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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

[Handwritten signature]

755780

Name of company

* FM INSURANCE COMPANY LIMITED (the "Assignor")

Date of creation of the charge

23 September 1996

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

Deed of Assignment (Reinsurance Receivables) (the "Assignment") dated 23 September 1996 and made between the Assignor and Siemens A.G. (the "Assignee")

Amount secured by the mortgage or charge

Any and all liabilities (including any contingent and prospective liability) of the Assignor to the Assignee under the Underlying Insurances (the "Secured Obligations").

Definitions

In this Form 395:

"Proceeds Account" means the designated bank account (the relevant details of which are to be notified in writing by the Assignor to the Assignee) into which the Assignor covenants to pay all monies which the Assignor may receive in respect of the Reinsurance Receivables by
(Continued on Continuation Sheet No.1, Page 2)

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

Siemens A.G. of Wittelsbacherplatz 2, 80333 Munich, Germany

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

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

Attn: Mr P Hertz

Time critical reference
A2426/65

For official use
Mortgage Section

Post room



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The Security

As continuing security for the due and punctual performance and discharge by the Assignor of the Secured Obligations, the Assignor has assigned to the Assignee, such assignment being in consideration of the Assignee entering into Underlying Insurances after the 23 September 1996, all of its present and future rights, title and interest in and to the Reinsurance Receivables. Notwithstanding this security assignment, the Assignor shall be permitted to collect in the Reinsurance Receivables until such time as the Assignor receives the prescribed written notice.

As continuing security for the due and punctual performance and discharge by the Assignor of the Secured Obligations, the Assignor has charged, such charge also being in consideration of the Assignee entering into Underlying Insurances after 23 September 1996, in favour of the Assignee by way of first floating charge the Reinsurance Proceeds (the "Floating Charge").

(Continued on Continuation Sheet No. 1, Page 4)

Particulars as to commission allowance or discount (note 3)

None.

Signed

Gifford Chance

Date

27/09/96

On behalf of ~~[company]~~ ~~[mortgagee/chargee]~~ [†]

Assignor

† delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,
 for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)

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

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

CHA 116

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Company Number

755780

Name of Company

FM INSURANCE COMPANY LIMITED (the "Assignor")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

way of cash calls, or such other bank account as may be agreed upon for this purpose by the parties;

"Reinsurances" means any and all contracts or policies of reinsurance which have been or are from time to time entered into between Arkwright Mutual Insurance Company as reinsurer (the "Reinsurer") and the Assignor as cedant in order to indemnify the Assignor in respect of its liability under the Underlying Insurances;

"Reinsurance Receivables" means any and all monies, obligations and debts (including claims of whatsoever nature and, where relevant, return of premium) due, owing or incurred from time to time by the Reinsurer to the Assignor under the Reinsurances (but only with respect to the Secured Obligations) which remain unrealised, uncollected and not paid into the Proceeds Account;

"Reinsurance Proceeds" means any and all sums disbursed by the Reinsurer under the Reinsurances (but only with respect to the Secured Obligations) which have been realised, collected and paid into the Proceeds Account;

"Relevant Event" means the occurrence at any time during the Security Period of one or more of the following events:

- (i) a petition is presented for the winding-up of the Assignor;
- (ii) an order is made or a resolution is passed for the winding-up of the Assignor;
- (iii) a meeting of shareholders is convened for the purposes of a voluntary winding up of the Assignor;
- (iv) an order is made for the appointment of a provisional liquidator in respect of the Assignor;
- (v) a voluntary arrangement pursuant to Part 1 of the Insolvency Act 1986 is proposed or implemented in respect of the Assignor;
- (vi) an arrangement or compromise between the Assignor and its creditors, involving such creditors receiving less than the full face value of the debts owed to them by the Assignor, is sanctioned by the court pursuant to Section 425 of the Companies Act 1985;
- (vii) the Assignor files for a moratorium on action by its creditors in relation to the debts owing to them by the Assignor;
- (viii) anything analogous to, or having the same effect as, any of the events mentioned in paragraphs (i) to (vii) occurs in respect of the Assignor;

"Security Period" means the period commencing on 23 September 1996 and terminating on the date upon which the Secured Obligations have been paid and discharged in full;

"Underlying Insurances" means any and all contracts or policies of insurance which have been or are from time to time entered into between the Assignor as insurer and the Assignee as insured.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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Enforcement

Upon the occurrence of any Relevant Event and so long as such Relevant Event is continuing the Assignee may give written notice to the Assignor declaring that the Assignee may exercise any and all rights in the Reinsurance Receivables (to the extent assigned under the Assignment) and/or convert the Floating Charge with immediate effect into a fixed charge, and at all times thereafter the Assignee shall be entitled without notice or further demand to put in force and effect all rights powers and remedies available to the Assignee, pursuant to applicable law or otherwise, as assignee of the Reinsurance Receivables (to the extent assigned under the Assignment) and fixed chargee of the Reinsurance Proceeds

Assignor's Covenants

The Assignor has covenanted that it shall upon the execution of the Assignment give written notice of this Assignment to the Reinsurer.

The Assignor has covenanted and undertaken that throughout the Security Period it shall:

(i) not, without the previous consent in writing of the Assignee, realise the Reinsurance Receivables by means of the sale, assignment, discounting or factoring of such Reinsurance Receivables;

(ii) not, without the previous consent in writing of the Assignee, deal with the Reinsurance Receivables otherwise than for money, for full market value and (in the case of monies which are to be paid into the Proceeds Account in accordance with point (iii) below) as trustee for the Assignee pending payment into the Proceeds Account, and by getting in and realising the same in the ordinary course of the Assignee's business (and for the avoidance of doubt the realisation of Reinsurance Receivables by sale, assignment discounting or factoring shall not be regarded as dealing in the ordinary and proper course of the Assignor's business) and, where applicable, by paying such realised sums into the Proceeds Account; and

(iii) pay into a designated bank account (the relevant details of which are to be notified in writing by the Assignor to the Assignee following the execution of the Assignment) all monies which the Assignor may receive in respect of the Reinsurance Receivables by way of cash calls.

Re-Assignment

Upon payment and satisfaction in full of all of the Secured Obligations, the Assignee shall re-assign to the Assignor all right, title, benefit and interest in and to the Reinsurance Receivables (to the extent assigned under the Assignment)

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 00755780

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF ASSIGNMENT DATED THE 23rd SEPTEMBER 1996 AND CREATED BY F.M. INSURANCE COMPANY LIMITED FOR SECURING ANY AND ALL LIABILITIES OF THE COMPANY TO SIEMENS A.G. UNDER THE UNDERLYING INSURANCES WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th SEPTEMBER 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2nd OCTOBER 1996.

D. JENKINS

for the Registrar of Companies



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