

Scheme of Arrangement



Reliance National Insurance Company (Europe) Limited - (RNICE)

October 2006

Following an order of the English High Court dated, 20 October 2006, the solvent scheme of arrangement between the RNICE and its Scheme Creditors has become effective.

Scheme Creditors are invited to submit completed claim forms to the Scheme Manager on or before 5pm British Summer Time on the Claims Submission Date - 21 May 2007. Blank claim forms can be obtained from the Scheme Manager or downloaded from <http://whittingtoninsurance.com/publicity/schemes.php> from where other important information may also be obtained.

Completed Claims Forms should be sent to the Scheme Manager, Reliance National Insurance Company (Europe) Limited, 33 Creechurch Lane, London EC3A 5EB, UK. Further information can also be obtained by calling the dedicated helpline on 0800 RELIANCE / 0800 73542623 in the UK or +44 207 220 1881 otherwise.

May 2006

The Court has set a date for the hearing of the petition to sanction the Scheme. The hearing will begin during the week commencing 16 October 2006. If Scheme Creditors have any queries regarding this, they should contact John Leppard on +44 20 7220 1851.

April 2006

At the creditors' meeting held on 2 February 2006, the Scheme was approved by the necessary majorities. The Company now intends to apply for sanction of the Scheme.

The report of Mr Anthony McMahon as chairman of the creditors' meeting was sent to all creditors who voted, on 13 April 2006. A copy of the report is available here. The version circulated did not include certain large appendices, which are now available to be downloaded from the table of documents : Appendix C - print of scheme approved at the creditors' meeting; Appendix D - letters to creditors A-Q.

March 2006

The Chairman of the Creditors meeting held on 2nd February 2006 presented some agreed modifications to the Scheme document originally issued in November 2005. Please see "Amendments - Scheme 2006" available in the table of documents for the amendments.

February 2006

The Creditors' Meeting was held on 2 February 2006. As a result of receiving a large number of proxy votes close to the date of the meeting, the Chairman is still working to value these votes fairly, in accordance with the court order. Approximately 184 votes were received in



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favour of the Scheme and 111 against. The Chairman expects to produce the result and his report within four weeks of the meeting. We expect the sanction hearing to take place approximately four weeks after that (and not on 23 February, as previously advised). We will be sending copies of the result and the Chairman's report to all Scheme Creditors who voted and to other interested parties. If you would like to receive a copy, please notify the Company by e-mail to RNICE-SCHEME@omniwhittington.com

November 2005

RNICE has today (1 November 2005) posted documents to its known creditors and brokers relating to its proposed Scheme of Arrangement.

RNICEurope - Section 304 of title 11 of the US Code ("the Petition").

A petition seeking enforcement of the Scheme of Arrangement in the United States has been filed under section 304 of title 11 of the US Code ("the Petition").

October 2005

London, 6 October 2005 - RNICE has been granted leave by the English Court to convene a meeting of its creditors for the purposes of considering a solvent Scheme of Arrangement. The Scheme has been developed in conjunction with advisors KPMG and law firm Freshfields Bruckhaus Deringer.

On Tuesday 4 October, the Court ordered RNICE to conduct a single meeting of one class of creditor, which will take place on 2 February 2006.

If approved by the requisite majorities of creditors voting at the meeting, RNICE will seek sanction of the Scheme from the English court in mid-February 2006.

RNICE was purchased by Whittington Investments (Guernsey) Ltd in October 2003. Its portfolio consists predominantly of accident and health, marine and aviation, property, third party liability and inwards reinsurance business written in Europe between 1991 and 2001 when RNICE went into run-off.

Whittington Director, Richard Whatton, said: *"The Scheme we are proposing will considerably reduce the time it will take RNICE to settle the liabilities of the company compared to a standard run-off and give creditors 100 pence in the pound of all claims agreed within it."*

Whittington is also seeking recognition of the Scheme in the United States from the US Courts.

This was the fourth of six acquisitions of insurance companies in run-off made by Whittington since 2000 as part of the Group's commitment to providing exit solutions for entities in run-off.

August 2005

RNICE has today (19 August 2005) published legal notice(s) regarding the proposed Scheme of Arrangement. The Practice Statement Letters in respect of the proposed Scheme of Arrangement will be posted to all RNICE's known creditors and brokers on 22 August 2005.

