

No: 42133

THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

THE NATIONAL INSURANCE AND GUARANTEE CORPORATION
PUBLIC LIMITED COMPANY

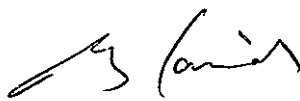
At an extraordinary general meeting of The National Insurance and Guarantee Corporation Public Limited Company duly convened and held on *13 August* 1997, the following resolutions were passed of which resolution 1 was passed as an ordinary resolution and resolution 2 was passed as a special resolution.

ORDINARY RESOLUTION

1. THAT each of the 35,550,000 preference shares, "A" preference shares and "B" preference shares of £1 each in the capital of the Company be immediately reclassified as ordinary shares of £1 each identical to and ranking pari passu with the existing ordinary shares of £1 each of the Company.

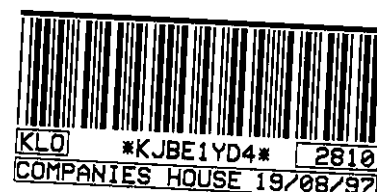
SPECIAL RESOLUTION

2. THAT new articles of association in the form contained in the draft articles of association produced to the meeting and initialled by the chairman for the purposes of identification be adopted as the articles of association of the Company in substitution for and to the exclusion of all previous articles of association.



.....
Chairman/Director/Secretary

Presented by: Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA
Tel: 0171 638 1111



**THE NATIONAL INSURANCE AND GUARANTEE
CORPORATION PUBLIC LIMITED COMPANY**

ARTICLES OF ASSOCIATION
(adopted on 13 August 1997)

**ASHURST MORRIS CRISP,
Broadwalk House,
5 Appold Street,
London EC2A 2HA**

**Tel: 0171-638-1111
Fax: 0171-972-7990**

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THE COMPANIES ACTS 1985 to 1989

PUBLIC COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

- of -

**THE NATIONAL INSURANCE AND GUARANTEE CORPORATION PUBLIC LIMITED
COMPANY (adopted on 13 August 1997)**

1. PRELIMINARY

- 1.1 The headings shall not affect the construction hereof and, in the interpretation of these Articles, unless there be something in the subject or context inconsistent therewith, the following words and expressions shall bear the following meanings:-

"the Acts" means the Companies Acts, 1985 and 1989 and every statutory modification or re-enactment thereof for the time being in force;

"associated company" means in relation to a company:-

- (a) any company which is its subsidiary; or
- (b) any company of which it is the subsidiary or any other subsidiary of such company;

"Auditors" means the Auditors of the Company for the time being;

"Board" means the board of Directors of the Company from time to time;

"business day" means a day other than a Saturday or Sunday on which Banks are generally open for business in England and Wales;

"the Chairman" means the Chairman of the Board from time to time;

"the Company" means The National Insurance and Guarantee Corporation Public Limited Company;

"Member" means any holder for the time being of Shares;

"Shares" means the Ordinary Shares for the time being in the capital of the Company;

"subsidiary" means as defined in Section 736 of the Companies Act 1985 as in force at the date hereof;

"Table A" means Table "A" in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985).

Words importing the singular number also include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender.

References to persons shall include bodies corporate, unincorporated associations and partnerships.

Words and expressions defined elsewhere in these Articles shall bear the meaning thereby ascribed to them.

Words and expressions defined in the Acts shall, unless the context otherwise requires, have the same meaning in these Articles.

Reference to any Acts or section or part of or Schedule to any Acts shall unless such reference provides to the contrary include any Acts or provisions amending or replacing the same.

- 1.2 The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The Regulations contained in Table A numbered 24, 41, 65-69, 73-76, 80, 81, 84, 88, 102 and 110 shall not apply, but subject as aforesaid, the following shall be the Articles of Association of the Company.

SHARE CAPITAL

2. The authorised share capital of the Company is £150,000,000 divided into 150,000,000 Ordinary Shares of £1 each.

AGE OF DIRECTORS

3. No person shall be disqualified from being appointed a Director and no Director shall be required to vacate that office by reason only of the fact that he has attained the age of seventy years or any other age, nor shall it be necessary to give special notice under the Acts of any resolution appointing, re-appointing or approving the appointment of a Director by reason of his age, but where the Board convenes any General Meeting of the Company at which (to the knowledge of the Board) a Director will be proposed for election or re-election who has at the date of such meeting attained the age of seventy years, the Board shall give notice of his having attained such age in the notice convening the meeting or in any document sent therewith, but the accidental omission to give such notice shall not invalidate any proceedings at that meeting or any election or re-election of such Director thereat.

DIRECTORS' SHAREHOLDING QUALIFICATION

4. No shareholding qualification for Directors shall be required.

5. SHARE RIGHTS

- 5.1 Subject to any special rights conferred on the holders of any Shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.
- 5.2 Subject to the Acts and to any special rights conferred on the holders of any Shares or class of shares any shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company are liable, to be redeemed. The terms and manner of redemption shall be provided for by alteration of these Articles.

MODIFICATION OF RIGHTS

6. Subject to the Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths in nominal amount of the issued shares of the class concerned or with the sanction of, an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one person holding or representing by proxy not less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and for the purpose of such meeting or adjourned meeting one holder present in person or by proxy may constitute a meeting.
7. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares or in these Articles, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

SHARES

8. Subject to the provisions of the Acts and these Articles, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.

9. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Acts.
10. Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.
11. Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Members of the Company.

NOTICES

12. Every notice calling a General Meeting shall comply with the provisions of Section 372(3) of the Companies Act 1985, and all notices and other communications relating to a General Meeting which any Member is entitled to receive shall also be sent to the Auditor for the time being of the Company.

RESOLUTIONS

13. Any such resolution in writing as is referred to in Regulation 53 of Table A may consist of several documents in the like form each signed by one or more of the Members (or their duly authorised representatives).
14. A Member of the Company may request at any time a replacement share certificate in respect of his Shares and the Company will issue the same upon payment of 10p to the Company by the relevant Member and subject to the provision by the relevant Member of an indemnity reasonably acceptable to the Board.

TRANSFER OF SHARES

15. The Directors may in their absolute discretion and without giving any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share.

PROCEEDINGS AT GENERAL MEETINGS

16. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of declaring a dividend, the consideration of the accounts, and the reports of the Directors and auditors, the appointment of and the fixing of the remuneration of the auditors and the fixing of the remuneration of the Directors.

17. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
18. It shall not be necessary to give any notice of any adjourned meeting and Regulation 44 of Table A shall be construed accordingly.
19. A poll may be demanded by the Chairman or by any Member present in person or by proxy and entitled to vote and Regulation 45 of Table A shall be modified accordingly.
20. A Member for whom a receiver, curator bonis or other person in the nature of a receiver or curator bonis has been appointed by a Court in England and Wales and Scotland having jurisdiction in that behalf on the ground that a Member is incapable by reason of mental disorder of managing and administering his property and affairs may vote, whether on a show of hands or on a poll, by the person so appointed and that person may appoint a proxy to vote on a poll on behalf of the Member.

DIRECTORS

21. Without prejudice to the obligation of any Director to disclose his interest in accordance with Section 317 of the Companies Act 1985 a Director may vote as a Director in regard to any contract, transaction or arrangement in which he is interested, or upon any matter arising thereout, and if he does so vote his vote shall be counted and he shall be reckoned in calculating a quorum when any such contract transaction or arrangement is under consideration and Regulations 94 to 97 of Table A shall be modified accordingly.
22. The office of Director shall be vacated if the Director:-
 - (a) becomes bankrupt or makes any arrangements or composition with his creditors generally; or
 - (b) becomes prohibited or disqualified from being a Director by reason of any order made under any legislation; or
 - (c) in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director; or
 - (d) resigns his office by notice in writing to the Company; or
 - (e) becomes prohibited or disqualified from being a Director by reason of any legislation regulating and governing the conduct of persons carrying on in any way the business of insurance.

- 23.1 Any Director may in writing appoint (1) any other Director, or (2) any other person, who, in the case of all Directors, is approved by the Board as hereinafter provided to be his Alternate; and every such Alternate shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of the Board and, in the absence from the Board of the Director appointing him, to attend and vote at meetings of the Board, and to exercise all the powers, rights, duties and authorities of the Director appointing him. A Director may at any time revoke the appointment of an Alternate appointed by him and subject to such approval as aforesaid appoint another person in his place, and if a Director shall die or cease to hold the office of Director the appointment of his Alternate shall thereupon cease and determine. A Director acting as Alternate shall have an additional vote at meetings of the Board for each Director for whom he acts as Alternate but he shall count as only one for the purpose of determining whether a quorum be present.
- 23.2 Every person acting as an Alternate Director shall be acting on behalf of the Director so appointing him and that Director shall be responsible to the Company for such Alternate Director's acts and defaults, and he shall be deemed to be the agent of or for the Director appointing him and the remuneration of any such Alternate Director shall be payable out of the remuneration payable to the Director appointing him, and shall consist of such portion of the last-mentioned remuneration as shall be agreed between the Alternate and the Director appointing him.
24. The Board may from time to time appoint one or more of their body to hold any executive office in the management of the business of the Company as the Board may decide such appointment being (subject to Section 319 of the Companies Act 1985, if applicable) for such fixed term or without limitation as to period and on such terms as they think fit and a Director appointed to any executive office shall (without prejudice to any claim for damages for breach of any service contract between him and the Company), if he ceases to hold the office of Director from any cause, ipso facto and immediately cease to hold such executive office.
25. Subject as provided in these Articles, the Board may regulate its proceedings as it thinks fit. A Director shall be deemed to be present at a meeting of the Board if by any means (including by telephone or radio) he can hear all the other Directors speaking and all the other Directors can hear him speaking. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom unless before his departure he has provided to the Secretary an address where such notice is to be given in his absence. Questions arising at a meeting shall be decided by a majority of the votes save that in the event of an equal number of votes being cast for and against a particular resolution the Chairman shall have a second vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote (or votes) on behalf of his appointor in addition to his own vote (or votes).

DIVIDENDS

26. Subject to the provisions of the Acts the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Members.

CAPITALISATION OF PROFITS

27. Subject to the special rights conferred on the holders of any shares or any class of shares:-

- (a) the Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may be applied only in the paying up of unissued shares to be allotted to such Members credited as fully paid.
- (b) the Company may, upon the recommendation of the Board, at any time from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in the paying up in full of unissued shares to be allotted as fully paid shares by way of capitalisation to the Members or any class of Members who would have been entitled to that sum if it were distributed by way of dividend, and in the same proportions, and the Board shall give effect to such resolution.

28. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

29. DIRECTORS GRATUITIES AND PENSIONS

29.1 The Board on behalf of the Company may grant or make provisions for pensions, allowances, or gratuities and life assurance and other benefits to or for the benefit of:-

- (a) any Director or former Director or other officer or former officer who holds or has held any place of profit with:-

- (i) the Company; or
 - (ii) any company in which the Company is or was interested; or
 - (iii) any company, firm or concern whose business or any part thereof or control of whose business or any part thereof has at any time been acquired by the Company or any of its subsidiaries; or
 - (iv) any company which is or was an associated company of the Company;
- (b) the wife or widow or any dependant or family of such Director or former Director or other officer or former officer;
 - (c) any other employee or former employee of the Company or of any such company, firm or concern as aforesaid;
 - (d) the wife or widow or any dependant or family of any such other employee or former employee;

or any class or classes thereof respectively.

29.2 Any of the matters aforesaid may be done either alone or in conjunction with any other person or company, and in such manner as the Board may think fit.

29.3 Subject always, if so required by law, to particulars with respect to the proposed payment being disclosed to the Members of the Company and to the proposal being approved by the Company any such persons as are mentioned in sub-paragraphs (i) to (iv) inclusive of paragraph (1) above shall be entitled to receive and retain for their own benefit any such pensions, allowance, gratuity, assurance, or other benefit and any such Director as is mentioned above may vote as a Director in respect of the exercise of any of the powers conferred by this Article notwithstanding that he is or may be or become interested therein.

30. **MAJORITY HOLDER**

The holder or holders of a majority in nominal value of such part of the issued share capital of the Company as confers the right for the time being to attend and vote at general meetings of the Company may at any time or from time to time by memorandum in writing signed by or on behalf of him or them and left at or sent to the Registered Office of the Company remove any Director from office or appoint any person to be a Director. Such removal or appointment shall (in the absence of contrary provision in the relevant memorandum) take effect forthwith upon delivery of the memorandum to the Registered Office of the Company or on the date specified therein.

31. **INDEMNITY**

Every Director, former Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Companies Act 1985 in which relief is granted to him by the Court, and no Director, former Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Companies Act 1985.