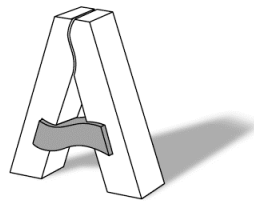


**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action that you should take, you are recommended to seek your own financial advice from your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all or some of your ordinary shares, please see note 8 on page 9.

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**AMLIN**

**Offer of a  
Scrip Dividend Alternative  
to the Interim Dividend  
for the year ending 31 December 2004**

**Circular to shareholders of Amlin plc**

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Shareholders who have not already given a Scrip Dividend Mandate and wish to elect for the Scrip Dividend Alternative should complete the enclosed Form of Election and return it as soon as possible, but in any case so as to reach the Company's Registrar, Computershare Investor Services PLC, PO Box 1064, The Pavilions, Bridgwater Road, Bristol BS99 3FA (the "Registrar") by no later than the close of business on 15 October 2004.

**If the Form of Election is not received by the Company's Registrar before the close of business on 15 October 2004, the full cash dividend entitlement will be paid in respect of all the ordinary shares that you hold.**

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## EXPECTED TIMETABLE

Wednesday 15 September 2004	Ordinary shares quoted ex dividend
Friday 17 September 2004	Record date for the interim dividend for 2004 (and for Scrip Dividend Alternative entitlements)
Friday 8 October 2004	Final date for consolidating holdings
Friday 15 October 2004	Final date for receipt of Forms of Election for the interim dividend for 2004 and Scrip Dividend Mandates
Friday 29 October 2004	Dividend warrants and (where applicable) share certificates despatched (by first class post)
Monday 1 November 2004	Dividend payment date: cash dividends credited to bank accounts (when mandated) and (where applicable) CREST member accounts credited with new ordinary shares
Monday 1 November 2004	First day of dealings in the new ordinary shares

To holders of Amlin plc's ordinary shares ("ordinary shares")



**AMLIN**

24 September 2004

Dear Shareholder

### **Scrip Dividend Alternative Scheme (the "Scheme")**

The directors are once again offering shareholders the choice of receiving the whole or part of their dividends in new fully paid ordinary shares of the Company ("new shares") instead of cash (a "Scrip Dividend Alternative") in respect of the interim dividend of 3p per ordinary share for the year ending 31 December 2004 (the "2004 interim dividend").

Shareholders will find enclosed either a form of election (the "Form of Election") or a notice of entitlement (the "Notice of Entitlement"). This explains the procedure to be followed and the terms of the election. If you have received a Form of Election and wish to receive cash (a dividend of 3p per ordinary share) on all of your shareholding then you should take no action in response to this letter, and your dividend will be paid to you in cash in the normal way on 1 November 2004. If you have already completed a standing election (a "Scrip Dividend Mandate") you will receive a Notice of Entitlement with this circular. This advises you of your entitlement to new shares in respect of the 2004 interim dividend. Shareholders receiving a Notice of Entitlement need take no further action if you wish to receive such new shares in respect of all of your 2004 interim dividend. However, if you do not wish to receive all or any of your entitlement in the form of new shares, please send notice of cancellation of your Scrip Dividend Mandate so that it is received by the Company's Registrar by no later than 15 October 2004.

If you have received a Form of Election and wish to take advantage of the Scrip Dividend Mandate facility so that you will receive the 2004 interim dividend, and (until such Scrip Dividend Mandate is revoked) all future dividends when the directors decide to offer a Scrip Dividend Alternative, in the form of new shares in respect of your entire shareholding, please mark Box 4 with a cross on the enclosed Form of Election in accordance with the instructions set out therein, sign and date it and return it to the Company's Registrar.

If, however, you would prefer to take new shares on this occasion but would like to make further decisions each time a Scrip Dividend Alternative is made available, then you should sign, date and return the Form of Election but **not** mark Box 4 with a cross. Forms of Election in respect of all future dividends declared to which a Scrip Dividend Alternative offer applies will continue to be sent to all shareholders for whom no valid Scrip Dividend Mandate is held.

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EC3A 8ND  
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F 020 7746 1696  
www.amlin.com

Amlin plc  
Registered office  
St Helen's, 1 Undershaft  
London EC3A 8ND  
Registered in England  
No. 2854310

Box 4 cannot be used to elect for future Scrip Dividend Alternatives if you only wish to elect to receive future dividends in the form of new shares in respect of **part** of your holding. In that case, you must complete Forms of Election for each individual dividend payment to which a Scrip Dividend Alternative applies.

Shareholders who elect to take new shares in the Company instead of cash dividends increase their holdings without incurring dealing costs or stamp duty.

Shareholders should bear in mind that the price of shares can go down as well as up.

The Scrip Dividend Alternative is subject to, inter alia, the directors not revoking their decision to offer new shares instead of the full cash dividend. It is envisaged that such action would only be taken in the event of a change in market conditions affecting Amlin's shares rendering the Scrip Dividend Alternative substantially less beneficial to shareholders accepting such offer.

The Appendix forms part of this letter and provides more information on scrip dividends, the workings of the Scheme and on some of the taxation consequences. Only if you would like to consider taking all or part of your dividend in the form of new shares need you read the rest of this letter. When considering what action to take, you are recommended to obtain professional advice.

**I would remind you that Forms of Election must be received by the Company's Registrar no later than the close of business on Friday 15 October 2004.**

Yours sincerely

**R J Taylor**  
Chairman

## Appendix Further Information

**(A) To receive your maximum entitlement to new shares**

Sign and post the enclosed Form of Election and, if you also wish to elect in full for new shares for each future dividend when a Scrip Dividend Alternative is offered, you should mark Box 4 on the Form of Election with a cross.

The entitlement to new shares in respect of the 2004 interim dividend is based on:

- (a) a price for each new share of 150.25p (the average of the middle market prices on the day that the ordinary shares were declared ex dividend and on the two following business days). This is the “reference share price”;
- (b) the 2004 interim dividend of 3p per ordinary share; and
- (c) the number of ordinary shares held by you at 17 September 2004 (the “record date”).

The formula used is as follows:

$$\begin{array}{l} \text{(Number of ordinary shares held at the record date} \\ \quad \times \text{ dividend per ordinary share)} \end{array} = \begin{array}{l} \text{Maximum dividend available for} \\ \text{share election} \end{array}$$

$$\frac{\text{Maximum dividend available}}{\text{Reference share price}} = \begin{array}{l} \text{Number of new shares (rounded down} \\ \text{to the nearest whole number)} \end{array}$$

If you choose to take all of your dividend as new shares a residual cash balance will usually arise representing the entitlement to a fraction of a share arising out of the difference between the value of the new shares and the maximum dividend available on the shareholding. This residual cash balance will never exceed the value of one new share at the reference share price and, in the case of shareholders who give, or have given, a Scrip Dividend Mandate, will be carried forward (without interest) to the next dividend. In the case of shareholders who make an election for the Scrip Dividend Alternative, in whole or in part, but who have not given a Scrip Dividend Mandate, such amounts will be paid out in cash on 1 November 2004.

**Example**

Based on a holding of 1,000 ordinary shares at the record date. Given the reference share price of 150.25p, your maximum entitlement would be calculated as follows:

Maximum dividend available (i.e. Number of shares held × dividend per ordinary share)	=	1,000 x 3p	=	£30
Number of new shares (i.e. $\frac{\text{Maximum dividend available}}{\text{Reference share price}}$ )	=	$\frac{£30}{150.25p}$	=	19 new shares (rounded down)
Value of 19 new shares at reference share price of 150.25p	=		=	£28.54
Cash balance	=		=	£1.46

(B) **To receive your total dividend in cash in the usual way**

If you have not previously submitted a Scrip Dividend Mandate, take no further action. Your dividend will be paid in the normal way.

If you have previously submitted a Scrip Dividend Mandate, send notice of cancellation of your Scrip Dividend Mandate to the Company's Registrar so that it is received by them by no later than Friday 15 October 2004. Your dividend will then be paid in the normal way.

(C) **To receive your dividend in a combination of new shares and cash**

You may elect to receive your dividend in a combination of new shares and cash. In which case you should insert the number of ordinary shares on which you wish to receive the share dividend in Box 3 on the Form of Election. In the example on page 5, if you wish to elect for new shares in respect of 750 of the 1,000 ordinary shares held by you at the record date, 750 would replace 1,000 in the first line of the example and, in addition, you would receive a cash dividend on the 250 non-elected shares of  $250 \times 3p = \text{£}7.50$ .

(D) **To receive the maximum dividend entitlement currently proposed and all future dividends in the form of new shares when a Scrip Dividend Alternative is offered (the Scrip Dividend Mandate)**

Mark Box 4 with a cross on the Form of Election and sign, date and return the Form of Election to the Company's Registrar.

To apply to the 2004 interim dividend, a validly completed Form of Election must be received by the Company's Registrar **no later than Friday 15 October 2004. In addition, only mark a cross in Box 4 on the Form of Election if you wish to receive the maximum possible dividend in respect of your entire holding in the form of shares until such instruction is revoked.**

When electing to take all of your dividend in the form of new shares, a residual cash balance may be produced which represents the entitlement to a fraction of a share, created by the difference between the value of the new shares and the full cash dividend on the shareholding. If you make a Scrip Dividend Mandate, this residual cash balance will be carried forward (without interest) to the next dividend, otherwise this residual cash balance will be paid to you in cash on 1 November 2004.

## Notes

### 1 Terms of election

Shareholders may elect to receive their entitlement to the 2004 interim dividend from their holdings of ordinary shares registered in their names at the close of business on 17 September 2004 in the form of new shares credited as fully paid, instead of as cash of 3p per ordinary share (the “full cash dividend”). All elections will be subject to fulfilment of the conditions specified in the enclosed Form of Election and are non-transferable.

This election may be made by shareholders in respect of all or part of their holding of ordinary shares.

If shareholders wish to elect for the Scrip Dividend Alternative in respect of only part of their existing ordinary shares, they must specify the number of ordinary shares on which they wish to elect. The number of ordinary shares in respect of which the election is made will be multiplied by the 2004 interim dividend per share to give the maximum dividend available for share election. The maximum dividend available for share election will then be divided by the reference share price to obtain the number of new shares to be issued to the shareholder pursuant to the election. No fraction of a new share will be allotted and the cash amount representing any fraction of a new share arising on a dividend entitlement will be added to the cash dividend paid to the shareholder in respect of any holding of ordinary shares for which an election is not made. The dividend entitlement in respect of a fraction of a new share where no Scrip Dividend Mandate is made will be paid in cash. If a Scrip Dividend Mandate is given, the balance of the cash dividend representing a fraction of a new share which cannot be allotted will be carried forward in Sterling in a non-interest bearing account, and will be used towards the allotment of further ordinary shares in the event that, following future elections, sufficient funds are available in the account.

### 2 Basis of allotment

The reference share price has been calculated based on the average of the middle market quotations of an ordinary share as derived from the Daily Official List of the London Stock Exchange for the three business days commencing on 15 September 2004 (the day on which the ordinary shares were first quoted ex dividend), being 150.25p. The directors are not required to determine the reference share price prior to notifying the shareholders of the right of election (although on this occasion have been able to do so).

### 3 Eligibility

If you are resident outside the UK you may treat this letter as an invitation to receive new shares unless such an invitation could not lawfully be made to you without compliance with any registration or other legal requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive new shares to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories. Individuals electing to take new shares from the scrip dividend will not be charged UK stamp duty on the new shares.

### 4 How to make the election for the Scrip Dividend Alternative

If you wish to receive new shares instead of the full cash dividend in respect of all or part of your holding, you should complete the enclosed Form of Election and send it to the Registrar, so as to be received no later than 15 October 2004. If the Form of Election is not received by the close of business on that day, the full cash dividend entitlement will be paid in respect of all the ordinary shares that you hold.

If on the Form of Election you do not specify in Box 3 the number of ordinary shares in respect of which you are making your election, or if you make the election in respect of a greater number of ordinary shares than shown in Box 1 on the form, your election will be deemed to be in respect of all the ordinary shares shown in Box 1.

An election can only be made such that a whole multiple of new shares are issued to the electing shareholder and therefore the balance of the dividend entitlement will be calculated in cash and dealt with as described in note 1 above.

The Scrip Dividend Alternative only relates to the 2004 interim dividend. If the directors decide to offer new shares instead of any cash dividend in the future you will be informed separately and further Forms of Election will be sent to you unless you have made a Scrip Dividend Mandate (as described in note 5 immediately below) in which case an entitlement notification will be sent to you instead.

## **5 How to make the election for the Scrip Dividend Mandate**

If you do not already have a Scrip Dividend Mandate in place but you wish to give a Scrip Dividend Mandate for this and future dividends, you should put a cross in Box 4 on the Form of Election. You will thereby have instructed the Company to treat you as also having elected to take the maximum whole number of new shares available instead of cash in respect of all future dividends for which a Scrip Dividend Alternative is offered, with any residual cash balance representing an entitlement to a fraction of a new share being carried forward (in Sterling) without interest and taken into account in subsequent allotments of new shares. The Scrip Dividend Mandate will apply to your entire holding of ordinary shares on the record date for the relevant dividend. It may be cancelled by the Company at any time, or by you giving written notice to the Registrar so as to be received before the final time and date for receipt of Forms of Election in respect of the relevant dividend. If you give a Scrip Dividend Mandate, it will automatically be revoked if the Company registers a transfer of all your ordinary shares (e.g. following a sale of your entire holding) or if the Company receives notice of your death. If your Scrip Dividend Mandate is revoked you will be paid any residual cash dividend entitlement at the next review of entitlements.

If further ordinary shares are acquired or ordinary shares are disposed of in respect of a shareholding, the Scrip Dividend Mandate will continue to apply (until revoked) to such increased or decreased shareholding.

It should be noted that all new shares allotted on each election will automatically increase the shareholding on which the new entitlement to new shares will be calculated.

All shareholders for whom a Scrip Dividend Mandate is in force will receive, prior to each dividend payment date, a notice containing details of the basis of their entitlement to new shares, and any cash balance representing an entitlement to a fraction of a new share to be carried forward. Unless a mandate is revoked in writing by the date specified in such notice, an election for new shares will be deemed to have been made in respect of the relevant dividend and new shares will automatically be allotted for that dividend.

The accumulated residual cash balance will be paid out in Sterling (without interest) if, at any time, a shareholder:

- (i) disposes of his entire holding; or
- (ii) makes an election to receive new shares in respect of part only of their holding, or to receive the full cash dividend on the whole of their holding; or
- (iii) revokes their Scrip Dividend Mandate; or
- (iv) so requests in writing to the Company's Registrar.

Such a payment will also be made to a duly appointed representative following the receipt of proper notice of the death of a sole shareholder.

In all other cases, the accumulated residual cash balance will be paid at the next review of entitlements.

## **6 CREST**

Where practicable, new shares allotted to you in respect of a holding in CREST will be allotted in uncertificated form and credited electronically on 1 November 2004 to the same CREST member account as that holding, unless the Company is unable to do so under the provisions of the Uncertificated Securities Regulations 2001 or the facilities and requirements of CREST, in which case share certificates in respect of such new shares will be issued in the usual way. Scrip Dividend Mandates will operate accordingly.

If part of your registered holding is in CREST and the balance is represented by share certificates, you will receive separate Forms of Election for these two parts of your holding. You must complete and return both Forms of Election to receive new shares in respect of both your CREST and non-CREST holdings.

## **7 If you have more than one registered holding**

If for any reason your ordinary shares are registered in more than one holding and as a result you have received more than one Form of Election, then, unless you are able to make arrangements with the Registrar to have your holdings consolidated before 8 October 2004, they will be treated for all purposes as separate and you should complete separate Forms of Election accordingly.

## **8 If you have recently sold any of your ordinary shares**

If, on or after 15 September 2004 (the day on which the ordinary shares were first quoted ex dividend), you have sold all or some of your holding of ordinary shares, these should still be included in the holding shown in Box 1 on the Form of Election. If they are not, you should without delay consult your stockbroker or agent through whom the sale was made. Your stockbroker or agent will then advise you how to deal with the Form of Election.

If, prior to 15 September 2004 (the day on which the ordinary shares were first quoted ex dividend), you sold all or some of your holding of ordinary shares, but those ordinary shares are nevertheless included in the number shown in Box 1 on the Form of Election, you should without delay consult your stockbroker or agent through whom the sale was made. Your stockbroker or agent will then advise you how to deal with the Form of Election.

## **9 Listing and ranking of the new shares**

Application will be made to the London Stock Exchange plc (the "Stock Exchange") and the UK Listing Authority ("UKLA") for admission of the new shares to trading and to the official list of the UKLA (the "Official List"). The new shares will on issue be credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares except for participation in the 2004 interim dividend and will rank for all future dividends.

## **10 General**

No acknowledgement of Forms of Election or Scrip Dividend Mandates will be issued. Subject to satisfaction of the conditions set out in the Form of Election, definitive share certificates for the new shares held outside CREST will be posted, at the risk of the persons entitled thereto, on Friday 29 October 2004, while CREST members should have their accounts credited on Monday 1 November 2004. Dealings in the new shares are expected to begin on 1 November 2004. In the unlikely event that the UKLA does not agree before 1 November 2004 to admit the new shares to the Official List, or if the other conditions are not fulfilled, Forms of Election and standing elections under Scrip Dividend Mandates will be disregarded and the Company will pay the 2004 interim dividend in cash in the usual way as soon as practicable on or after 1 November 2004.

If all shareholders were to decide to receive the 2004 interim dividend in cash (ignoring any dividend waivers) the total cash dividend payable by the Company would be approximately £11.80 million. If all shareholders were to elect to receive new shares instead of cash in respect

of their entire holdings, approximately 7.85 million new shares would be issued based on the reference share price (ignoring any dividend waivers and any reduction in respect of fractions), representing an increase of approximately 2.0 per cent in the issued ordinary share capital of the Company as at 20 September 2004, the latest practicable date prior to the publication of this document. On such date the authorised share capital of the Company was £140,500,000, of which 393,308,558 ordinary shares of 25p each were in issue.

Further copies of this letter and/or Forms of Election may be obtained from the Company's Registrar at the following address:

Computershare Investor Services PLC  
PO Box 1064  
The Pavilions  
Bridgwater Road  
Bristol BS99 3EB  
(Telephone 0870 702 0000)

up to and including 15 October 2004. All enquiries in respect of the Scrip Dividend Alternative and Scrip Dividend Mandate should be addressed to the Registrar.

## **11 United Kingdom Taxation**

The following general summary of the UK tax consequences of electing to receive new shares under the Scrip Dividend Alternative instead of the cash dividend is based on current UK law and Inland Revenue practice as at the date of this document (which are subject to change, possibly with retrospective effect) and applies only to shareholders who are resident for tax purposes only in the UK and who hold their ordinary shares as an investment. In particular the comments do not address the position of certain classes of shareholders such as dealers in securities and corporates within the Shadow ACT scheme.

**An election to receive new shares will be a matter for individual decision by each shareholder and will depend upon their circumstances. The summary is not exhaustive and (except where otherwise indicated) only relates to the position of shareholders who are the beneficial owners of their ordinary shares.**

**Shareholders who are in any doubt as to what action to take or who are subject to tax in a jurisdiction other than the UK should consult an independent professional adviser.**

### **11.1 Individuals**

#### **11.1.1 Income Tax**

Individual shareholders who elect to receive new shares instead of the full, or any part, of the cash dividend will be treated for income tax purposes as having received gross income of an amount which, when reduced by income tax at the rate of 10 per cent, is equal to the cash equivalent (as defined in paragraph 11.5 below). Income tax at the rate of 10 per cent is treated as having been paid on this gross income.

If you elect to receive new shares with a total 'cash equivalent' (as defined in paragraph 11.5 below) of, for example, £90 you will be treated as receiving gross income of £100, on which income tax of £10 has been paid.

**(i) If you pay only starting or basic rate income tax**

If you elect to receive new shares instead of the cash dividend, you will have no more tax to pay.

**(ii) If you are not liable to pay income tax on all or part of the dividends received**

If you elect to receive new shares, you will not be entitled to claim repayment of the income tax treated as having been paid (£10 in the example above). Nor could such a claim be made in respect of the cash dividend.

(iii) **If you are liable to pay higher rate income tax**

If you elect to receive new shares you will be subject to income tax at the rate of 32.5 per cent on the amount of gross income treated as having been received. The 10 per cent income tax deemed to have been paid can be set off against part of that liability, thereby reducing the liability to 22.5 per cent of the amount of the gross income treated as having been received (which is equal to 25 per cent of the cash equivalent (as defined in paragraph 11.5)). In the example above, this would mean further tax to pay of £22.50.

(iv) **Charges on income**

You should note that it is not possible to set the cash equivalent against any charges on income paid net, as you can with a cash dividend.

(v) **Gift Aid donations**

If you make Gift Aid donations to charity you will be aware that the recipient charities can only reclaim an amount of tax on your donations equal to the amount of income tax and capital gains tax you pay in the relevant tax year. You should note that the income tax treated as paid on the cash equivalent (unlike tax on cash dividends) is disregarded in determining for Gift Aid purposes the amount of tax you pay.

(vi) **Personal Equity Plans and Individual Savings Accounts**

It is no longer possible to claim repayment of the income tax treated as having been paid on new shares where your existing holding of ordinary shares in the Company are held in a Personal Equity Plan or Individual Savings Account. Nor could such a claim be made in respect of cash dividends.

### **11.1.2 Capital Gains Tax**

If you elect to receive new shares, these will not be added to your existing holding of ordinary shares in the Company for capital gains tax purposes but will be treated instead as a new asset acquired on the date the new shares are issued.

The base cost of this new holding will be deemed to be the cash equivalent (as defined in paragraph 11.5 below) and taper relief will run from the date of issue of the new shares.

## **11.2 Trustees**

### **11.2.1 Income Tax**

- (i) Where trustees of discretionary trusts, who are liable to income tax on dividend income at the Schedule F trust rate (currently 32.5 per cent), elect to receive new shares, they will be liable to additional income tax. For the purposes of charging this additional income tax, the trustees will be treated as having received gross income which, when reduced by income tax at the rate of 10 per cent, is the same as the cash equivalent (as defined in paragraph 11.5 below). Using the above example, the trustees would be treated as having received gross income of £100 and having paid income tax of £10 on that grossed up amount. They would be subject to tax on the gross income of £100 at the rate of 32.5 per cent, although the £10 income tax deemed to have been paid can be set off against that liability. This would result in an additional tax payment of £22.50.
- (ii) Where trustees of an interest in possession trust (where the beneficiary with an interest in possession is entitled to the trust income) elect to receive new shares and treat such new shares as income, the trustees will have no further income tax liability. The tax position of a beneficiary entitled to the trust income who is a UK tax resident individual will be as set out in paragraph 11.1.1 above.
- (iii) Where such trustees elect to receive new shares and treat such new shares as capital, the trustees will not have any further income tax to pay. The beneficiary will not be entitled to the new shares (and will have no income tax to pay).

- (iv) If the new shares are held in a bare trust or in the name of a nominee, the trustee or nominee will be disregarded for the purposes of income tax.

### **11.2.2 Capital Gains Tax**

- (i) Where trustees of discretionary trusts, where no beneficiary is entitled to the trust income, elect to receive new shares, such shares will constitute a new holding of ordinary shares in the Company acquired for the cash equivalent in the manner described in paragraph 11.1.2 above.
- (ii) Where trustees of an interest in possession trust (where the beneficiary with an interest in possession is entitled to the trust income) elect to receive new shares and treat such new shares as income, a beneficiary entitled to the trust income, if a UK tax resident individual, is treated for capital gains tax purposes as having acquired the new shares for the cash equivalent, in the manner described in paragraph 11.1.2 above.
- (iii) Where trustees of an interest in possession trust (where the beneficiary with an interest in possession is entitled to the trust income but not capital) elect to receive new shares and treat such new shares as capital, the new shares will be added to the trustees' existing holding of ordinary shares in the Company and treated as though they had been acquired when the existing holding was acquired. However, the trustees will not be considered to have made any payment for the new shares, so there will be no increase in base cost.
- (iv) If the new shares are held in a bare trust or in the name of a nominee, the trustee or nominee will be disregarded and the beneficiary is treated as having acquired the new shares for the cash equivalent.

### **11.3 UK resident corporate shareholders**

**11.3.1** Where a corporate shareholder who is resident in the UK elects to receive new shares, corporation tax will not be chargeable on the new ordinary shares issued.

**11.3.2** For the purposes of corporation tax on chargeable gains, it will be assumed that no consideration has been given for the new shares. They will be added to the corporate shareholder's existing holding of ordinary shares in the Company and treated as though they had been acquired when the existing holding was acquired. On a disposal of the new shares, the base cost of the new shares will be calculated by reference to the base cost of the existing holding.

### **11.4 Gross funds**

No tax credit will attach to the new shares and no tax repayment claim can be made in respect of them; nor could such a claim be made in respect of the cash dividend.

### **11.5 General note regarding taxation**

The cash equivalent of one new share is calculated as the cash dividend not taken (150.25p).

If, on the first day of dealing on the London Stock Exchange in the new shares, the cash equivalent were to differ substantially (which, according to Inland Revenue practice, will be interpreted as around 15 per cent, or more) from the market value of a new share, the Inland Revenue may substitute that market value as the "cash equivalent".