

DATED

13 November

2003

950

CNA EUROPE HOLDINGS LIMITED

(1)

- and -

CNA INSURANCE COMPANY LIMITED

(2)

**AGREEMENT**

- relating to -

**THE SALE AND PURCHASE OF THE ENTIRE  
ISSUED SHARE CAPITAL OF CNA INSURANCE COMPANY (EUROPE) LIMITED**

**WE HEREBY CERTIFY THAT THIS IS  
A TRUE COPY OF THE ORIGINAL**

*Lovells*

**LOVELLS  
ATLANTIC HOUSE  
HOLBORN VIADUCT  
LONDON EC1A 2FG**

**Lovells**



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THIS AGREEMENT is dated

13 NOVEMBER 2003

**BETWEEN:**

- (1) **CNA Europe Holdings Limited** a company registered in England and Wales under number 3526047 whose registered office is at 77 Gracechurch Street, London EC3V 0DL (the "**Seller**"); and
- (2) **CNA Insurance Company Limited** a company registered in England and Wales under number 950 whose registered office is at 77 Gracechurch Street, London EC3V 0DL (the "**Purchaser**").

**RECITALS:**

- (A) CNA Insurance Company (Europe) Limited is a company registered under number 1394909 whose registered office is at 77 Gracechurch Street London EC3V 0DL (the "**Company**"). At the date hereof the Company has an authorised share capital of £140,000,000 divided into 140,000,000 Ordinary shares of £1 each of which 132,000,000 have been allotted and issued and are fully paid.
- (B) The Seller is the registered holder and beneficial owner of all the Shares.
- (C) The Seller has agreed to sell and the Purchaser has agreed to purchase all the Shares on and subject to the terms of this Agreement.



**IT IS AGREED:**

**1. INTERPRETATION**

- 1.1 In this Agreement (including its Recitals and Schedules), the following words and expressions have the meanings respectively set opposite them.

**"Business Day"** means any day (except any Saturday or Sunday) on which banks in the City of London are open for business;

**"Company"** has the meaning given in Recital (A);

**"Completion"** means completion of the sale and purchase of the Shares pursuant to this Agreement in accordance with its terms;

**"Completion Date"** means the Effective Date of the Scheme;

**"Condition Precedent"** means the entry into effect of the Scheme;

**"Scheme"** means the scheme to transfer the entire business of the Company to the Purchaser, a draft of which was annexed to the claim form presented to the High Court of Justice in England by the Company on 26 June 2003;

**"Shares"** means the entire issued share capital of the Company, being 132,000,000 Ordinary shares of £1 each; and

**"Seller's Solicitors"** means Lovells of Atlantic House, Holborn Viaduct, London EC1A 2FG.

1.2 In this Agreement, unless the context otherwise requires:

- (a) references to this Agreement or any other document include this Agreement or such other document as varied, modified or supplemented in any manner from time to time;
- (b) references to any party shall, where relevant, be deemed to be references to or to include, as appropriate, their respective permitted successors, assigns or transferees;
- (c) references to recitals, clauses and schedules and sub-divisions of them are references to the recitals and clauses of, and schedules to, this Agreement and sub-divisions of them respectively;
- (d) references to any enactment include references to such enactment as re-enacted, amended or extended on or before the date of this Agreement and any subordinate legislation made from time to time under it;
- (e) references to a "person" include any individual, company, corporation, firm, partnership, joint venture, association, organisation, institution, trust or agency, whether or not having a separate legal personality;
- (f) references to the one gender include all genders, and references to the singular include the plural and vice versa;
- (g) headings are inserted for convenience only and shall be ignored in construing this Agreement; and
- (h) the words "company", "subsidiary", "subsidiary undertaking" and "holding company" have the meanings given to them by the Companies Act 1985 as amended by the Companies Act 1989.

1.3 The Recitals to this Agreement form part of it.

**2. SALE AND PURCHASE OF SHARES**

- 2.1 On and subject to the terms of this Agreement, the Seller shall sell with full title guarantee the Shares and the Purchaser shall purchase all the Shares on and with effect from Completion, in each case free from all charges, liens, equities, encumbrances, claims or restrictions whatsoever and together with all rights which are now, or at any time hereafter may become, attached to them (including without limitation the right to receive all dividends and distributions declared, made or paid on or after Completion).
- 2.2 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless the sale to it of all the Shares is completed simultaneously and if such sale is not completed on the Completion Date then the Purchaser shall be entitled to rescind this Agreement without liability of any kind on its part, but without prejudice to its rights in respect of any pre-existing breach of the terms hereof, including any breach giving rise to such right to rescind.

**3. CONDITION PRECEDENT**

- 3.1 Completion is conditional on the Condition Precedent having been satisfied or waived.
- 3.2 The parties shall use all reasonable endeavours to ensure that the Condition Precedent is fulfilled as soon as reasonably practicable and in any event not later than 6.00 p.m. on 30 June 2004.
- 3.3 If at any time either party becomes aware of any circumstances that may give rise to non-fulfilment of the Condition Precedent, that party shall immediately give to the other party written particulars of these circumstances.
- 3.4 The parties may by agreement in writing waive the Condition Precedent in whole or in part on such terms as they may agree.
- 3.5 If the Condition Precedent has not been fulfilled or waived on or before 6.00 p.m. on 30 June 2004, this Agreement (other than clauses 1, 6, 8, 9, 10, 11, 12 and 13) shall automatically terminate and neither party shall have any claim whatsoever against the other party under this Agreement except in respect of its accrued rights arising from any breach of this Agreement made prior to its termination

**4. CONSIDERATION**

- 4.1 The total consideration payable by the Purchaser to the Seller shall be the sum of £55,000,000 which shall be paid by the issue by the Purchaser to the Seller of 5,500,000 Ordinary shares of £10 each in the Purchaser on Completion.
- 4.2 In the event that the Purchaser, acting reasonably, determines that the market value of the Shares is lower than the amount of the consideration referred to in clause 4.1, it may by notice to the Seller terminate this Agreement with immediate effect, in which case

neither party shall have any claim whatsoever against the other party under this Agreement.

**5. COMPLETION**

5.1 Completion shall take place at the offices of the Seller's Solicitors on the Completion Date or at such other place and/or on such other date as may be agreed between the parties.

5.2 On Completion the Seller shall cause to be delivered to the Purchaser:

- (a) a transfer in respect of all the Shares duly executed by the registered holders thereof in favour of the Purchaser together with the share certificates relating to such shares; and
- (b) such other documents (including any power of attorney under which any document required to be delivered under this clause has been executed and any waivers or consents) as the Purchaser may require to enable the Purchaser or its nominees to be registered as holders of the Shares.

5.3 On Completion the Purchaser shall, following compliance by the Seller with the foregoing provisions, issue to the Seller 5,500,000 Ordinary shares of £10 each in the Purchaser.

**6. CONFIDENTIALITY AND ANNOUNCEMENTS**

6.1 For the purpose of assuring the full benefit of the business and goodwill of the Company and in consideration of Purchaser agreeing to buy the Shares on the terms of this Agreement, the Seller agrees with the Purchaser and its successors in title as a separate and independent agreement that (save as may be required by law, and then only to the extent so required) it will not at any time hereafter divulge (other than in accordance with clause 6.2) any information in relation to the affairs or businesses of the Company and that it will not do anything to harm the goodwill of the Company.

6.2 No announcement or statement about this Agreement or the subject matter of, or any matter referred to in, this Agreement shall be made or issued before, on or after Completion by or on behalf of any of the parties without the prior written approval of the other parties (such approval not to be unreasonably withheld or delayed).

**7. FURTHER ASSURANCE**

The Seller shall execute and deliver all such instruments and other documents and take all such actions as the Purchaser may from time to time reasonably require in order to give full effect to the provisions of this Agreement.

**8. COSTS**

Each party shall pay its own costs and expenses in relation to the negotiation, preparation, and implementation of this Agreement (and the documents referred to herein).

**9. NOTICES**

9.1 Any notice or other communication to be given under this Agreement shall be in writing, shall be deemed to have been duly served on, given to or made in relation to a party if it is left at the authorised address of that party, posted by first class post addressed to that party at such address, or sent by facsimile transmission to a machine situated at such address and shall if:

- (a) personally delivered, be deemed to have been received at the time of delivery;
- (b) posted to an inland address in the United Kingdom, be deemed to have been received on the second Business Day after the date of posting and if posted to an overseas address, be deemed to have been received on the fifth Business Day after the date of posting; or
- (c) sent by facsimile transmission, be deemed to have been received upon receipt by the sender of a facsimile transmission report (or other appropriate evidence) that the facsimile has been transmitted to the addressee;

PROVIDED that where, in the case of delivery by hand or facsimile transmission, delivery or transmission occurs after 6.00 pm on a Business Day or on a day which is not a Business Day, receipt shall be deemed to occur at 9.00 am on the next following Business Day.

9.2 For the purposes of this clause the authorised address of each party shall be the address set out at the head of this Agreement or such other address as that party may notify to the others in writing from time to time in accordance with the requirements of this clause.

**10. SEVERABILITY**

If any provision of this Agreement (or of any document referred to herein) is held to be illegal, invalid or unenforceable in whole or in part the legality, validity and enforceability of the remaining provisions of this Agreement (or such document) shall not in any way be affected or impaired thereby.

**11. ENTIRE AGREEMENT AND VARIATION**

11.1 This Agreement (together with any documents referred to herein) contains the entire agreement and understanding of the parties and supersedes all prior agreements,

understandings or arrangements (both oral and written) relating to the subject matter of this Agreement.

- 11.2 No variation, supplement, deletion or replacement of or from this Agreement or any of its terms shall be effective unless made in writing and signed by or on behalf of each party.

**12. GOVERNING LAW AND JURISDICTION**

- 12.1 This Agreement shall be governed by, construed and take effect in accordance with English law.

- 12.2 The courts of England shall have exclusive jurisdiction to settle any claim, dispute or matter of difference which may arise out of or in connection with this Agreement (including without limitation claims for set-off or counterclaim) or the legal relationships established by this Agreement.

- 12.3 Each of the parties hereto agrees that in the event of any action between any of the parties hereto being commenced in respect of this Agreement or any matters arising under it, the process by which it is commenced, (where consistent with the applicable court rules) may be served on them in accordance with clause 9.

**13. THIRD PARTY RIGHTS**

No person who is not a party to this Agreement may enforce any term of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

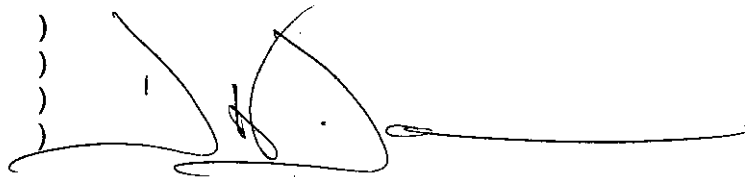
**AS WITNESS** the hands of the parties or their duly authorised representatives the day and year first above written.



Signed by D.K. DAVIES

for and on behalf of  
CNA Europe Holdings Limited

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Signed by Angus K CAMERON

for and on behalf of  
CNA Insurance Company Limited

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