent by Britannic pursuant to this Scheme and all cheques required to be sent by Britannic or the nominee referred to above shall be sent through the post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses as appear in the register of members of the Company at the Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of such joint holding) or in accordance with any special instructions regarding communications and neither Britannic nor the nominee shall be responsible for any loss or delay in transmission.

Each mandate in force at the Record Time relating to dividends on any Scheme Ordinary Stock or to the issue of Ordinary Stock in lieu of cash dividends and each instruction given to the Company relating to notices and communications shall, unless and until varied or revoked, be deemed as from the Effective Time to be also an effective mandate or instruction to Britannic in relation to the corresponding Britannic Shares then allotted and issued pursuant to this Scheme.

6. **Expiry date**

Unless this Scheme shall have become effective on or before 31 December 1998 or such later date, if any, as the Court may allow, this Scheme shall never become effective.

7. **Consent to modifications**

The Company and Britannic may jointly consent on behalf of all persons concerned to any modification of, or addition to this Scheme or to any condition which the Court may approve or impose.

Dated 16 September 1998

**THE SECOND SCHEDULE BEFORE REFERRED TO
MINUTE APPROVED BY THE COURT**

"The capital of Britannic Assurance plc was by virtue of a Special Resolution and with the sanction of an Order of the High Court of Justice dated 9th November 1998 reduced from £12,063,500 divided into 194,175,678 units of Ordinary Stock of 5p each, 45,824,322 Ordinary Shares of 5p each and 63,500 units of Preference Stock of £1 each to £2,354,716.15 divided into 1 unit of Ordinary Stock of 5p, 45,824,322 Ordinary Shares of 5p each and 63,500 units of Preference Stock of £1 each. On the registration of this Minute 1 unit of Ordinary Stock and all of the Preference Stock have been issued and are deemed to be fully paid up and the remaining Ordinary Shares are unissued. By virtue of the said Special Resolution upon the reduction of capital taking effect the capital of the Company was increased to £12,063,500 by the creation of 194,175,677 new Ordinary Shares of 5p each."

No.004928 of 1998

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**IN THE MATTER OF
BRITANNIC ASSURANCE plc**

-and-

**IN THE MATTER OF THE
COMPANIES ACT 1985**



ORDER

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Solicitors for the Company