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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Please do not
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this margin

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf)

For official use Company number

2984326

Please complete
legibly, preferably
in black type, or
bold block lettering

Name of company

* FRANKONA CAPITAL LTD-
("the Company")

* insert full name
of company

Date of creation of the charge

21 DEC 1995

Description of the instrument (if any) creating or evidencing the charge (note 2)

LLOYD'S AMERICAN TRUST DEED dated 21 December 1995 (the "Trust Deed")
(see continuation sheet)

Amount secured by the mortgage or charge

1. All losses, claims, returns of premiums, re-insurance premiums and other outgoings incurred or arising or which may at any time be incurred or arise in connection with the American business.
2. The expenses incurred or which may at any time be incurred in connection with the American business, which expenses shall be deemed to include: (i) remuneration and proper expenses of the American Trustee (including any former American Trustee); (ii) any salary, commission, or other remuneration payable to the Agent or any other person, or any proper expenses of the Agent or any other person, in connection with the conduct or winding up of the American business; (iii) the proportion related to the American business of the Company as certified or reported by auditors approved by the Council of any salary, commission, or other remuneration payable to the Agent, or any proper expenses of the Agent, in connection with the conduct of winding up of any underwriting business of the Company and any expenses whatsoever from time to time incurred in connection with any underwriting business of the Company; (iv) the costs of any surety or other bonding arrangements required in connection with litigation in respect of any claim by any Policyholder of the Company; and (v) other expenses in connection with the management and investment of the American Trust Fund under the Trust Deed.
3. Transfers to the Premiums Trust Fund, if requested by the Agent and (where required by the Trust Deed) approved by the Council, pursuant to the terms of the Trust Deed. (see continuation sheet)

Names and addresses of the mortgagees or persons entitled to the charge

The American Trustee (being, as at the date of this Form, Citibank N.A. of 10011 Wall Street, New York, NY
USA), all Policyholders,
(see continuation sheet) Postcode

Presenter's name address and
reference (if any):

LLOYD S
ONE LIME STREET
LONDON EC3M 7HA
REF. CMU 86/G4
JHLATD 96

For official Use
Mortgage Section

Postroom



Time critical reference

Short particulars of all the property mortgaged or charged

- (i) all premiums and other moneys payable at any time during the Trust Term to the Company or to any person on behalf of the Company in connection with the American business;
- (ii) all other assets from time to time transferred to the American Trustee to be held by it as part of the American Trust Fund;
- (iii) all investments and moneys for the time being representing (i) and (ii) above (other than Net Capital Gain) or (iv) below; and
- (iv) all income arising from (i) to (iii) above (income to include Net Capital Gain) and;
- (v) (so far as not already included in (i) to (iv) above) all property purchased and all proceeds from the sale of property or the disposal of property where the American Trustee advanced cash or securities to the Trust to effect or expedite the purchase or sale of securities for the Trust.

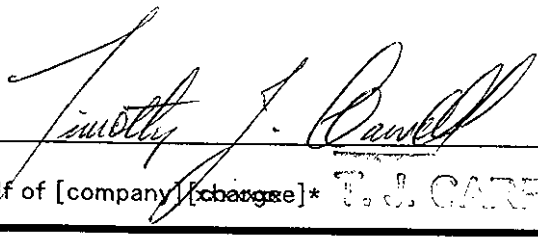
"the American business" means such part of the Company's underwriting business at Lloyd's (other than long term business as defined from time to time by the Insurance Companies Act 1982 or by a later similar statute) as complies with the following two conditions: (i) the liability of the Company in respect thereof is expressed in US Dollars; and (ii) the premium payable to or for the account of the Company has been paid or is payable in US Dollars; excluding all such business as comprises any contract or policy of insurance or reinsurance underwritten or incepting on or after August 1, 1995 except for (a) contracts or policies underwritten under a binding authority incepting prior to that date, (b) contracts or policies constituting Situs Reinsurance or Situs Surplus Lines Insurance (as those terms are defined in the Stipulation Agreement dated May 24, 1995 between the Superintendent of Insurance of the State of New York and the Chairman of Lloyd's of London (the "Stipulation Agreement")), and (c) contracts or (see cont. sheet)

Please do not write in this margin

Please complete legibly, preferably in black type or bold block lettering

Particulars as to commission allowance or discount

Signed



Date

29 FEB 1996

On behalf of [company] [~~charge~~]

T. J. CARROLL

* delete as appropriate

The address of the Registrar of Companies is: -

Companies House, Crown Way, Cardiff CF4 3UZ

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Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

Please complete
legibly, preferably
in black type, or
bold block lettering

Company number

2984326

Name of company

FRANKONA CAPITAL LTD.

Limited*

*
delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued)

made or expressed to be made between the Company, the Agent or Agents through whom the Company underwrites ("the Agent", as further defined below), the Trustee acting under the Trust Deed from time to time ("the American Trustee") and the Society of Lloyd's ("Lloyd's").

"the Agent" means any one or more of: the Company's Members' Agent at Lloyd's and any agent appointed by the Company and any agent appointed by the Company's Members' Agent in exercise of any authority given by the Company (or appointed by any agent or sub-agent of the Members' Agent acting under any such authority or delegation of such authority) to act as an agent or sub-agent of the Company for the purposes of conducting all or any part of the Company's underwriting business and any successor thereto so acting or any substitute agent appointed by the Council in its place and any Representative of the Agent, and any Regulating Trustee.

All expressions identified in this form have the meanings given unless the context otherwise requires.

Reference to any provision of the Trust Deed shall after the coming into force of any amendment of that provision of the Trust Deed be read (unless the context otherwise requires) as referring to the amended provision or to the Trust Deed as so amended (as the case may be).

The instrument amends and restates the instrument dated 9 December 1993 and 31 July 1995 of the same description and made or expressed to be made between the same parties. [These particulars under section 395, and the resultant registration under Part XII Chapter 1 of the Companies Act 1985, are additional to the existing particulars and registration of the instrument dated 9 December 1993 (which existing particulars and registration remain effective)]. [Delete if appropriate].

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4. Transfers to the respective US trust fund established pursuant to the Stipulation Agreement, if requested by the Agent and approved by the Council, of the property of the American Trust Fund attributable to contracts or policies constituting Situs Reinsurance or Situs Surplus Lines Insurance (as defined in the Stipulation Agreement) that cease to be American business on or prior to the date of such transfers.

5. All liabilities both actual and estimated in respect of the American business at any time.

6. Transfers of cash and other property from time to time as may be required:

(i) by the insurance regulatory bodies of one or more of the United States in respect of the American business; or

(ii) to meet one or more contributions levied on the Company in respect of the American business pursuant to Requirements and Directions of the Council, but only to the extent that such transfers out of the American Trust Fund are approved by the Superintendent of Insurance of the State of New York; or

(iii) to secure and/or to pay each Letter of Credit Issuer any of the Company's several Letter of Credit Obligations (proportionate to the Company's respective share of the obligations to which the Letter of Credit relates on the part of the Company, and of one or more of the Other Names) arising with respect to the issuance of a Letter of Credit in connection with a Policyholder of the Company; or

(iv) to secure and/or to pay the Company's several obligations (proportionate to the Company's respective share of the obligations of the Company, and of one or more Other Names) arising with respect to any surety or other bonding arrangement in connection with litigation by a Policyholder of the Company.

7. Repayment of cash or securities advanced by the American Trustee (in its individual capacity or through any subsidiary, affiliate or associate of the American Trustee) to the Trust to effect or expedite the purchase or sale of securities for the Trust.

8. Payment of sums due to those to whom the American Trustee has lent securities in securities lending transactions for the account of the American Trust Fund.

"the Council" means the Council of Lloyd's constituted by Lloyd's Act 1982 or (except only for the purpose of Paragraph 12.1 of the Trust Deed) such persons as shall from time to time be authorised by the Council to exercise any power conferred on the Council by the Trust Deed.

"the Premiums Trust Fund" means the property held in trust subject to the provisions of the Company's Lloyd's Premiums Trust Deed.

"the Lloyd's Premiums Trust Deed" means the deed of that name approved by one of Her Majesty's Principal Secretaries of State under the Insurance Companies Act 1982 for insurance business at Lloyd's other than long term business.

"the Stipulation Agreement" means the Stipulation Agreement dated May 24, 1995 between the Superintendent of Insurance of the State of New York and the Chairman of Lloyd's of London.

"Other Names" means the Underwriting Members of Lloyd's (other than the Company) and such former Underwriting Members of Lloyd's as continue to have underwriting business at Lloyd's not fully wound up and the personal representatives or trustee in bankruptcy of any such Underwriting Member or former Underwriting Member who has died or become bankrupt.

"Letter of Credit" means a letter of credit relating to the obligations of the Company and one or more Other Names to one or more Policyholders in respect of the American business.

"Letter of Credit Issuer" means the issuer of a Letter of Credit.

"Letter of Credit Obligations" means means the several obligations proportionate to the Company's respective share of the obligations to which a Letter of Credit relates (including, without limitation, reimbursement obligations, obligations to pay interest, fees, costs, expenses and indemnities) on the part of the Company, and each of such Other Names, to the respective Letter of Credit Issuer.

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lettering

and (1) those to whom any losses, claims, returns of premiums, re-insurance premiums and other outgoings incurred or arising or which may at any time be incurred or arise in connection with the American business are at any time payable, (2) those to whom expenses incurred or which may at any time be incurred in connection with the American business are at any time payable, (3) (subject always to the terms of the Trust Deed and the respective US trust fund established pursuant to the Stipulation Agreement) the trustees of the respective US trust fund and those for those benefit the respective US trust fund is established including those to whom any sum is or may hereafter become payable in connection with contracts or policies constituting Situs Reinsurance or Situs Surplus Lines Insurance, (4) those to whom any liability whether actual or estimated in respect of the American business is at any time incurred, (5) Lloyd's of One Lime Street, London, (6) (subject always to the terms of the Trust Deed) the Premiums Trustees and (7) (subject always to the terms of the Trust Deed and of the Lloyd's Premiums Trust Deed):

(a) those to whom any losses claims returns of premium reinsurance premiums and other outgoings are payable as at the date of the Lloyd's Premiums Trust Deed or at any time thereafter become or may become payable in connection with the Underwriting; and

(b) those to whom any expenses whatsoever from time to time incurred in connection with or arising out of the Underwriting are payable or become or may become payable (such expenses excluding any Non-deductible Item but including any annual fee, commission, other remuneration and reimbursement of outlays payable by the Company to any of the Company's Agents or Lloyd's or the Regulating Trustee or except where so excluded to any other person in connection with the conduct or winding-up of the Underwriting and including also any fiscal liabilities incurred in or by reason of the Underwriting or in respect of the property mortgaged or charged by the Lloyd's Premiums Trust Deed or its income),

(8) (a) the insurance regulatory bodies of the United States, (b) those to whom contributions levied on the Company in respect of the American business pursuant to Requirements and Directions of the Council are payable or liable to be made, (c) Letter of Credit Issuers and (d) those to whom the Company incurs obligations (proportionate to the Company's respective share of the obligations of the Company and one or more other Names) arising with respect to any surety or other bonding arrangement in connection with litigation by a Policyholder of the Company, and (9) those to whom the American Trustee has lent securities in securities lending transactions for the account of the American Trust Fund.

"expenses" in relation to the American business shall be deemed to include (i) remuneration and proper expenses of the American Trustee (including any former American Trustee); (ii) any salary, commission, or other remuneration payable to the Agent or any other person, or any proper expenses of the Agent or any other person, in connection with the conduct or winding-up of the American business; (iii) the proportion related to the American business of the Company as certified or reported by auditors approved by the Council of any salary, commission, or other remuneration payable to the Agent, or any proper expenses of the Agent, in connection with the conduct or winding-up of any underwriting business of the Company, and any expenses whatsoever from time to time incurred in connection with any underwriting business of the Company, (iv) the costs of any surety or other bonding arrangements required in connection with litigation in respect of any claim by any Policyholder of the Company; and (v) other expenses in connection with the management and investment of the American Trust Fund under the Trust Deed.

"Policyholder" means any policyholder to whom the Company is liable in respect of the American business.

(see continuation sheet 2, page 3)

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binding margin

policies of insurance written pursuant to Lloyd's licence in Kentucky prior to 1 January 1996 provided that such Situs Reinsurance or Situs Surplus Lines Insurance as is deemed to be American business by virtue of (b) above shall cease to be so deemed when a U.S. trust fund providing for the liabilities in respect of such business and conforming with the Stipulation Agreement has come into force in relation to the Sponsoring Syndicate (as defined in the Stipulation Agreement).

Please complete
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"the American Trust Fund" or "the Trust" means the property held in trust under the Trust Deed.

"the Trust Term" means the period commencing from the date of commencement of the underwriting business of the Company until such underwriting business shall have been wound up or until twenty one years after the death of the survivor of the President and Vice President of the United States in office at the date of commencement of such underwriting business, whichever shall first occur.

"Net Capital Gain" means the excess in each calendar year of realized and unrealized capital gains over realized and unrealized capital losses calculated annually as of December 31.

"Requirements and Directions of the Council" means any requirements or directions of the Council (whether comprised in any byelaw, regulation, direction or any other written instrument issued by the Council to the Agent or other person concerned).

**Particulars of a mortgage or charge
(continued)**

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Continuation sheet No 2
to Form No 395 and 410 (Scot)

Please complete
legibly, preferably
in black type, or
bold block lettering

Company number

2984326

Name of company

FRANKONA CAPITAL LTD.

Limited*

Description of the instrument creating or evidencing the mortgage or charge (continued)

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Amount due or owing on the charge (continued)

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"the Premiums Trustees" means the trustees for the time being of the Lloyd's Premiums Trust Deed including the Regulating Trustee the Members' Agent's Trustees of any Members' Agent and the Managing Agent's Trustees of any Managing Agent (but excluding any separate trustees of any Overseas Fund).

"Members' Agent" means an underwriting agent which is listed as a members' agent on the Lloyd's register of underwriting agents or any substitute agent appointed by the Council in its place.

"Managing Agent" means an underwriting agent at Lloyd's appointed by the Company (either directly or by any Members' Agent acting in exercise of any authority given by the Company to that Members' Agent or by any means derived from any authority so given) to act as an agent or sub-agent of the Company for the purpose of conducting all or any part of the Underwriting and including any successors so acting of the underwriting agent so appointed (and "Managing Agent's Trustees" means in regard to any Managing Agent the trustees for the time being of the Lloyd's Premiums Trust Deed who have been designated under Clause 5 of the Lloyd's Premiums Trust Deed as the Managing Agent's Trustees).

"Regulating Trustee" means the Trustee for the time being as the Company's Regulating Trustee pursuant to the Company's Lloyd's Premiums Trust Deed.

"the Company's Agents" are any (or if more than one every):

- (a) Member's Agent at Lloyd's appointed by the Company to act as the Company's Members' Agent in respect of all or any part of the Underwriting and including any successors so acting of the Members' Agent so appointed
- (b) underwriting agent at Lloyd's appointed by the Company (either directly or by any Members' Agent referred to at (a) above acting in exercise of any authority given by the Company to that Members' Agent or by any means derived from any authority so given) to act as an agent or sub-agent of the Company for the purpose of conducting all or any part of the Underwriting and including any successors so acting of the underwriting agent so appointed

(but for the avoidance of any doubt not any person who is merely a Lloyd's Adviser or a sponsor of the Company at Lloyd's).

"Lloyd's Adviser" means a Lloyd's adviser entered in the register of Lloyd's advisers maintained by the Council.

"the Underwriting" means the underwriting business (whether current or past or future) of the Company at Lloyd's, but excluding any long term business of the Company and also excluding any business of the Company conducted for any year of account commencing after the sixtieth anniversary of the date of the Lloyd's Premiums Trust Deed.

"Non-deductible Item" means:

- (a) any fee or other remuneration payable by or on behalf of the Company to or for the benefit of any Lloyd's adviser or sponsor of the Company (except in a case where such Lloyd's adviser or sponsor is also one of the Company's Agents and the fee or other remuneration in question is paid to him or it solely in that latter capacity)
- (b) any fee or other remuneration payable by or on behalf of the Company to or for the benefit of any director or other officer of the Company or of any other body corporate (except in a case where such other body corporate is one of the Company's Agents and the fee or other remuneration in question is paid to a director or other officer of it acting in that capacity)
- (c) any fee or other remuneration payable to or for the benefit of any lawyer accountant stockbroker or financial adviser or other adviser whatsoever except in relation to (i) any reinsurance effected by or on behalf of the Company or (ii) the payment or settlement of any claims made in connection with the Underwriting (including the processing compromise payment repudiation and litigation of any such claims and all matters ancillary thereto)
- (d) any salary wages fee or other remuneration payable by or on behalf of the Company to or for the benefit of any employee of the Company or to or for the benefit of any other person (except Lloyd's itself or one of the Company's Agents acting in that capacity) for the provision of the services of that other person's employees
- (e) any outgoings whatsoever payable by or on behalf of the Company in connection with its incorporation or with the setting up of the underwriting business of the Company at Lloyd's
- (f) any outgoings whatsoever arising out of the acquisition or disposal or occupation of any premises by or on behalf of the Company or the acquisition or disposal or use of any equipment by or on behalf of the Company and
- (g) any other outgoings of an overhead nature payable by or on behalf of the Company

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 2984326

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A CHARGE IN THE TERMS OF THE LLOYD'S AMERICAN TRUST DEED (THE "TRUST DEED") ITSELF CONSTITUTED BY AN INSTRUMENT DATED 21ST DECEMBER 1995 AND CREATED BY FRANKONA CAPITAL LIMITED FOR SECURING ALL LOSSES, CLAIMS, RETURNS OF PREMIUMS, REINSURANCE PREMIUMS, EXPENSES AND OTHER OUTGOINGS AND ALL LIABILITIES INCURRED OR ARISING OR WHICH MAY AT ANY TIME BE INCURRED OR ARISE IN CONNECTION WITH THE AMERICAN BUSINESS OF THE COMPANY, BEING THE UNDERWRITING BUSINESS OF THE COMPANY AT LLOYD'S OTHER THAN LONG TERM BUSINESS (AS DEFINED IN THE INSURANCE COMPANIES ACT 1982) WHERE (1) THE LIABILITY OF THE COMPANY IN RESPECT OF SUCH BUSINESS IS EXPRESSED IN UNITED STATES DOLLARS; AND (2) THE PREMIUM PAYABLE TO OR FOR THE ACCOUNT OF THE COMPANY HAS BEEN PAID OR IS PAYABLE IN UNITED STATES DOLLARS; EXCLUDING ALL SUCH BUSINESS AS COMPRISES ANY CONTRACT OR POLICY OF INSURANCE OR REINSURANCE UNDERWRITTEN OR INCEPTING ON OR AFTER 1 AUGUST 1995 EXCEPT FOR (A) CONTRACTS OR POLICIES UNDERWRITTEN UNDER A BINDING AUTHORITY INCEPTING PRIOR TO THAT DATE, (B) CONTRACTS OR POLICIES CONSTITUTING SITUS REINSURANCE OR SITUS SURPLUS LINES INSURANCE UNTIL SUCH TIME AS A U.S. TRUST FUND PROVIDING FOR THE LIABILITIES IN RESPECT OF SUCH BUSINESS HAS COME INTO FORCE, AND (C) CONTRACTS OR POLICIES OF INSURANCE WRITTEN PURSUANT TO LLOYD'S LICENCE IN KENTUCKY PRIOR TO 1 JANUARY 1996 ; FOR SECURING TRANSFERS OF CASH AND OTHER PROPERTY OUT OF, OR ESTABLISH SUCH ACCOUNTS WITHIN, THE AMERICAN TRUST FUND AS MAY BE REQUIRED (i) BY THE INSURANCE REGULATORY BODIES OF ONE OR MORE OF THE UNITED STATES, OR (ii) TO MEET ME OR MORE CONTRIBUTIONS LEVIED ON THE COMPANY IN RESPECT OF THE AMERICAN BUSINESS PURSUANT TO REQUIREMENT AND DIRECTIONS OF THE COUNCIL, OR (iii) TO SECURE AND/OR TO PAY EACH LETTER OF CREDIT ISSUER ANY OF THE COMPANY'S SEVERAL LETTER OF CREDIT OBLIGATIONS, OR (iv) TO SECURE AND/OR TO PAY THE COMPANY'S SEVERAL OBLIGATIONS ARISING WITH RESPECT TO ANY SURETY OR OTHER BONDING ARRANGEMENT IN CONNECTION WITH ANY LITIGATION BY A POLICYHOLDER OF THE COMPANY; AND FOR SECURING TRANSFERS TO US FUNDS AND TO THE FUND HELD SUBJECT TO THE PROVISIONS



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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

OF THE LLOYD'S PREMIUMS TRUST DEED, AND FOR SECURING THE OTHER AMOUNTS AND OBLIGATIONS REFERRED TO IN THE TRUST DEED WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 11th MARCH 1996

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15th OCTOBER 1996.

P. Jones
P. JONES

for the Registrar of Companies

