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COMPANIES FORM No. 395 Particulars of a mortgage or charge

395

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Pursuant to section 395 of the Companies Act 1985

CHA 233

To the Registrar of Companies

For official use

Company Number

42

2864625

Name of company

Masthead E Limited

*insert full
name of
company

Date of creation of the charge

10/01/97 (but effective from 01/01/1997 and the first day of the relevant calendar year with respect to each Trust which relates to any other year of account of the Syndicate).

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

Lloyd's Kentucky Trust Deed ("the Trust Deed") dated 23/2/1996 (as supplemented by a Deed of Accession made 10/01/97) made or expressed to be made among
(continued on Continuation Sheet).

Amount secured by the mortgage or charge

1. The payment (subject to Article 5 of the Trust Deed) of all expenditure and fees of the Trustee including, without limitation, legal fees and expenses actually incurred by or on behalf of the Trustee in connection with its administration, preservation or conservation of the Trust and its counsel's fees and expenses and other disbursements incurred in administering, preserving or conserving the Trust ("Trustee Priority Claims"); provided, however, that for any particular calendar year the amount of Trustee Priority Claims which shall be given priority in payment over Matured Claims at any given time shall not exceed the lesser of \$50,000 in the aggregate or 10% of the aggregate value of all Trust Funds held under the Trust Deed. The Company irrevocably grants to the Trustee a security interest in and a lien upon the Trust Fund which as a first priority security interest and lien for the payment of Trustee Priority Claims, provided that the portion of such security interest and lien that shall be entitled to the first priority in payment over Matured Claims shall be limited as provided in Paragraph 2.2 of the Trust Deed. (continued on Continuation Sheet).

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

The Trustee (being, as at the date hereof, National City Bank, Kentucky of Louisville, Kentucky), Lloyd's of One Lime Street, London, England, the Agent, all Policyholders, and
(continued on Continuation Sheet).

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

Lloyd's of London
One Lime Street
London
EC3M 7HA

ref: Legal Services Department

For official use
Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

1. The Principal at any time but excluding the Investment Income from time to time earned thereon.
2. The property in the actual and sole possession of the Trustee at any time and held under the provisions of the Trust Deed allocable to the particular trust created by the Company with respect to the particular year of account of the Syndicate ("the Trust Fund" or "Trust").
3. Cash in US currency or specifically designated Readily Marketable Securities and/or Letters of Credit substituted by the Agent at any time for any cash or assets then forming part of the Trust Fund.
4. Cash drawn down on any Letter of Credit at any time and held as an asset of the Trust Fund pursuant to the terms of the Trust Deed.
5. Further contributions to the Trust Fund received by the Trustee from time to time and held subject to the terms and conditions of the Trust Deed.
6. Any advance of cash or securities by the Trustee to the Trust Fund from time to time and at any time in order to effect or expedite the purchase or sale of securities for the Trust, and the property so purchased and the proceeds from the sale.
7. Any investments or other assets held by the Trustee under the Trust Deed in the name of a nominee. (continued on Continuation Sheet).

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

Particulars as to commission allowance or discount (note 3)

J. T. G. Butler

Signed

Date 13 January 1997

On behalf of [company] [mortgagee/chargee*]

*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 conditionalfor 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.

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COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)
Particulars of a mortgage or charge
(continued)

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

CHA 233

Company Number

2864625

Name of company

Masthead E Limited

*insert full
name of
company

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

(i) Lloyd's, having its principal office at One Lime Street, London, England (ii) each of the Underwriters, each of One Lime Street, London, England, and including the Company (iii) the managing agent of the Syndicate named in the Fourth Schedule of the Trust Deed ("the Managing Agent") and (iv) National City Bank, Kentucky, a national banking organisation organised and existing under the laws of the United States of America and having its principal offices at Louisville, Kentucky ("the Trustee"), as may at any time or times be amended by the Council with the prior written consent of the Kentucky Commissioner.

"Underwriter" means an underwriting member or a person who is to be an underwriting member of Syndicate No. 544 ("the Syndicate") at Lloyd's for the 1996 year of account and as such has executed the Trust Deed or who is a member of the Syndicate from time to time for any subsequent year of account who has subsequently acceded to the Trust Deed or any other member of Lloyd's (whether an individual, a body corporate or a partnership) who has allocated premium limits to the Syndicate and is a grantor of a Trust created under the Trust Deed.

"Lloyd's" shall mean the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's.

"Trust" or "Trust Fund" in relation to a particular Underwriter and year of account shall mean the property in the actual and sole possession of the Trustee and held under the provisions of the Trust Deed allocable to the particular trust created by the Underwriter with respect to the particular year of account of the Syndicate.

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).

COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)
Particulars of a mortgage or charge
(continued)

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

CHA 233

Company Number

2864625

Name of company

Masthead E Limited

*insert full
name of
company

Amount due or owing on the mortgage or charge (continued)

2. The payment (subject to Article 5 of the Trust Deed) of any amount, in excess of the amount necessary to satisfy Trustee Priority Claims (as limited by the proviso in (1) above), in respect of Matured Claims.
3. The payment of Losses and Kentucky Liabilities.
4. Transfers by the Trustee at the direction from time to time of the Agent of any funds in excess of the Trust Fund Minimum Amount as reported on the latest required notice given pursuant to paragraph 2.7 of the Trust Deed to an Overseas Fund, (treating funds withdrawn for payment of claims with respect to the Kentucky Policies as funds in excess of the Trust Fund Minimum Amount); provided however that the latest required notice has been given and that the Agent shall have provided written notice to the Trustee and the Kentucky Commissioner prior to any withdrawal.
5. Transfers by the Trustee to an Overseas Fund under paragraph 5.5 of the Trust Deed.
6. Repayment of the cash or securities advanced by the Trustee (in its individual capacity or through any subsidiary, affiliate or associate of the Trustee) to the Trust to effect or expedite or in connection with the purchase or sale of securities for the Trust, the property so purchased or the proceeds from the sale being security for repayment of the cash or securities advanced and the Trustee (in its individual capacity or through any subsidiary affiliate or associate of the Trustee) being further entitled to reimbursement from the Trust as a Trustee Priority Claim.
7. Transfers by the Trustee to the Kentucky Commissioner (to be applied in accordance with the laws of the Commonwealth of Kentucky applicable to the liquidation of insurance companies) or other designated Receiver pursuant to an order of the Kentucky Commissioner or court of competent jurisdiction of all of the assets of the Trust Fund except those assets which are necessary to satisfy the Trustee's Priority Claims or to reimburse the Trustee for funds or securities advanced pursuant to paragraph 3.18 of the Trust Deed.

"Agent" shall mean the managing agent at Lloyd's appointed by or on behalf of the Underwriter to act, and who is acting, as an agent of the Underwriter for the purpose of conducting the underwriting business of the Underwriter as a member of the Syndicate (referred to above as the "Managing Agent"), including any successors so acting of the underwriting agent so appointed and any substitute agent appointed by the Council; and shall, when the context so admits include a reference to any Representative of the Agent.
(continued on Continuation Sheet).

Amount due or owing on the mortgage or charge (continued)

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"Kentucky Policy" shall mean:-

- (a) any contract or policy of insurance (or any agreement to insure) incepting on or after January 1, 1996 issued pursuant to the insurance laws of the Commonwealth of Kentucky, providing insurance with respect to property or risks situated in said Commonwealth:
 - (i) which is underwritten by the Underwriter as a member of the Syndicate on or after January 1, 1996, and
 - (ii) which is allocable to the year of account of the Syndicate corresponding to the particular Trust Fund; or
- (b) any contract or policy of insurance underwritten on or after January 1, 1996, and issued pursuant to the insurance laws of the Commonwealth of Kentucky, providing insurance with respect to property or risks situated in said Commonwealth in respect of which the Underwriter is liable as a member of the Syndicate for the year of account of the Syndicate corresponding to the particular Trust Fund to members of the same Syndicate or any other syndicate for an earlier year of account pursuant to any contract of Reinsurance to Close.

"Claim" shall mean: (i) a claim against the Underwriter by a Policyholder, for a loss under a Kentucky Policy excluding punitive and/or exemplary damages awarded against a Policyholder and also excluding any extracontractual obligations not expressly covered by the Kentucky Policy; and/or (ii) a claim against the Underwriter by a Policyholder for the return of unearned premium under a Kentucky Policy; both (i) and (ii) constituting a loss under a Kentucky Policy ("Loss").

"Council" shall mean the Council of Lloyd's or the Committee of Lloyd's or the Chairman or a Deputy Chairman of Lloyd's as the case may be or (except only for the purposes of paragraph 6.4 of the Trust Deed) such other person or persons as are for the time being authorised by the Council of Lloyd's to exercise any power or discretion which is vested in the Council by the Trust Deed.

"Kentucky Commissioner" shall mean the Commissioner of Insurance of the Commonwealth of Kentucky.

"Lloyd's Premiums Trust Deed" shall mean the Lloyd's Premiums Trust Deed approved by one of Her Britannic Majesty's Principal Secretaries of State pursuant to the Insurance Companies Act 1982, executed by the Underwriter in respect of insurance business at Lloyd's other than long term business.

"Matured Claim" shall mean a Claim which is enforceable against the Trust Fund as provided for in paragraph 2.3 of the Trust Deed.

"Other Underwriters" shall mean the members of Lloyd's whether individuals, bodies corporate or partnerships (other than the Underwriter) and such former 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 member or former member who has died or become bankrupt.

"Overseas Funds" shall mean any trust fund set up with respect to the Underwriter which is constituted or regulated by an Overseas Direction under the Lloyd's Premiums Trust Deed (as defined in that Deed).

"Policyholder" shall mean a holder of a Kentucky Policy resident or doing business in said Commonwealth at any time during the period of coverage of such policy.

"Receiver" shall mean the Kentucky Commissioner or such other person as may be designated as such by statute or ordered by a court of competent jurisdiction.

"Reinsurance to Close" shall mean an agreement under which underwriting members ("the reinsured members") who are members of a syndicate for a year of account ("the closed year") agree with underwriting members who comprise that or another syndicate for a later year of account ("the reinsuring members") that the reinsuring members will indemnify the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business underwritten through that syndicate and allocated to the closed year. (continued on Continuation Sheet).

Amount due or owing on the mortgage or charge (continued)

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"Representative of the Agent" or "Representatives" shall mean one or more persons (without limitation as to number) designated by the Agent by one or more instruments in writing filed with the Trustee as the Agent's Representative or Representatives with power, to the extent set forth in the relevant designation, to act in like manner and with the same effect as the Agent itself might act hereunder. The designation of any person as the Agent's Representative as hereinbefore provided shall remain effective for the period provided in the relevant designation or until its revocation by the Agent by an instrument in writing filed with the Trustee.

"Trust Fund Minimum Amount" shall mean an amount equal to the Kentucky Liabilities, provided, that if:

- (a) such Kentucky Liabilities have been reinsured pursuant to any contract of Reinsurance to Close with the Underwriter and/or one or more of the Other Underwriters as members of the same or another syndicate for a later year of account, and
- (b) in respect of each such reinsurer under that contract there is for that syndicate and that later year of account a trust fund constituted under the Trust Deed or any other Lloyd's Kentucky Trust Deed which is at least equal in value to the Trust Fund Minimum Amount for that trust fund in respect of that syndicate and year of account, the Trust Fund Minimum Amount shall be zero.

"Kentucky Liabilities" shall mean the aggregate of the amount of liabilities of the Underwriter as a member of the Syndicate for a particular year of account under the Kentucky Policies as defined in sub-paragraph 1.2(a) of the Trust Deed and the amount in respect of which the Underwriter is liable under the Kentucky Policies as defined in sub-paragraph 1.2(b) of the Trust Fund.

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COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)
Particulars of a mortgage or charge
(continued)

Continuation sheet No 3
to Form No 395 and 410 (Scot)

CHA 233

Company Number

2864625

Name of company

Masthead E Limited

*insert full
name of
company

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

- (1) those to whom any amount is or may at any time become payable to satisfy Trustee Priority Claims or claims to be treated as Trustee Priority Claims under the Trust Deed;
- (2) those to whom any amount is or may at any time become payable to satisfy Matured Claims;
- (3) those for whose benefit any Overseas Fund is or may at any time become held, and the trustees of any Overseas Fund;
- (4) the Kentucky Commissioner and any designated Receiver;
- (5) any subsidiary, affiliate or associate of the Trustee;
- (6) those for whose benefit any order for any transfers by the Trustee to the Kentucky Commissioner or other designated Receiver of assets of the Trust Fund except those assets which are necessary to satisfy the Trustee's Priority Claims may be made by the Kentucky Commissioner or court of competent jurisdiction.

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COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)
Particulars of a mortgage or charge
(continued)

Continuation sheet No 4
to Form No 395 and 410 (Scot)

CHA 233

Company Number

2864625

Name of company

Masthead E Limited

*insert full
name of
company

Short particulars of all the property mortgaged or charged (continued)

"Principal" shall have the meaning from time to time given thereto in Kentucky Revised Statutes Section 386.191 et seq. as from time to time amended, or any successor provision thereto.

"Investment Income" shall have the meaning from time to time given to the term "income" for trust accounting purposes by Kentucky Revised Statutes Section 386.191 et seq. as from time to time amended, or any successor provision thereto.

"Readily Marketable Securities" shall mean securities readily marketable on regulated United States national or principal regional security exchanges or those determined by the Securities Valuation Office of the National Association of Insurance Commissioners to have substantially equivalent liquidity characteristics.

"Letter of Credit" shall mean a clear, unconditional, irrevocable letter of credit in favour of the Trustee which satisfies the requirements of insurance laws of the Commonwealth of Kentucky and which is issued or confirmed by a Qualified United States Financial Institution.

"Qualified United States Financial Institution" shall mean an institution that:

- (a) is organised and licensed (or in the case of a US office of a foreign banking organisation, licensed) under the laws of the United States or any state thereof; and
- (b) is regulated, supervised and examined by US federal or state authorities having regulatory authority over banks and trust companies; and
- (c) has been determined by the Securities Valuation Office of the National Association of Insurance Commissioners as an acceptable financial institution.

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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. 02864625

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A CHARGE DATED 10TH JANUARY 1997 IN THE TERMS OF THE LLOYD'S KENTUCKY TRUST DEED (THE "TRUST DEED") BUT EFFECTIVE FROM 1ST JANUARY 1997 ITSELF CONSTITUTED BY AN INSTRUMENT DATED 23RD FEBRUARY 1996 (AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME) AND AS SUPPLEMENTED BY A DEED OF ACCESSION DATED THE 10th JANUARY 1997 AND CREATED BY MASTHEAD E LIMITED FOR SECURING THE PAYMENT OF LOSSES (INCLUDING CLAIMS FOR THE RETURN OF UNEARNED PREMIUM) UNDER CONTRACTS OR POLICIES OF INSURANCE INCEPTING ON OR AFTER 1ST JANUARY 1996 UNDERWRITTEN BY THE COMPANY AS A MEMBER OF SYNDICATE NO.42 (THE "SYNDICATE") AND ALLOCABLE TO THE RELEVANT YEAR OF ACCOUNT OR IN RESPECT OF WHICH THE COMPANY IS LIABLE AS A MEMBER OF THE SYNDICATE FOR THE RELEVANT YEAR OF ACCOUNT FOR AN EARLIER YEAR OF ACCOUNT PURSUANT TO ANY CONTRACT OF REINSURANCE TO CLOSE AND ISSUED TO A POLICYHOLDER PURSUANT TO THE INSURANCE LAWS OF THE COMMONWEALTH OF KENTUCKY PROVIDING INSURANCE WITH RESPECT TO PROPERTY OR RISKS SITUATED IN SAID COMMONWEALTH (A "KENTUCKY POLICY"), ALL EXPENDITURES AND FEES OF THE TRUSTEE (AS DEFINED IN THE TRUST DEED AND BEING, AS AT THE DATE THEREOF, NATIONAL CITY BANK, KENTUCKY, U.S.A.), REPAYMENT OF CASH OR SECURITIES ADVANCED BY THE TRUSTEE TO THE TRUST HELD UNDER THE PROVISIONS OF THE TRUST DEED, AND CERTAIN TRANSFERS BY THE TRUSTEE TO AN OVERSEAS FUND (AS DEFINED IN THE TRUST DEED) OR TO THE COMMISSIONER OF INSURANCE OF THE COMMONWEALTH OF KENTUCKY OR OTHER DESIGNATED RECEIVER, 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 16th JANUARY 1997.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2nd DECEMBER 1997.

M. Cornelius
M. CORNELIUS

for the Registrar of Companies



C O M P A N I E S H O U S E