THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your Shares, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Lexicon, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for Amlin in connection with the Acquisition and no-one else and will not be responsible to anyone other than Amlin for providing the protections afforded to clients of Lexicon or for providing advice in relation to the Acquisition or any other matters referred to in this document.

RBS Hoare Govett, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for Amlin and for no-one else in connection with the Acquisition and will not be responsible to anyone other than Amlin for providing the protections afforded to clients of RBS Hoare Govett or for providing advice in relation to the Acquisition or any other matters referred to in this document.

AMLIN

Amlin plc

(Incorporated and registered in England and Wales with registered no. 2854310)

Proposed acquisition of Fortis Corporate Insurance N.V. and Notice of General Meeting

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You should read the whole of this document carefully. Your attention is drawn in particular to the letter from the Chairman of Amlin which is set out in Part I of this document and which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Amlin to be held at the registered offices of the Company at St. Helen's, 1 Undershaft, London EC3A 8ND at 11.00 am on 1 July 2009 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by Amlin's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH as soon as possible but, in any event, so as to arrive no later than 11.00 am on 29 June 2009. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so.

Please see Part II of this document, entitled "Risk Factors", for a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	11.00 am 29 June 2009
General Meeting	11.00 am 1 July 2009
Expected date of completion of the Acquisition	July 2009

Each of the times and dates on this timetable is subject to change. As explained under "*Conditions*" in paragraph 6 of the Chairman's letter in Part I of this document, the expected date of completion of the Acquisition is indicative only and may be postponed depending upon the date of receipt of the necessary regulatory clearance. All times shown in this document are London times unless otherwise stated.

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DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Roger J Taylor	(Chairman)
	Charles E L Philipps	(Chief Executive)
	Christine Bosse	(Non-Executive Director)
	Nigel J C Buchanan	(Senior Independent Non-Executive Director)
	Brian D Carpenter	(Director)
	Richard H Davey	(Non-Executive Director)
	Martin D Feinstein	(Non-Executive Director)
	Richard A Hextall	(Finance Director)
	Anthony W Holt	(Non-Executive Director)
	Sir Mark Wrightson, Bt.	(Non-Executive Director)
Company Secretary	Charles C T Pender	
Registered Office	St. Helen's 1 Undershaft London EC3A 8ND	
Financial Adviser	Lexicon Partners Limited No. 1 Paternoster Square London EC4M 7DX	
Corporate Broker and Sponsor	RBS Hoare Govett Limited 250 Bishopsgate London EC2M 4AA	
Solicitors to the Company	Linklaters LLP One Silk Street London EC2Y 8HQ	
Auditors and Reporting Accountants	Deloitte LLP 2 New Street Square London EC4A 3BZ	
Registrar	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	

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PART I

LETTER FROM THE CHAIRMAN OF AMLIN PLC

AMLIN

(Incorporated and registered in England and Wales with registered no. 2854310)

Registered Office:
Amlin plc
St. Helen's
1 Undershaft
London
EC3A 8ND

15 June 2009

Dear Shareholder

RECOMMENDED ACQUISITION OF FORTIS CORPORATE INSURANCE N.V.

1 Introduction

On 3 June 2009, Amlin announced that it had entered into an agreement to acquire FCI, a leading provider of corporate property and casualty insurance in the Netherlands and Belgium, from the Dutch State for €350 million.

On the same day, Amlin also undertook a placing of 23,502,567 new Ordinary Shares representing approximately 5 per cent. of Amlin's issued Ordinary Share capital with institutional investors, in order to finance part of the consideration that is payable to the Seller. The placing proceeds were £75.0 million (net of expenses). The balance of the consideration will be funded by Amlin's existing cash resources.

In view of its size, the Acquisition is a Class 1 transaction for Amlin under the Listing Rules and is therefore conditional, amongst other things, on the approval of Amlin Shareholders. A General Meeting of Amlin is to be held at the registered offices of the Company at St. Helen's, 1 Undershaft, London EC3A 8ND at 11.00 am on 1 July 2009 for the purpose of approving the Acquisition. The notice convening the General Meeting is set out at the end of this document.

The purpose of this document is to provide you with details of, and background to, the Acquisition, to explain why your Board considers it to be in the best interests of Shareholders as a whole and to recommend that you vote in favour of the Resolution set out in the notice of General Meeting at the end of this document.

2 Background to and reasons for the Acquisition

As outlined previously, Amlin has a strategic objective to grow by acquisition in the belief that it is excellently positioned to leverage its specialist insurance skills and experience across new product lines and into new territories. In pursuing this strategy, the Board intends to build upon the Group's recent achievements and develop its potential faster than could be achieved purely through organic growth.

In recognition of the Group's current profile and ambitions, the Board has placed greater emphasis on identifying businesses which, inter alia:

- have a significant component of non-catastrophe exposed insurance business to rebalance Amlin's current bias towards catastrophe exposed reinsurance;
- operate within markets which are open to international participants and within lines in which Amlin has or is seeking expertise;
- share Amlin's profit-focussed underwriting culture and can benefit from its sophisticated risk management approach; and
- are successful and self-standing leaders within their own markets, with motivated employees and strong management teams.

The Board believes that a combination with FCI meets the above criteria very well and will bring considerable benefits to Amlin shareholders.

The Acquisition introduces further diversity to Amlin's existing book of business, leverages its expertise in key specialist lines where Amlin is seeking to expand, as well as providing the Group with immediate scale and infrastructure in Continental Europe, building upon its recent acquisition of Anglo French Underwriters.

Following the Acquisition, Amlin will own a leading provider of insurance and risk management solutions to corporations based in the Netherlands and Belgium. In turn, this will reduce Amlin's catastrophe exposed business as a proportion of its overall portfolio and introduce a significant element of business with a more attritional claims profile and less volatile earnings characteristics. The Board considers that this re-balancing of its underwriting portfolio will provide further capacity for cycle-managed growth in the Group's core catastrophe-exposed lines. Furthermore, the Directors believe that this is a favourable point in the insurance cycle at which to acquire FCI, as they expect an improving rating environment over the near-term across FCI's key business lines.

FCI has suffered from a period of significant uncertainty since the Nationalisation. Following the Acquisition, the Board expects that Amlin will bring a number of key benefits to FCI's brand and operations. These benefits will provide an improved level of security and enhanced operational scale for FCI's customers and brokers once FCI becomes part of Amlin with its broader range of expertise and greater financial stability. Furthermore, the introduction to FCI of Amlin's underwriting expertise and risk management processes is expected to accelerate FCI's current profit improvement programme and future development.

In summary, the Board believes that the Acquisition will provide the following benefits:

Establishment of a strong Continental European platform

- The Acquisition will establish a substantial Continental European platform, providing Amlin with immediate scale in a key strategic market and opportunities for future expansion;
- Amlin will become a leading provider of marine, liability and commercial property insurance in the Netherlands and Belgium; and
- FCI's management team will bring European expertise and strong industry credentials to lead further European growth.

Diversification and expansion of Amlin's book of business

- FCI will provide greater diversity both by class of business and geographically, adding business which is predominantly non-correlating with the Group's existing exposures, particularly with respect to natural catastrophe exposures;
- The Acquisition will also provide access to a new customer base via diversified distribution channels; and
- FCI's marine, property and fleet motor lines of business represent core areas of underwriting expertise for Amlin and product lines where the Group has been targeting expansion.

Delivery of considerable performance improvements

- The sharing of Amlin's underwriting skills and risk management processes will improve FCI's ability to drive improvements in its underwriting performance;
- The greater financial security and operational resources that Amlin will bring to FCI will be a positive factor for FCI's brokers and clients following a period of uncertainty; and
- Reinsurance synergies are expected owing to the greater diversification and economies of scale across the combined portfolio of business resulting in reduced reinsurance requirements.

Improves Amlin's financial profile

- The addition of non-correlating insurance premium relating to less volatile lines of business will improve the balance of Amlin's business profile and earnings stream;

- FCI will increase Amlin's gross financial investments by approximately €1 billion giving the Group significantly greater scale in its investment activities; and
- The Acquisition is expected to enhance earnings and return on equity ("**ROE**") in 2009 and to contribute to Amlin's cross cycle target ROE of at least 15%.

3 Current trading and prospects

Current trading and prospects for Amlin

On 13 May 2009, the Board released an interim management statement for the year to date. The full text of this announcement is set out in Part III of this document.

Amlin continues to trade in line with the Board's expectations as set out in that interim management statement.

Current trading and prospects for FCI

Trading conditions in the Dutch and Belgian markets are now bottoming out after a period of strong competition for most lines of business. In the year to date, FCI's premium income is in line with the business plan. This plan anticipated a reduction in gross written premiums both as a result of the reductions in economic activity and FCI's actions to re-underwrite some business lines in response to recent disappointing performance. Although gross premium income is likely to reduce as these measures take effect, the underwriters have been able to implement the re-underwriting steps as planned. There has been very little impact on premium volumes as a result of the uncertainty regarding the ownership of FCI.

In the marine area, rate increases have been achieved by FCI, particularly on the hull accounts, and action is also being taken to increase deductibles. For the property book, competition is less severe than in recent months and no further rate reductions are being given. The motor and liability markets remain competitive, with rates relatively stable.

Prospects of Enlarged Group

The Directors expect the Acquisition to generate considerable benefits and the Enlarged Group will be well placed to take advantage of anticipated improvements in market conditions. The Directors are optimistic about the prospects for the Enlarged Group.

4 Information on Amlin

Amlin is a leading independent insurer operating in the London and Bermuda markets. Amlin operates through two underwriting platforms: Syndicate 2001 at Lloyd's, which had gross premium income of £842 million in 2008 and which is one of the largest independently owned syndicates in Lloyd's; and Amlin Bermuda which in 2008 wrote gross premiums of US$550 million.

Amlin organises its underwriting activities into four divisions which are focused on particular business classes.

Division	Principal classes of business	Proportion of gross premiums written in 2008
Amlin London	Reinsurance, Property & Casualty, Marine and Aviation	67%
Amlin UK	UK Commercial	15%
Amlin Bermuda	Reinsurance	18%
Anglo French Underwriters	Continental European Property & Casualty	n/a

Amlin's business diversity provides a balanced exposure to risk both by class of business and geographically. Underwriting some 30 specialist business classes, Amlin has a diverse spread of risk and the ability to vary the mix of business with a view to optimising risk based returns, according to the specific market conditions for each class. Business classes that are attritional in nature, such as commercial motor, and the returns anticipated from these classes act as a good counterbalance to the more volatile classes such as property reinsurance and airline insurance.

Amlin's ratings reflect its financial strength, financial performance and risk management framework. Syndicate 2001 is rated A+ (Superior) by AM Best, 4 (Stable) by Standard & Poor's and A1 (Stable) by Moody's. Amlin Bermuda is rated A (Excellent) by AM Best, A (Stable) by Standard & Poor's and A2 (Stable) by Moody's. Following the Announcement, AM Best has placed its rating of Syndicate 2001 and Amlin Bermuda under review with negative implications.

For the financial year ended 31 December 2008, Amlin reported gross premiums written of £1,034.0m (2007: £1,044.7m) and profit on ordinary activities before tax of £121.6m (2007: £445.0m).

Amlin is listed on the London Stock Exchange with a current market capitalisation of approximately £1.7 billion.

The financial information set out in this paragraph has been extracted from Part III of this document. Shareholders should read the whole of this document and should not rely solely on the summarised financial information set out above.

5 Information on FCI

FCI is a leading provider of corporate property and casualty insurance and risk management solutions in the Netherlands and Belgium. Headquartered in Amstelveen, the Netherlands, FCI also has offices in Rotterdam, Antwerp, Brussels and Paris. FCI is regulated by the DNB and is licensed to write most lines of non-life business across Europe with the exception of motor (only Belgium and the Netherlands) and credit insurance. Formerly part of the Fortis Group, FCI was created as a result of a merger in 1999 between Fortis-Industrial and Amev-Interlloyd. On 3 October 2008, the Dutch State became the 100% shareholder of FCI as part of the Nationalisation of the Dutch entities of the Fortis Group. The Nationalisation was effected due to increasing liquidity problems faced by the Fortis Group.

In 2008 FCI wrote €763m of gross premiums in its specialist lines comprising marine, commercial property, liability and fleet motor. As at 31 December 2008, FCI had gross assets of €1.72 billion and achieved a loss before tax in 2008 of €38.4 million. The lower level of profitability in the business reflects a number of challenges faced during the period, including a softening rating environment, an unusually high frequency of large claims, investment losses in FCI's equity and bond portfolios, and the Nationalisation. The Directors are confident that (i) the profit improvement plan initiated by the FCI's management team during the current year including a re-underwriting of certain risks, (ii) the introduction of Amlin best practices across underwriting, risk and investment management, and (iii) the removal of the uncertainty surrounding FCI's future following the Nationalisation, will together provide the foundation for a return to historical levels of profitability.

Division	Principal classes of business	Proportion of gross premiums written in 2008
Marine	General cargo and commodities, ocean hull, builders' risk, yacht, inland hull, ship owners' liability	49%
Property	Fire, construction all risks, machinery breakdown	21%
Liability	General liability, professional liability	15%
Fleet	Cars physical damage, trucks physical damage, cars third party liability, trucks third party liability	8%
Other	Captives	7%

The Board believes that FCI has an experienced management team, with a proven long term record, led by Patrick Coene, Yves Warlop, Michiel Vervliet, Philippe van Oosterzee and Jaap Gispen, three of whom have been with FCI since its inception. The team has a track record of identifying and developing new lines of profitable business and entering new territories. Most recently, operations in France were started in 2008 with the current aim of writing €30m of gross premiums by 2011. FCI had a full-time workforce of 338 people as at 31 December 2008.

Part IV of this document contains financial information in respect of FCI for the three years ended 31 December 2008.

6 Terms of the Acquisition

On 2 June 2009, Amlin (Overseas Holdings) Limited (the "**Purchaser**") entered into the Acquisition Agreement with the Dutch State to purchase the entire share capital of FCI. The consideration for the shares is €350,000,000 and is payable in cash upon completion in accordance with the provisions of the Acquisition Agreement. Amlin has agreed to act as guarantor in respect of the Purchaser's obligations under the Acquisition Agreement.

Conditions

The Acquisition, because of its size, is a Class 1 transaction for Amlin under the Listing Rules and is therefore conditional on approval by Amlin Shareholders. The Acquisition is also conditional upon the Purchaser having obtained a declaration of no-objection from the DNB in relation to the Acquisition, as required by the Dutch Financial Supervision Act, with conditions (if any) acceptable to the Purchaser.

Warranties and Indemnities

Given its very recent acquisition of FCI in October 2008 as part of the Nationalisation and the lack of warranties it received when it acquired FCI, the Seller was prepared to give the Purchaser only very limited warranty cover relating to its ownership of FCI and capacity to sell the shares, the most recent audited accounts of FCI and the position of FCI since the accounts date. The indemnity cover provided is primarily limited to losses (if any) that the Purchaser might suffer were the Nationalisation to be found unlawful or otherwise improperly effected or for any losses arising out of any related claim. Further details of the risks relating to Amlin's acquisition of FCI arising out of the Nationalisation are set out in the Risk Factors in Part II of this document but, in summary, claims have been brought by Fortis Group shareholders and shareholder representative bodies alleging that the acquisition by the Dutch State of the Fortis entities acquired by it as part of the Nationalisation was unlawful and such plaintiffs might seek to injunct or otherwise prevent the sale of FCI prior to completion of the Acquisition. However, Amlin has received legal advice, and the Directors believe, that any claim that seeks to nullify the Acquisition, including any injunction prohibiting the transfer of FCI shares, is unlikely ultimately to be successful.

The Seller's liability under the warranties and indemnities are subject to customary limits, including a cap of 50 per cent. of the consideration paid for any claim for breach of warranty and a cap of 100 per cent. of the consideration paid for any breach of the indemnities. The Acquisition Agreement also contains customary undertakings regarding the conduct of the business of FCI in the period between signing and completion of the Acquisition Agreement.

Transitional Services

FCI currently obtains certain of its services from a number of companies which, prior to the Nationalisation, formed part of the Fortis Group. FCI will continue to rely on these companies to provide these services for a period of time following the Acquisition. The terms upon which such services will be provided to FCI are set out in the Transitional Services Agreement and the Separation Agreements, further details of which are set out in paragraph 8.2 of Part VI.

7 Financial effects of the Acquisition

The Board expects that, in the absence of abnormal losses, the Acquisition will be earnings enhancing for Amlin in 2009 and beyond and will enhance net assets per share over the medium term. This statement does not constitute a profit forecast and should not be interpreted to mean that the earnings or net assets per Amlin Share in the first full financial year following the Acquisition, nor in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial year.

8 Risk factors and further information

Your attention is drawn to the risk factors set out in Part II of this document and the additional information set out in Part VII of this document. Shareholders should read the whole of this document and not rely solely on the summarised information in this letter.

9 General Meeting

As noted above, completion of the Acquisition is subject to a number of conditions, including Shareholders' approval being obtained at the General Meeting.

Accordingly, you will find set out at the end of this document a notice convening a General Meeting to be held at Amlin's offices, St. Helen's, 1 Undershaft, London EC3A 8ND at 11.00 am on 1 July 2009 at which the Resolution will be proposed to approve the Acquisition.

10 Action to be taken

You will find enclosed with this document a Form of Proxy for use by Shareholders at the General Meeting or any adjournment thereof. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Amlin's Registrars Computershare Investor Services PLC no later than 11.00 am on 29 June 2009. The return of a Form of Proxy will not prevent you from attending the meeting and voting in person if you wish.

11 Financial advice

The Board has received financial advice from Lexicon in relation to the Acquisition. In providing their advice, Lexicon have relied on the Board's commercial assessment of the Acquisition.

12 Recommendation

The Board consider the Acquisition to be in the best interests of the Shareholders as a whole and, accordingly, the Board unanimously recommend Shareholders to vote in favour of the Resolution, as the Directors intend to do so in respect of their own beneficial holdings of 1,354,143 Shares, representing approximately 0.27 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares).

Yours sincerely,

R J Taylor
Chairman

PART II

RISK FACTORS

Prior to making any decision to vote in favour of the proposed Resolution at the General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific factors and risks described below. The Directors consider the following to be all the material risks of which the Directors are currently aware. The risks described below do not necessarily comprise all those associated with Amlin and/or FCI and are not set out in any particular order of priority. There may be other risks of which the Board is not aware or which it believes to be immaterial which may have an adverse effect on the business, financial condition, results or future prospects of the Enlarged Group after the Acquisition.

RISKS RELATED TO THE ACQUISITION

FCI relies on the Fortis Group for a number of services

FCI currently obtains certain of its services from a number of companies which, prior to the Nationalisation, formed part of the Fortis Group (the "**Fortis Service Providers**"). These services include underwriting, reinsurance administration, claims handling, IT, asset management, accounting, internal audit, tax, financial operations and the provision of premises, as well as a variety of technology and systems services.

Pursuant to the terms of the Transitional Services Agreement and the Separation Agreements (further details of which are set out in paragraph 8.2 of Part VI of this document), FCI will continue to rely on the Fortis Service Providers to provide these services for a period of time following the Acquisition, up until potentially the end of June 2011.

There can be no guarantee that the services currently provided by the Fortis Service Providers and to be provided under the Transitional Services Agreement and the Separation Agreements will, following the Acquisition, be provided to the standards required by FCI or be available to the Enlarged Group on acceptable terms (including as to scope, service level and price). In addition, there can be no guarantee that the services provided under the Transitional Services Agreement and the Separation Agreements constitute all of the services made available historically by the Fortis Service Providers to FCI, or that such services will not be subject to periods of interruption or non-availability. Any such interruption or non-availability could result in business interruptions for FCI, which may have a material adverse effect on FCI's business, results of operations, financial condition and prospects, and ultimately, that of the Enlarged Group.

In addition, because the services to be provided under the Transitional Services Agreement and the Separation Agreements evolved out of an intra-group services provision arrangement, these agreements contain various limitations on the liability of the Fortis Service Providers thereunder. As a result, FCI could incur liabilities that it is not able to recoup from the Fortis Service Providers.

Furthermore, if the services provided by the Fortis Service Providers (or any of them) are not of the quality required by FCI and/or cease to be available on acceptable terms and/or FCI fails to transition the services to the Enlarged Group or a third-party supplier successfully within the period for which the transitional services are to be provided, there may be a material adverse effect on FCI's business, results of operations, financial condition and prospects, and ultimately, that of the Enlarged Group. In particular, as the transitional IT services to be provided under the Transitional Services Agreement will terminate in June 2011 at the latest, FCI will need to migrate to a new IT environment prior to such date. This will include the development of a new core insurance application, the replacement of certain supporting systems and the migration of up to 20 years of historic FCI claims data. Amlin will require strong transitional support to assist in the development of the new application. In addition, there is the potential that FCI business needs will not be met by the new insurance application, that the separation costs will be significantly higher than expected and that the IT environment & services available during the transitional period will be inadequate.

In addition, while FCI has established, through the Transitional Services Agreement and the Separation Agreements, the scope of, and the agreed principles to be used for charging for, services it requires for FCI following the Acquisition, if further services have to be obtained and/or additional corporate functions fulfilled, and/or if its cost estimates are incorrect, and/or if the actual prices to be charged (based on the agreed principles) cannot be finalised, then the Enlarged Group may need to incur further, potentially significant, expense in order to implement its business objectives. Changes in the Enlarged Group's cost base may have a material adverse effect on its business, results of operations, financial condition and prospects.

Competition from Fortis Group companies

Following the Nationalisation, FCI will potentially be in competition with other members of the Fortis Group against which it did not previously compete. Increased competition could result in loss of income, lower premium rates or less favourable policy terms and conditions which could materially adversely affect FCI's growth and profitability.

Employee Transfers

A significant number of the people conducting FCI's Belgian operations are seconded to FCI from FIB. Following the Acquisition, it is expected that some or all of these people will transfer their employment to FCI. Although Amlin has offered incentives to these people to transfer, there is no guarantee that they will. Should a significant number of these people decide not to transfer, FCI may, in particular in the short term after expiry of the transitional period under the Transitional Services Agreement, have difficulty in continuing to conduct its Belgian operations in the manner in which it currently operates. Any such interruption in FCI's Belgian operations would have a material adverse effect on FCI's business, results of operations, financial condition and prospects, and ultimately, on that of the Enlarged Group.

Integration of FCI

There can be no assurance that Amlin will successfully integrate FCI into its existing operational structure. There are risks associated with the diversion of management's attention from other aspects of the business, unanticipated events or liabilities, and difficulties in relation to retaining key personnel or assimilating operations, any of which could have a material adverse effect on the business, condition or prospects of the Enlarged Group.

Expected costs and synergies

While Amlin believes that the costs and synergies expected to arise from the Acquisition have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits derived from the Acquisition, or in costs significantly in excess of those estimated.

Claims and investigations arising from the Nationalisation

The Nationalisation has resulted in certain investigations and claims being made against the Dutch State. These include an investigation by the European Commission into whether measures provided by the Dutch State in favour of the Fortis Group comply with EU state aid rules and several claims by Fortis Group shareholders and shareholder representative bodies alleging that the acquisition by the Dutch State of the Fortis entities acquired by it as part of the Nationalisation was unlawful or otherwise improperly effected, primarily on the basis that shareholder consent was not obtained and that the Dutch State abused the circumstances.

Although the Dutch State has provided a limited indemnity (capped at the consideration paid by Amlin to the Dutch State) in favour of Amlin to protect against any losses arising from such claims and investigations, there is a risk that if such claims and/or investigations result in a court decision that the Nationalisation was unlawful or otherwise improperly effected, the Acquisition could be deemed void or FCI might otherwise need to be returned to the Dutch State or the Fortis Group, although Amlin has received legal advice, and the Directors believe, that any claim seeking such a court decision is unlikely ultimately to be successful.

In addition, plaintiffs might seek to injunct or prevent the sale of the FCI shares by the Dutch State prior to completion of the Acquisition, provided such plaintiffs receive leave from a competent court in accordance with applicable law. Any such injunction or similar action could prohibit the transfer of the FCI shares to Amlin and delay, or prevent entirely, completion of the Acquisition, although, again, Amlin has received legal advice, and the Directors believe, that any such claim is unlikely ultimately to be successful.

Following the announcement of the Acquisition on 3 June 2009, Amlin received letters from certain of the plaintiffs who have brought claims against the Dutch State notifying Amlin of these proceedings and drawing its attention to the aforementioned risks. There is a risk that Amlin could be joined as a party to such proceedings.

Forecast income

Amlin's decision to proceed with the Acquisition is based, *inter alia*, on an analysis of the forecast income of FCI. Such analysis was conducted in reliance upon certain assumptions regarding FCI's business which may or may not be accurate. The forecast income of FCI is also subject to known and unknown risks, uncertainties and other factors which may cause the actual income of FCI to be materially different from the forecast income.

RISKS RELATED TO AMLIN AND, FOLLOWING COMPLETION, THE ENLARGED GROUP

Throughout its global operations, the Enlarged Group will face various risks, both internal and external, which could have a material impact on the Enlarged Group's long-term performance. Amlin intends to continue its practice of managing the risks inherent in its operations in order to mitigate exposure to all forms of risk, where appropriate and practical, and to transfer risk to insurers, where cost effective.

Underwriting insurance risks is a high risk business

The underwriting of insurance risk is, by its very nature, a high-risk business. Earnings can vary accordingly and losses may be incurred which could significantly reduce the profitability and net assets of Amlin and impact on its ability to pay dividends to Shareholders. Earnings can be affected by unpredictable events or circumstances. These may include natural and man-made disasters, acts of war, terrorism, piracy and political instability, the emergence of latent risks, changes in law and the interpretation of law or precedent (including in relation to the measurement of damages), as well as social and political changes, fluctuations in the global investment markets and the capacity of the global insurance market. The impact of such events on the underwriting business of the Enlarged Group could have a material adverse effect on its reputation, financial condition and/or operating results.

Availability of reinsurance

From time to time, market conditions have limited, and in some cases have prevented, insurers and re-insurers from obtaining the types and amounts of re-insurance that they have previously purchased for the transfer of risk in excess of risk appetite. For example, following the hurricanes of 2005, some reinsurers withdrew from certain markets resulting in reduced capacity and those remaining tightened terms and increased premium rates. Accordingly, the Enlarged Group may not be able to obtain the amount of reinsurance protection that it desires in order to reduce exposures. Furthermore, even if the Enlarged Group was to obtain such reinsurance, it may not be able to negotiate acceptable terms or obtain such reinsurance from entities with sufficient creditworthiness.

Insurance market is highly competitive

The insurance market is highly competitive. Increased competition could result in lower premium rates or less favourable policy terms and conditions which could materially adversely affect the Enlarged Group's growth and profitability. Premium levels may be adversely affected by increases in insurance industry capital, increases in reinsurance capacity, reduction of prices in response to favourable loss experience and other adverse factors, any of which could develop during a relatively short period and all of which could have a material adverse effect on Amlin's reputation, financial condition and/or operating results.

Key employees

The business of the Enlarged Group, including its expertise in writing certain classes of business, may be adversely affected if certain key individuals either cease to be employed by the Enlarged Group or their services otherwise cease to be available to the Enlarged Group and suitable replacements cannot easily be found.

Actual claims may exceed claims provisions

Claims provisions or reserves represent estimates involving actuarial and statistical projections at a given point in time of the Group's expectations of the ultimate settlement and administration costs of claims incurred. The Group utilises both proprietary and commercially available actuarial models as well as historical loss development patterns to assist in the establishment of appropriate claim reserves. The process of establishing claims reserves is highly judgemental. The majority of the Group's business is short-tail property and liability where losses tend to be reasonably predictable, are reported promptly and are usually settled within a reasonable period of time compared with other classes of business. Actual claims and claim expenses paid, however, may deviate, substantially from the reserve estimates reflected in the Group's financial statements. In addition, in relation to inwards reinsurance business written, because the Group, like other reinsurers, does not separately evaluate each of the individual risks assumed under reinsurance treaties, the Group is largely dependent on the original underwriting decision made by ceding companies. The Group is subject to the risk that the ceding companies may not have adequately evaluated the risks to be reinsured and that the premiums ceded may not adequately compensate the Group for the risks it assumes.

It is possible that claims in respect of events that have occurred could exceed the Group's claims reserves and have a materially adverse effect on the Group's results in a particular period.

The Enlarged Group is reliant on government-sponsored terrorism reinsurance pool arrangements

Following the terror attacks on 11 September 2001, terrorism reinsurance became unavailable at acceptable rates and various countries therefore established a limited governmental reinsurance (or similar) protection for certain insured risks arising from defined terrorist events. Different members of the Enlarged Group currently participate in these programmes or pools in France, Belgium, the United Kingdom, Australia, the United States and the Netherlands. There is no guarantee that this protection will be sufficient in the event of a terrorist attack or that it will continue to be extended by governments until commercial terrorism reinsurance becomes generally available at acceptable rates (if ever). Given ongoing global tensions, future terrorist activity leading to insurance losses is possible. This may have a material adverse effect on the Enlarged Group's results.

Adverse impact of losses accumulating from different insureds and arising from a generic or catastrophic event, including global warming and climate change

The Enlarged Group will be exposed to losses resulting from natural disasters and other catastrophic events caused, amongst other things, by global warming or other climate change. The incidence and severity of such events are inherently unpredictable and the losses incurred by the Enlarged Group from such events could be substantial, particularly as a result of the accumulation of losses from different insureds. The occurrence of large claims from such events may result in substantial volatility in the Enlarged Group's financial results and could impact its ability to write new business. Although the Enlarged Group will attempt to manage its exposure to such events, a single event could affect multiple geographic zones or the frequency or severity of such events could exceed the Group's estimates, which could have a material adverse effect on the Enlarged Group's financial condition and operating results.

Past results

The past results of the Lloyd's market, Syndicate 2001, FCI and the Group are historical records and may not be a reliable guide to future prospects.

Distribution channels

Amlin and FCI rely heavily on insurance and reinsurance brokers to distribute and market their products. Brokers are independent of Amlin and FCI. No broker is committed to recommend or sell the products of Amlin or FCI; indeed, they may sell competing products. Therefore, the Enlarged Group's relationships with its brokers are important, and the failure, inability or unwillingness of brokers to market the Enlarged Group's products could have a material adverse affect on the Enlarged Group's financial performance.

Amlin and FCI's reliance on brokers also leads to a significant credit exposure for premium income. If a key broker were to fail, the result could be a material bad debt for the Enlarged Group. Amlin and FCI monitor their exposure to individual brokers and their creditworthiness with a view to minimising the impact if a single broker were to fail.

Coverage disputes can increase expenses and incurred losses

There can be no assurance that various provisions of the Enlarged Group's insurance policy forms and reinsurance contracts, such as limitations on, or exclusions from, coverage, will be enforceable in the manner intended. Disputes relating to coverage and choice of legal forum can be expected to arise, as a result of which the Enlarged Group may incur losses beyond those that it contemplates incurring pursuant to its reinsurance contracts or insurance policies. Disputes can also arise on reinsurance contracts purchased to protect the Enlarged Group which may result in additional retained loss.

Exchange rate risks

A proportion of the Enlarged Group's business is written or will be written in currencies other than sterling (being the currency in which Amlin reports its results) and significant net assets are held in US dollars and Euros. Consequently, the Enlarged Group is exposed to changes in exchange rates in respect of transactions in other currencies. There is no guarantee that hedging arrangements or any other foreign exchange strategy that the Enlarged Group undertakes will be successful in preventing losses due to such changes.

Investment risks

The Enlarged Group holds significant investments for capital purposes to support its liabilities and the profits of the Enlarged Group depend in part upon the returns achieved on its investment portfolio. Therefore, changes in interest rates, equity returns and other economic variables may substantially affect Amlin's financial performance. A fall in the capital value of the Enlarged Group's investments may result in a reduction in the capital of the Enlarged Group, which would reduce the amount of business Amlin's insurance operations are able to underwrite and could result in a material adverse effect on the Enlarged Group's reputation, financial condition and/or operating results.

Credit ratings

The ability of the Enlarged Group to underwrite classes of business at current levels is dependent on the maintenance of a satisfactory credit rating issued by an accredited rating agency. Syndicate 2001 has an A+ (Superior) rating from AM Best and Amlin Bermuda an A (Excellent) rating from AM Best and an A (Stable) rating from Standard & Poors. FCI has a A- rating from Standard & Poors and a A- rating from Fitch. These ratings are particularly important for the conduct of reinsurance and commercial insurance business. Amlin and FCI's global credit rating may also be affected by matters outside Amlin and FCI's influence or control (particularly in relation to Syndicate 2001 which benefits from its position in the Lloyds market), such as the underwriting performance of other syndicates. The Enlarged Group could be adversely affected if the current ratings were downgraded from their present levels. Following the announcement, AM Best has placed its rating of Syndicate 2001 and Amlin Bermuda under review with negative implications.

Considerations relating to Lloyd's and other Enlarged Group regulators

General

The Enlarged Group operates in a regulated industry. Its underwriting activities are regulated by the FSA, the Bermudan Monetary Authority ("**BMA**"), the DNB and Lloyd's. The FSA, the Bermuda Monetary Authority and the DNB have substantial powers of intervention in relation to the companies and members of Lloyd's which they regulate, including the power to remove their authorisation to carry out or effect contracts of insurance.

Most of the regulation governing the carrying on of insurance business in the Netherlands, Belgium, France and the United Kingdom is imposed as a result of European Directives. There can be no assurance that future legislation may not have an adverse effect on the Enlarged Group.

Lloyd's franchise obligations and the business plan

Following the introduction of the proposals made by the Chairman's Strategy Group for the modernisation of the Lloyd's market, all franchisees, including the Group, are required to comply with Lloyd's "franchise principles" and have their syndicate business plan approved by the Lloyd's

Franchise Board. The Lloyd's Franchise Board may require changes to any business plan presented to it for approval, which could lead to a change in business strategy for Syndicate 2001 which may have an adverse effect on the Amlin's financial condition and operating results.

Value of funds at Lloyd's

A proportion of the Group's funds at Lloyd's is provided by means of secured investments. The capital value of these investments may fall as well as rise and the income derived from them may fluctuate. Should the value of the funds at Lloyd's of the Group be reduced due to changes in value or to meet underwriting or other relevant liabilities, the Group's underwriting capacity may be reduced. Lloyd's also has the power to reduce the underwriting capacity of the Group or to prohibit any of Amlin's corporate members from underwriting if at any time the value of one or more of the relevant corporate members' total funds at Lloyd's falls by more than 10 per cent. from the funds required at the last annual "coming into line" exercise and such shortfall is not made good by the Group, which might not always be possible. A reduction in the Amlin's underwriting capacity could adversely affect its financial condition and operating results.

Risk based capital

The capital solvency ratio which is required by Lloyd's to be maintained by corporate members within the Group in the form of funds at Lloyd's to support the underwriting activities of such corporate members is determined by a risk based capital assessment. This calculates the capital requirement by taking account of the type, volume and diversification of the business underwritten, and applying various stress tests and scenario analyses to allow for market, operational, insurance, and various other risks. The process and the method by which the capital requirement is calculated may alter from year to year and the Group's future underwriting capacity may be reduced as a consequence, which in turn may have material adverse consequences for Amlin's results. In addition, Lloyd's managing agents are required to comply with the FSA prudential requirements, which impose inter alia, an enhanced capital requirement and a further requirement for managing agents to assess the financial resources needed to support the risks of the insurance business that they manage, taking account of the underlying risks, the effectiveness of controls that mitigate those risks and stress and scenario tests. This individual capital adequacy requirement aims to achieve a better assessment of the capital needed to support each syndicate, based on modelling individual syndicate robustness under a number of possible scenarios. Any failure by Amlin to comply with these requirements may affect the amount of business which the Group may underwrite and/or could result in sanctions being imposed by the FSA.

Risk of Equitas failure

Amlin's subsidiaries which are (or have been) Lloyd's corporate members did not participate in 1992 and prior business.

However, in the event that Equitas, the entity to which 1992 and prior years have been reinsured, were to fail, the Group could still be adversely affected. In those circumstances, Lloyd's would be required to consider whether it wished to make good any shortfall or replenish the regulatory deposits (or replace or effect any retrocessions or portfolio transfers) which may have been used to meet policyholder claims. This might require the use of the Central Fund (see below) following prior approval of the members at Lloyd's in general meeting. If the Central Fund is used for either of these purposes an additional Central Fund levy might be imposed, subject to approval by vote, on all members underwriting on the relevant year of account in proportion to their underwriting capacity although this levy might be weighted towards continuing members having an exposure to any unpaid liability in respect of 1992 and prior underwriting years.

Regulatory authorities in a number of jurisdictions require the maintenance of deposits for the protection of policyholders as a condition of their regulatory approval and accreditation of Lloyd's. If Equitas were to fail to meet its liabilities in full, the deposit in place at that time could be vulnerable to seizure by regulators or policyholders. The Lloyd's market would have to consider making good any part of the deposit required to be used to meet its liabilities, or risk being unable to continue to do business in the relevant jurisdiction.

Equitas entered into reinsurance and claim management arrangements with subsidiaries of the Berkshire Hathaway Group in November 2006. Under those arrangements, National Indemnity Company ("**NIC**") reinsured Equitas from March 2007 and Resolute Management Services Limited took over administration of the run-off/claims management process. A proposed portfolio transfer is currently before the Courts, pursuant to which Equitas will transfer certain of its reinsurance liabilities to a newly formed company within the Equitas group with an intended effective date of 30 June 2009. Under the 2006 arrangements, if this portfolio transfer is approved by the Court and effected before the end of 2009, Equitas will be able to call on a commitment by NIC to make further reinsurance protection available for purchase by Equitas. There is a risk that the above arrangements will fail and/or NIC will become unable to pay claims under the Equitas-related retrocession and reinsurance agreements. In those circumstances, the risk of a New Central Fund levy remains.

The Central Fund

Despite the principle that each member of Lloyd's is only responsible for the proportion of risk written on its behalf, the Central Fund acts, *inter alia*, as a policyholders' protection fund to make payments where other members have failed to pay valid claims. The Council may resolve to make payments from the Central Fund for the advancement and protection of policyholders, which could lead to additional or special levies being payable by the Group.

Lloyd's solvency

The FSA requires Lloyd's to satisfy an annual solvency test. The solvency requirement is in essence that Lloyd's has sufficient assets in aggregate to meet all outstanding liabilities of members of Lloyd's, both current and in run-off. If Lloyd's fails to satisfy the test in any year, the FSA may require Lloyd's to cease trading and/or members to cease or reduce underwriting. In the event of Lloyd's failing to meet any solvency requirement, either the Society of Lloyd's or the FSA may apply to the court for a Lloyd's Market Reorganisation Order ("**LMRO**"). On the making of an order a "reorganisation controller" is appointed, and for its duration, a moratorium is imposed preventing any proceedings or legal process from being commenced or continued against any party against whom the order has been made. It is intended that such an order, if made, would apply to the market as a whole, including members, former members, managing agents, members' agents, Lloyd's brokers, approved run-off companies and coverholders unless individual parties are specifically excluded.

Lloyd's trading licences

Lloyd's worldwide insurance and reinsurance business is subject to local regulation. Changes in such regulation may have an adverse effect on members generally and on the Enlarged Group.

Lloyd's charges

Lloyd's imposes a number of charges on businesses operating in the Lloyd's market, including, for example, annual subscriptions and central fund levies for members and policy signing charges. The bases and amounts of these charges may be varied by Lloyd's and could adversely affect the Enlarged Group's financial and operating results.

Lloyd's U.S. trading arrangements

The U.S. Situs Trust Deeds require syndicates trading in certain businesses in the United States to maintain minimum deposits as protection for US policyholders. These deposits represent the syndicates' estimates of unpaid claims liabilities (less premiums receivable) relating to this business, adjusted by provisions for potential bad debt on premiums earned but not received and for any anticipated profit on unearned premiums. No credit is generally allowed for potential reinsurance recoveries.

The New York Insurance Department and the U.S. National Association of Insurance Commissioners currently require funding of 30 per cent, of gross liabilities arising under "Surplus Lines" business. The "Credit for Reinsurance" trust fund is usually required to be funded at 100 per cent. of gross liabilities. The funds contained within these deposits are not ordinarily available to meet trading expenses. US regulators may increase the level of funding required or change the requirements as to the nature of funding.

Accordingly in the event of a major claim arising in the United States, for example from a major catastrophe, syndicates participating in such U.S. business may be required to make cash calls to meet claims payment and deposit funding obligations.

Recently, the National Association of Insurance Commissioners (the "**NAIC**") adopted a conceptual framework that would reduce reinsurers' collateral requirements based on a new system of ratings for reinsurers. The NAIC recently prepared draft federal enabling legislation, which is currently subject to comment and further review, to implement the conceptual framework.

Considerations relating to third party non-managed syndicates

For the 1999 and prior years of account, the Group participated in a number of third party syndicates, some of which have years of account in run-off. The results of such syndicates, the closure of years of account of such syndicates and any cash calls required to be made by them to fund cash deficiencies are not within the control of the Group and may have a material adverse effect on the Enlarged Group's results.

In addition, FCI has provided reinsurance services in respect of the Argenta Syndicate 2121. The results of such syndicate, the closure of years of accounts of such syndicate and any cash calls required to be made by it to fund cash deficiencies are not within the control of FCI and may have a material adverse effect on the Enlarged Group's results.

New EU Insurance and Re-Insurance Directives, including "Solvency II"

Most of the regulation governing the carrying on of insurance business in the United Kingdom is imposed as a result of European directives. A new composite directive (known as Solvency II) covering the prudential supervision of all insurance and reinsurance companies has been developed to replace the existing life, non-life insurance and reinsurance directives. The new directive is due to be implemented by Member States by 31 October 2012. There is also a bill known as the Equality Bill that has been tabled in Parliament in response to the EU's equal treatment directives including amongst other things prohibitions on age discrimination in connection with the supply of goods and services, including financial goods and services. The Equality Bill was presented to Parliament for its first readings on 24 April 2009. There can be no assurance that these proposed directives or other future legislation may not have an adverse effect on the Enlarged Group.

Change in FSA policy on the disclosure of commission

In December 2007 the FSA announced a programme of investigation into inefficiencies in the commercial general insurance sector including issues surrounding the transparency of broker remuneration. The review considered whether the issues warranted mandatory commission disclosure. A discussion paper was published by the FSA in March 2008 which considered the possible remedies to ensure greater transparency and a feedback paper was published on 16 December 2008 announcing that the FSA will allow the industry two years to produce an industry-led solution. There can be no assurance that the ultimate outcome of the review will not adversely affect the Group.

Expiry of the European Insurance Block Exemption

The block exemption regulation for the insurance sector applicable to article 81(3) of the EC Treaty (the "**Insurance Block Exemption**") will expire on 31 March 2010. The Insurance Block Exemption currently applies to certain categories of agreements, decision and concerted practices in the insurance market. The European Commission are currently reviewing whether to extend the Insurance Block Exemption. In March 2009, the European Commission published for consultation its thinking on the future of the block exemption regulation for the insurance sector.

The current rules allow for exemptions from Article 81(1) EC Treaty for four categories of cooperation between insurance companies, but the future of all of them is being reviewed. In particular, the Commission has stated that (i) it believes that the joint preparation of common standard policy conditions are not a sufficiently special feature of the insurance sector to merit continued exemption and (ii) that requirements made of policyholders by insurers jointly relating to (technical) security devices on property covers are again not felt by the Commission to be a special feature of the insurance sector, but more of a general "standard setting". It is therefore likely that the Commission will not renew these parts of exemption and will instead simply apply the general antitrust provisions when assessing common contract terms and conditions. In addition, the Commission proposes tightening the rules relating to co-insurance pools by requiring that market shares both inside and outside the insurance pool would in future have to be taken into account when examining an insurer's market share threshold. Finally, although the Commission has indicated that it is sympathetic to the continued use of joint calculations, tables and studies in the insurance sector, there can be no guarantee that the Commission will not amend the part of the Insurance Block Exemption available to such arrangements.

The Commission is organising a public meeting in Brussels on 2 June 2009 to discuss these proposal further. However, there can be no assurance that the Commission will renew any part of exemption and there can be no assurance that the proposed changes to the Insurance Block Exemption will not have an adverse impact on the Enlarged Group.

Funding risks

Considerations relating to Funding

The Group's debt facilities contain a number of covenants in relation to potential events of default. If the Group's performance worsens significantly, it is possible that these covenants might be breached, although Amlin does not anticipate any breach of its banking covenants within the next 12 months. Any breach of covenant could trigger default clauses and, if the facilities have been drawn upon, the repayment terms of the relevant facilities could be accelerated.

Security of funding

The Group's corporate members' funds at Lloyd's requirements are satisfied by investments charged to Lloyd's. If any of the Group's corporate members fail to meet any of its liabilities under the policies of insurance that it underwrites, Lloyd's (as trustee for the relevant policyholders) may draw funds from the relevant charged investments to meet those liabilities.

In addition, Fortis Bank has provided various guarantees and a standby letter of credit on behalf of FCI under the terms of the facility agreement entered into between FCI and Fortis Bank (as further described in paragraph 8.2.1(d) below). As Fortis Bank is able to terminate such guarantees and the standby letter of credit at its discretion, there is a risk that FCI may be required to procure replacement guarantees and/or letter of credit at short notice and potentially at significant additional cost.

Amlin may require additional capital in the future

Future capital requirements depend on many factors, including the Enlarged Group's ability to write business successfully and establish premium rates and reserves at levels sufficient to cover losses. To the extent that Amlin has insufficient funds to finance future operational requirements, it may be necessary to raise additional funds through equity or debt financings or alternatively to curtail the Enlarged Group's growth, although Amlin does not anticipate that it will need to raise additional funds within the next 12 months. Any equity or debt financings, if available at all, may be on terms that are not favourable to the issuer. If adequate capital cannot be obtained, Amlin's operating results and financial condition could be adversely affected.

SPECIFIC RISKS RELATING TO AMLIN BERMUDA

Regulation by the BMA

Amlin Bermuda is regulated by the BMA. Among other matters, Bermudian statutes, regulations and policies of the BMA require Amlin Bermuda to maintain minimum levels of statutory capital, being surplus and liquidity capital, to meet solvency standards, to obtain prior approval of ownership and transfer of its shares and to submit to certain periodic examinations of its financial condition. These statutes and regulations may, in effect, restrict Amlin Bermuda's ability to underwrite reinsurance business, to make certain investments and to distribute funds.

Classes of business underwritten by Amlin Bermuda

Amlin Bermuda underwrites business that gives it a substantial exposure to losses resulting from natural disasters and other catastrophic events. Catastrophes can be caused by various events, including hurricanes, earthquakes, hailstorms, explosions, severe winter weather, floods, global warming, tornadoes and fires. The incidence and severity of such catastrophes are inherently unpredictable and the losses incurred by Amlin Bermuda from such catastrophes could be substantial. The occurrence of large claims from catastrophic events may result in substantial volatility in the company's financial results and could impact its ability to write new business. Although the company will attempt to manage its exposure to catastrophic events, a single catastrophic event could affect multiple geographic zones or the frequency or severity of catastrophic events could exceed the company's estimates, which could have a material adverse effect on the company's financial performance and/or condition or on its results or operations.

Taxation of Amlin Bermuda

Amlin Bermuda is currently managed in such a way that it is resident for tax purposes only in Bermuda, that it has no taxable permanent establishments or other taxable presence in any other jurisdiction, and that its profits will not be subject to tax outside Bermuda unless and until such profits are remitted to another jurisdiction by way of dividend. However, if Amlin Bermuda is found to be tax resident elsewhere or to have a taxable permanent establishment or other taxable presence elsewhere, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the amount of tax payable by Amlin Bermuda.

Bermuda employment restrictions

From time to time, Amlin Bermuda will need to hire additional employees to work in Bermuda. Under Bermudian law, non-Bermudians (other than spouses of Bermudians) may not engage in any gainful occupation in Bermuda without an appropriate governmental work permit. Work permits may be granted or extended by the Bermudian government upon showing that, after proper public advertisement in most cases, no Bermudian (or spouse of a Bermudian) is available who meets the minimum standard requirements for the advertised position. It is possible that Amlin Bermuda could lose the services of a key employee who is non-Bermudian if the company is unable to obtain or renew their work permit and this could have a material adverse effect on the business or on its results of operations.

GENERAL RISKS RELATING TO THE ECONOMY, REGULATION AND COMPETITION

Recent market volatility

With operations worldwide, the Enlarged Group's businesses are subject to various risks inherent in their international operations, including economic, political and operational risks.

The global financial system has been experiencing severe difficulties since August 2007 and, in particular, financial markets have deteriorated dramatically since the bankruptcy filing by Lehman Brothers in September 2008. This has led to a severe dislocation of financial markets around the world and unprecedented levels of illiquidity in the global financial system. In response to market instability and illiquidity, a number of governments, including those of the UK, other EU member states and the US, have intervened in order to inject capital into, and generate additional liquidity in, financial markets to promote stability, and, in some cases, to prevent the failure of financial institutions. The deterioration in financial markets has impacted the wider global economy and the UK, other EU member states and the US are in recession. Although some element of stability has returned in recent months, there is no certainty that there will not be further volatility and disruption of the capital and credit markets in the future.

The precise nature of all the risks and uncertainties Amlin faces as a result of the current global financial and economic crisis cannot be predicted and many of these risks are outside Amlin's control. If current levels of market disruption and volatility continue, worsen or are extended, Amlin may experience reductions in trading activity (including insured valuations and numbers of insureds), a lower share price, the financial failure of one or more of its key customers and lower profitability.

Even if the current market disruption and volatility abates, the global recession or deeper recessionary conditions in one or more countries significant to Amlin's businesses may adversely impact Amlin's earnings and financial position.

Effect of governmental policy and regulation

The Enlarged Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the United Kingdom, the European Union, the United States and elsewhere. All these are subject to change, particularly in the current market environment where recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. Following the Turner Review published by the FSA in March 2009, it is highly likely that there will be changes to the regulatory regime, which may potentially restrict the Enlarged Group's operations, mandate certain risks to be covered and impose other compliance costs. It is uncertain how the more rigorous regulatory climate will impact financial institutions including the Enlarged Group.

RISKS RELATED TO AMLIN'S SHARES

Price volatility

The trading price of Amlin's Ordinary Shares may be volatile and subject to wide fluctuations. The ordinary share price may fluctuate as a result of a variety of factors, including the operating and share price performance of other companies in the industries and markets in which the Enlarged Group operates; speculation about the Enlarged Group's business in the press, media or the investment community; changes to the Enlarged Group's sales or profit estimates; the publication of research reports by analysts; and general market conditions.

Dividends

Amlin's policy is to declare and pay dividends if profits and funds are available for that purpose. Whether funds are available will depend on a variety of factors, including the amount of cash available and the Enlarged Group's capital expenditure and other cash requirements and constraints at the time. As a result, there can be no assurance on whether cash dividends or similar payments will be paid out in the foreseeable future or of their amount.

PART III

TRADING UPDATE BY AMLIN

The following is the full text of the interim management statement released by Amlin on 13 May 2009.

1 Trading environment

As predicted there has been a steady improvement in the trading environment since the year end across a number of our key classes. It is expected that rating levels will continue to improve for many of our lines of business through 2009, although the speed and extent of change will continue to vary.

The average renewal rate of increase for the Group during the first four months was 4.0%, with renewal retention at a healthy 89.2%. This is analysed by division in the table below:

	2009 gross written premium to 30 April	Renewal rate change	Renewal retention ratio
	(£ million)	(%)	(%)
Amlin London	519.8	4.4	87.9
Reinsurance	237.3	6.3	93.7
Property and Casualty	119.1	2.3	80.3
Marine	136.1	4.2	85.2
Aviation	27.2	(0.9)	85.2
Amlin UK	57.4	1.0	85.9
Amlin Bermuda	134.3	3.9	95.6
Anglo French Underwriters	18.2	n/a	n/a
Total / Average	**729.7**	**4.0**	**89.2**

Catastrophe reinsurance business, written within Amlin London and Amlin Bermuda, has experienced good rate increases and this area of our business continues to offer excellent margin potential.

Within the reinsurance portfolio, the US catastrophe account has had average rate increases of between 7% and 10%, with the largest increases in zones affected by 2008 hurricane activity. The rate of increase in the international catastrophe book is slower, but improvements to rates have been achieved. Notably, the recent Japanese catastrophe reinsurance renewals had an average 8% increase.

Elsewhere, Property and Casualty business, having recently traded towards the bottom of the cycle, is beginning to show early signs of improvement. Increased upward pressure is anticipated as the year progresses.

In our Marine business, the energy account has seen a sharp uplift in rates in response to the 2008 hurricanes, with an average increase of 19% in the period. Hull and liability rates also improved by 9% and 7% respectively, with modest increases in most other Marine classes.

Our appetite for airline business has been limited while airline rates have remained competitive. Following a number of notable losses in the year to date and with most airline business renewing in the latter part of the year, we remain optimistic of improvements in the rating environment in 2009.

The trading environment for Amlin UK is also improving. Increases to fleet motor rates, often the first sign of upward pressure in the wider UK commercial market, averaged 3.5% in the period. While rate increases so far are still relatively small, it is notable that there has been a significant increase in the level of quotes provided year on year and, more importantly, in the overall conversion ratio. Having recently made a number of strategic investments, including the strengthening of our UK property team in April, we are well positioned to take advantage of the expected upturn in the UK market through 2009 and beyond.

2 Premium written

The Group's gross written premium (before deduction of brokerage) in the first four months ended 30 April 2009 was up 39.2% at £729.7 million (30 April 2008: £524.2 million). The increase was supported by the appreciation of the US Dollar relative to sterling. At constant exchange rates written premium increased by 14.5% (30 April 2008; £637.2 million).

Excluding the positive impact of foreign exchange, the underlying variance in written premium reflects the overall improvement in the general rating environment and the addition of new business, including the acquisition of Anglo French Underwriters SAS in November 2008 which generated £18.2 million of premium in the four months to 30 April 2009.

Syndicate 2001 contributed £595.4 million of premium, an increase of 35.4% (30 April 2008: £439.7 million), with our Reinsurance business accounting for 48.6% of this increase.

Amlin Bermuda has written US$194.7 million of direct income in the first four months representing an increase of 16.4% on the prior year period (30 April 2008: US$167.2 million).

Syndicate 2001 increased its cessions to Amlin Bermuda in the first four months with £29.4 million (2008: £21.4 million) of specific cessions and the 2009 whole account quota share to Amlin Bermuda rising to 17.5% (2008: 12.5%).

3 Outwards reinsurance

As expected, retrocessional reinsurance has become scarcer and more expensive, as the risk appetite of reinsurers has become constrained and capital markets activity in this area has fallen. Amlin has continued to purchase retrocessional reinsurance, though the overall level of cover has reduced. However, Special Purpose Syndicate 6106, which was established in November 2008 to write a 15% quota share of Syndicate 2001's excess of loss accounts, provides an alternative risk transfer mechanism. For the three months to 31 March 2009, premium ceded to Special Purpose Syndicate 6106 was £39.6 million, against total capacity of £67.3 million at 31 March rates of exchange.

Excluding the Special Purpose Syndicate 6106, reinsurance expenditure as a proportion of gross written premium is expected to be relatively constant.

Exposure to our largest modelled natural catastrophes has been reduced even though written reinsurance premiums net of retrocessional reinsurance and cessions to Special Purpose Syndicate 6106 have increased.

4 Claims and reserves

Whilst there has been no major insured catastrophe event in the period, there have been a number of smaller catastrophe losses and several large risk losses. These include the European winter storm Klaus in January, the Australian wildfires in February, the Italian earthquake in April and some notable airline losses. Amlin's exposure to each of these events is modest, with our largest net catastrophe loss for the period being conservatively estimated at $8.5 million for winter storm Klaus. Our estimated claims for Hurricanes Ike and Gustav have not materially changed during the period.

At 31 March 2009, following the normal quarterly review of outstanding liabilities, £20.0 million was released from reserves (31 March 2008: £31.2 million).

5 Investment returns

The investment return for the four month period to the end of April is estimated to be 0.4%, with average funds under management of £2.9 billion. This reflects a strong performance in April following a weak first quarter. The table below shows estimated returns by asset class for the four months to 30 April 2009.

Asset class	Average assets under management	Investment return
	(£ million)	(%)
Bonds	1,975	1.5
Cash and cash equivalents	617	0.4
Equities	207	(4.0)
Property	88	(13.9)
Total	**2,887**	**0.4**

Despite being defensively positioned, the Group's investment return for the first quarter was a loss of 0.8%. Poor economic data meant that risk assets continued to perform badly and the low returns available from safe haven investments, such as government bonds and cash, provided little protection to investment performance. Exposure to non-government bonds was increased during the quarter as spreads over government bonds reached depression levels making selected bonds attractive from a risk/reward perspective.

By contrast, investment performance in April was positive, with an estimated return of 1.2% achieved as equity markets rallied. Despite the strong upward movement in equities, short dated bond yields were capped by low inflation data, quantitative easing and the stated intent to keep interest rates low for an extended period of time. Non-government bonds participated in the improved appetite for risk, leading to some claw-back of previous bond manager underperformance.

The investment allocation at 30 April 2008 was 67% bonds, 23% cash and cash equivalents, 7% equities and 3% property (based on allocations to asset managers). Allocations within the bond portfolio remain reasonably consistent with the position at the year end and the credit quality remains strong.

6 Taxation

The UK Budget in April contained two notable developments that are expected to have a positive impact on the Group.

Firstly, following a review of the taxation of foreign profits, the UK Government announced that all foreign dividends will be exempt from UK tax with effect from 1 July 2009. Once the legislation is substantially enacted, this will enable the deferred tax provision of £16.1 million held at 31 December 2008 in respect of UK tax payable on potential future Amlin Bermuda dividends to be released. Over time, this exemption will lead to a reduction in the ongoing effective tax rate.

Secondly, the Government confirmed its earlier commitment to introduce a tax relief in the form of a claims equalisation reserve for Lloyd's businesses. The new regime will apply retrospectively to profits which are treated as arising in 2008 (i.e. profits from the 2005 year of account). The mechanics of the regime are still to be formally announced and so it is difficult at this stage to provide an estimate of the expected benefit. However, we expect it to be materially beneficial to the Group.

7 Summary

With its strong capital position the Group remains well placed to take advantage of the improving insurance and reinsurance markets. Approximately 47% of the Group's budgeted 2009 income is in reinsurance where rate increases to date have been among the strongest and where further increases are expected during the June and July renewals for peak US catastrophe zones. Positive trends are also evident in many specialty lines and the UK commercial market. Given the continued upward trend in insurance and reinsurance pricing and some signs of an easing of the world economic crisis of the past year, the outlook for the Group is becoming increasingly positive.

Charles Philipps, Amlin's Chief Executive commented, "We have seen a flight to quality and recognition of our capital strength and superior ratings, which are reflected in our increased renewal ratios and the expansion of our London, UK and Bermudian businesses."

PART IV

FINANCIAL INFORMATION AND REPORT ON FCI

Historical financial information relating to FCI for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 is set out on pages 22 to 52 in this document, is presented in Euros and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Certain adjustments have been made to the published audited statutory financial statements of FCI for the years ending 31 December 2006, 31 December 2007 and 31 December 2008 to ensure consistency with the accounting policies of Amlin.

Income Statement

For the years ended 31 December 2006, 2007 and 2008

	Notes	Year ended 31 December 2006	2007	2008
			€ 000's	
Gross premium earned	19	591,963	631,750	740,429
Reinsurance premium ceded	19	(157,593)	(160,741)	(171,149)
Net earned premium revenue		434,370	471,009	569,280
Investment return	16	22,120	19,652	(22,944)
Other operating income	15	14,964	21,282	16,597
Total income		471,454	511,943	562,933
Insurance claims and claims settlement	19	(430,113)	(399,902)	(599,568)
Insurance claims and claims settlement expenses recoverable from reinsurers	19	160,544	78,476	158,428
Net insurance claims		(269,569)	(321,426)	(441,140)
Expenses for the acquisition of insurance contracts		(80,674)	(87,686)	(104,565)
Other operating expenses	14	(54,684)	(57,145)	(51,814)
Total expenses		(135,358)	(144,831)	(156,379)
Results of operating activities		66,527	45,686	(34,586)
Finance costs	17	(3,533)	(5,842)	(3,813)
Profit (loss) before tax		62,994	39,844	(38,399)
Tax	18	(13,482)	(8,353)	7,129
Total recognised profit (loss) for the year		49,512	31,491	(31,270)

Balance Sheet

As at 31 December 2006, 2007 and 2008

	Notes	31 December 2006	2007	2008
			€ 000's	
Assets				
Cash and cash equivalents	1	19,623	4,118	48,633
Accrued interest and other assets	2	31,300	33,227	40,277
Investments	3	1,024,352	1,096,441	1,151,138
Reinsurance and other receivables	4	436,158	444,671	450,774
Current and deferred tax assets	9	3,849	7,162	32,232
Property, plant and equipment	5	161	394	366
Total assets		1,515,443	1,586,013	1,723,420
Liabilities				
Accrued interest and other liabilities	6	129,101	106,443	128,528
Deposits from reinsurers	7	11,345	33,240	10,747
Liabilities arising from insurance contracts	8	965,137	1,121,011	1,290,492
Current tax liabilities	9	29,411	12,011	11,820
Deferred tax liabilities	9	7,421	2,548	5,292
Provisions	10	754	861	684
Subordinated liabilities	11	30,000	30,000	30,000
Total liabilities		1,173,169	1,306,114	1,477,563
Shareholder's equity	12	342,274	279,899	245,857
Total liabilities and shareholder's equity		1,515,443	1,586,013	1,723,420

Statement of changes in Equity

	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
			€ 000's		
Balance at 1 January 2006	9,983	104,076	(2,424)	175,587	287,222
Net profit (loss) for the period	—	—	—	49,512	49,512
Defined benefit pension fund actuarial gains (losses)	—	—	5,540	—	5,540
Dividend payment	—	—	—	—	—
Other	—	—	—	—	—
Balance at 1 January 2007	9,983	104,076	3,116	225,099	342,274
Net profit (loss) for the period	—	—	—	31,491	31,491
Defined benefit pension fund actuarial gains (losses)	—	—	(3,866)	—	(3,866)
Dividend payment	—	—	—	(90,000)	(90,000)
Other	—	—	—	—	—
Balance at 1 January 2008	9,983	104,076	(750)	166,590	279,899
Net profit (loss) for the period	—	—	—	(31,270)	(31,270)
Defined benefit pension fund actuarial gains (losses)	—	—	(2,772)	—	(2,772)
Dividend payment	—	—	—	—	—
Other	17	—	(17)	—	—
Balance at 31 December 2008	10,000	104,076	(3,539)	135,320	245,857

Statement of Cash flows

	Year ended 31 December		
	2006	2007	2008
		€ 000's	
Cash and cash equivalents—Balance at 1 January	23,623	19,623	4,118
Profit (loss) before taxation	62,994	39,844	(38,399)
Adjustments to reconcile profit to net cash generated by operating activities:	24,443	30,444	80,936
Net realised and unrealised losses	21,479	28,342	80,032
Depreciation and amortisation	2,766	2,102	904
Impairments	198	—	—
Changes in operating assets and liabilities:	(16,613)	110,582	136,368
Decrease (Increase) in reinsurance and other receivables	(76,918)	44,535	(19,939)
Increase (Decrease) in liabilities related to insurance and investment contracts	69,373	111,404	170,516
Net changes in all other operating assets and liabilities	1,859	(12,781)	200
Income tax paid	(10,927)	(32,576)	(14,409)
Cash flow from operating activities	70,824	180,870	178,904
Purchase of investments	(278,800)	(364,238)	(274,196)
Proceeds from sales, maturities and redemptions	203,540	318,612	140,022
Purchases of investment property	(99)	(395)	(215)
(Purchases) Sales of intra-group investments	535	(60,354)	—
Cash flow from investment activities	(74,824)	(106,375)	(134,389)
Dividends paid to shareholder	—	(90,000)	—
Cash flow from financing activities	—	(90,000)	—
Cash and cash equivalents—Balance at 31 December	19,623	4,118	48,633
Supplementary disclosure of operating cash flow information			
Interest income received	40,427	47,428	48,522
Dividend income received	3,088	4,968	5,794
Interest expense paid	(2,568)	(5,220)	(2,888)

NOTES TO THE ACCOUNTS

Accounting Policies

A General

The historical financial information relating to FCI for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 has been presented under Amlin plc's accounting policies. These differ to FCI's accounting policies in the following areas:

(a) Certain financial instruments classified as Available-for-sale in FCI's published financial statements have been classified as fair value through profit and loss, meaning that unrealised gains or losses in fair value are taken directly to profit and loss rather than equity;

(b) Actuarial gains and losses in respect of defined benefit schemes have been recognised immediately in equity, rather than being deferred up to a maximum with any excess charged in profit and loss (the "corridor" approach), as they were in FCI's published financial statements; and

(c) Certain additional disclosures regarding foreign exchange risk, liquidity risk and segment reporting have been provided.

The consolidated financial information of FCI is prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations—as at 31 December 2008, as adopted within the European Union.

On 1 June 2007, the European Commission endorsed IFRIC 11, IFRS 2: Group and Treasury Share Transactions. Furthermore on 16 December 2008 a change on IFRS 2 was endorsed.

This interpretation provides further guidance on the implementation of IFRS 2, Share-based Payment. FCI is evaluating the effect of this interpretation for implementation in 2009.

On 11 November 2007, the European Commission endorsed IFRS 8: Operating Segments. FCI is evaluating the effect of this Standard for implementation in 2009.

On 15 October 2008, the EC adopted amendments to IAS 39 Financial instruments: recognition and measurement and IFRS 7 Financial instruments: disclosures. The amendments to IAS 39 and IFRS 7 allow the reclassification of certain financial instruments out of the category 'held-for-trading' in rare circumstances. The current financial crisis is considered to be such a rare circumstance which would justify the use of this possibility by companies. FCI did not apply this possibility in 2008.

On 10 December 2008 the EC endorsed a revised IAS 23: Borrowing costs; this regulation is not applicable for the Company.

On 16 December the EC adopted the following IFRIC:

- IFRIC 13: Customer loyalty programmes; this regulation is not applicable for the Company.
- IFRC 14: IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. FCI is evaluating the effect of this interpretation for implementation in 2009.

On 17 December 2008, the EC endorsed a revised version of IAS 1: Presentation of Financial Statements, applicable as from the financial year 2009. The changes will impact presentation only, not recognition or measurement.

Where accounting policies are not specifically mentioned below, reference should be made to the IFRS as adopted by the European Union.

B Accounting estimates

The preparation of the financial information in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting policies. Actual results may differ from those estimates and judgemental decisions.

Judgements and estimates are principally made in the following areas:

- estimation of impairment events and recoverable amount of impaired assets;
- measurement of liabilities for insurance contracts;
- actuarial assumptions related to the measurement of pension liabilities and assets;
- estimation of current obligations resulting from past events in the recognition of provisions;
- determination of fair values of non-quoted financial instruments; and
- determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets.

C Consolidation principles

Subsidiaries

The consolidated financial information comprise those of FCI and the following subsidiary.

Tollenaar & Wegener B.V., Amsterdam

Subsidiaries are consolidated from the date on which effective control is transferred to FCI and are no longer consolidated from the date that control ceases.

Foreign currency

Foreign currency transactions are accounted for at the exchange rate at the date of the transaction.

Outstanding balances in foreign currencies at year end are translated at year-end exchange rates for monetary items.

Translation of non-monetary items depends on whether the non-monetary items are valued at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are valued at fair value are translated using the exchange rate on the date that the fair values were determined.

The resulting exchange differences are recorded in the income statement as foreign currency gains (losses) except for those non-monetary items whose fair value change is recorded as a component of shareholder's equity.

	Rate as at year end		
	2006	**2007**	**2008**
1 Euro =			
Pound Sterling	0.67	0.73	0.95
US dollar	1.32	1.47	1.39

D Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Assets are recorded net of any accumulated provision for impairment loss.

E Classification and measurement of financial assets and liabilities

FCI classifies financial assets and liabilities based on the business purpose of entering into these transactions.

F Financial assets

(a) Loans and receivables are measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired. These are reversed if the payment is received.

(b) FCI classifies its financial assets as fair value through income (FV). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

FCI classifies its financial investments as FV to the extent that they are not reported as cash and cash equivalents. This classification requires all fair value changes to be recognised immediately within the investment return line in the income statement. Within the FV category, fixed maturity and equity securities are classified as 'trading' as FCI buys with the intention to resell. All other securities are classified as 'other than trading' within the FV category.

Purchases and sales of investments are recognised on the trade date, which is the date FCI commits to purchase or sell the assets. These are initially recognised at fair value, and are subsequently re-measured at fair value based on quoted bid prices. Changes in the fair value of investments are included in the income statement in the period in which they arise.

G Financial liabilities

Financial liabilities are liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings.

H Fair value of financial instruments

The fair value of a financial instrument is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows.

I Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. FCI reviews all of its assets at each reporting date for indicators of impairment.

In case of an impairment the carrying amount of impaired assets is reduced to its estimated recoverable amount and the amount of the change in the current year provision is recognised in the income statement.

If in a subsequent period, the amount of the impairment on assets decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement.

(a) Financial assets

A financial asset (or group of financial assets) is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

(b) Other assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

J Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other financial instruments with less than three months maturity from the date of acquisition.

K Cash Flow Statement

FCI reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Interest received and interest paid are presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

L Leases

FCI as a lessee

FCI principally enters into operating leases for the rental of equipment and land and buildings. Payments made under such leases are typically charged to the income statement principally on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Any incentives received from the lessor in relation to operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

If the lease agreement transfers substantially all the risk and rewards incident to ownership of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments and fair value of the leased asset. The leased asset is depreciated over the shorter of its estimated useful life and the lease term. The corresponding lease obligation, net of finance charges, is recorded as borrowings. The interest element of the finance cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each period.

M Reinsurance, trade and other receivables

Reinsurance

FCI cedes reinsurance in the normal course of business. Reinsurance receivables principally include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from or due to reinsurers are estimated in a manner consistent with the amounts associated with the reinsured policies and in accordance with the reinsurance contract.

Reinsurance contracts are reviewed to determine if significant insurance risk is transferred within the contract. Reinsurance contracts that do not transfer significant insurance risk are accounted for using the deposit method and included in loans or borrowings as a reinsurance financial asset or liability. A reinsurance financial asset or liability is recognised based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the reinsured. Amounts received or paid under these contracts are accounted for as deposits using the effective interest method.

Trade and other receivables

Trade and other receivables arising from the normal course of business and originated by FCI are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairments.

N Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Generally, depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and the useful life of property, plant and equipment is reviewed at each year end.

Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred.

O Deferred acquisition costs

The costs of acquiring new and renewed insurance business, principally commissions, agency and policy issue expenses, all of which vary with and primarily are related to the production of new business, are deferred and amortised. Deferred acquisition costs ('DAC') are periodically reviewed to ensure they are recoverable based on estimates of future profits of the underlying contracts.

DAC is amortised over the period in which the related premiums written are earned. Future investment income, at a risk free rate of return, is considered in assessing the recoverability of DAC.

P Liabilities arising from insurance and investment contracts

Embedded derivatives not closely related to the host contracts are separated from the host contracts and measured at fair value through profit or loss. Actuarial assumptions are revised at each reporting date with the resulting impact recognised in the income statement.

The adequacy of the liability is tested at each reporting date. If the liabilities are not adequate to provide for future cash flows, including cash flows such as maintenance costs, as well as cash flows resulting from embedded options and guarantees and amortisation of the deferred acquisition costs ('DAC'), the DAC is written off and/or additional liabilities are established based on best-estimate assumptions. Any recognised deficiency is immediately recorded in the income statement.

Claims and claim adjustment expenses are charged to the income statement as incurred. Unpaid claims and claim adjustment expenses include estimates for reported claims and provisions for claims incurred but not reported. Estimates of claims incurred but not reported are developed using past experience, current claim trends and the prevailing social, economic and legal environments.

The liability for non-life insurance claims and claim adjustment expenses is based on estimates of expected losses (after taking into account reimbursements, recoveries, salvage and subrogation) and takes into consideration management's judgement on anticipated levels of inflation, claim handling costs, legal risks and the trends in claims.

Q Reinsurance liabilities

Liabilities relating to ceded reinsurance business that does not transfer significant insurance risk may be considered to be financial liabilities and the liabilities are accounted for in the same way as other financial liabilities.

The accounting requirements for liabilities related to accepted reinsurance contracts with significant insurance risk are the same as those that apply to direct written insurance contracts.

Deposits from reinsurers under ceded reinsurance that transfers significant insurance risk equal the amount due at the balance sheet date.

R Employee benefits

Pension liabilities

Pension plans are recognised as defined-benefit plans under IAS 19.

A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service.

Pension assets and liabilities are calculated at least annually by qualified actuaries.

For defined-benefit plans, the pension costs and related pension asset or liability are estimated using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final liability. Under this method, the cost of providing these benefits is charged to the income statement to spread the pension cost over the service lives of employees. The pension liability is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields on high-quality corporate bonds that have terms to maturity approximating the terms of the related liability. The company recognises actuarial gains and losses arising from the recognition and funding of the company's pension obligations in the statement of changes in equity during the period in which they arise.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

The assets, which support the pension liabilities of an entity, must meet certain criteria in order to be classified as 'qualifying pension plan assets'. These criteria relate to the fact that the assets should be legally separated from FCI or its creditors. If these criteria are not met, then the assets will be included in the relevant caption on the balance sheet (such as investments, property, plant and equipment, etc.). If the assets meet the criteria, they are netted against the pension liability. The netting also applies to the income statement. If the pension assets qualify, then FCI shows reduced income from assets (such as interests, dividends, etc.) and reduced employee pension costs.

When the fair value of the plan assets is netted against the present value of the obligation of a defined-benefit plan, the resulting amount could be negative (an asset). In this case, the recognised asset cannot exceed the total of any cumulative unrecognised net actuarial losses and past-service costs, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Benefit plans that provide long-term service benefits, but are not pension plans, are measured at present value using the projected unit credit method.

Other post-employment liabilities

FCI provides a contribution to retirees towards the costs of health care insurance. A four-year phase-out scheme for this contribution began in 2007. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined-benefit pension plans. These liabilities are determined based on actuarial calculations.

Employee entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

S Provisions, contingencies and commitments

Provisions

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and typically are discounted at the risk-free rate.

Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation.

T Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating-rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

U Insurance premiums and commissions

Premiums and commissions are recorded as written upon inception of the contract. Premiums and commissions are recognised in the income statement as earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve and the DAC reserve represent the portion of the premiums written relating to the unexpired terms of the coverage.

V Borrowing costs

Borrowing costs are generally expensed as incurred.

W Income tax expense

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxes.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow the temporary differences to be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Risk Management

Advanced and comprehensive risk management is a prerequisite for achieving sustainable, profitable growth. FCI recognises this and considers its risk management practice to be one of its core competencies.

FCI's risk management strategy aims to manage risk in such a way as to ensure that variability in income and shareholder's equity is limited and the risk of loss is extremely limited.

FCI distinguishes the following risk categories:

(a) Core risks

Risks to which FCI actively exposes itself if this is efficient for the group, whereby the risks can be managed both on an individual basis and at portfolio level. FCI continuously endeavours to refine and complete its understanding of the risks in order to be able to manage them effectively.

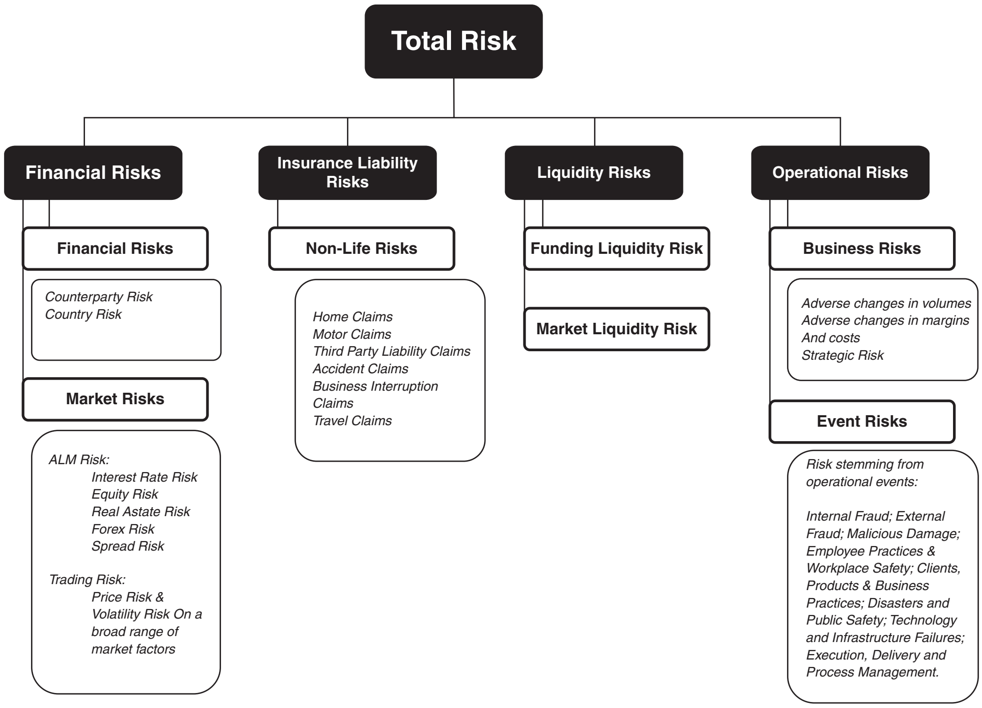
The largest core risk sub-categories for FCI are underwriting risk, market risk (ALM risk) and credit risk.

(b) Non-core risks

Risks which in principle are not actively sought out, but arise from the normal conduct of business. One example of this is operational risks. Within the operational risk a distinction is made between the business risk and event risk. These risks have been reduced to acceptable proportions, taking account of a cost-benefit analysis. FCI endeavours to control its operational risks and to protect its reputation by satisfying the highest standards of integrity in the conduct of its business, in accordance with the internal code of conduct.

On top of the strategic contrast between core and non-core risks, FCI uses a standard risk taxonomy that includes all material risks. This taxonomy is evaluated and revised annually to ensure that all material risks are identified, defined and fit in the risk governance framework.

The current FCI risk taxonomy is presented in the following chart.



Several (risk) committees cover various risks in FCI's risk taxonomy

Committee	Risk	Composition	Frequency
Technical Bureau	Insurance risk /Operational Risk (underwriting, reinsurance, products)	Management Team, chairman of the technical committees of each product line	Monthly
Investment Committee	ALM Risks	CEO, CFO, asset managers FIN/FIB	Quarterly
Compliance committee	Compliance Risks	EVP NL (MT), Compliance officers FCI	Quarterly
Risk committee	Overall Risk Overview	Management Team, Head of Audit, Team Manager Risk & Processes	Quarterly

Within FCI risk management and supervision are carried out on the basis of a system of delegation of responsibilities.

Underwriting risks

Underwriting risk refers to a major (negative) deviation in relation to expectations with regard to:

- Claims frequency, claim size and inflation
- Handling time
- Payment and claims-handling costs
- Jurisprudence
- Concentration of underwriting risks

Claims frequency, claim size, risk concentration and inflation

In order to limit the risk of claims, the insurance business applies a selection and acceptance policy based on claims history and risk models.

At the same time use is made of the knowledge of or expectations regarding the future development of the frequency, size and inflation of claims. The risk of unexpectedly large claims for damages is restricted by means of policy limits, management of concentration risk and reinsurance.

Handling time

The time that is necessary for the identification and settlement of a claim is an important factor. The settlement of claims with a long handling time, as in the case of bodily injury or liability, may take several years. Actuarial analysis is undertaken of, among other things: FCI experience with comparable cases, historical trends, such as the pattern of provisions, the growth of the risk exposure, loss payments, the size of current and as yet unpaid claims, and legal judgements and economic circumstances.

Payment and claims-handling costs

Taking account of future inflation, claims-handling and payment costs are controlled by means of regular actuarial evaluations and related action.

Jurisprudence

As it is not fully clear in advance what future legal rulings will impact on the size and number of claims, such as asbestos-related claims, there is uncertainty regarding liabilities. In order to mitigate in particular the uncertainty regarding claims still to be notified in respect of claims years already long since expired, FCI has to a substantial extent changed its business liability portfolio in the Netherlands to a claims-made basis instead of losses occuring basis.

Concentration of underwriting risks

FCI has purchased clash covers in all lines of business in order to hedge against normal accumulation losses.

Analysis of historical claims run-off

	2002 & prior	2003	2004	2005	2006	2007	2008	Total
at the end of the underwriting year		261,376	312,660	258,101	337,005	404,633	623,691	
2004		313,027	—	—	—	—	—	
2005		303,359	346,850	—	—	—	—	
2006		299,226	337,248	412,413	—	—	—	
2007		293,351	326,377	394,182	354,168	—	—	
2008		290,766	316,616	375,168	356,049	437,639	—	
Total ultimate claims at 31 December 2008		290,766	316,616	375,168	356,049	437,639	623,691	
Cumulative gross claims payments at 31 December 2008		247,087	243,737	308,157	246,040	257,411	166,826	
Gross claims reserves at 31 December 2008 (incl IBNR)	200,293	43,679	72,879	67,011	110,009	180,228	456,865	1,130,964
Total claims liabilities								1,130,964

Market risk and interest rate risk

Market risk is managed by means of an independent framework and measured on the basis of consistent methods (such as real value calculations, stress tests, worst-case sensitivities, etc.). ALM studies provide the basis for establishing the limits and guidelines that form the basis for management of the investment portfolio.

Credit risk

Given the characteristics of an insurance company FCI's focus is on management of the credit risk in the investment portfolio, management of the credit risk on reinsurers and management of the credit risk on brokers and intermediaries.

In accordance with the established investment policy, exposure per debtor depends on the credit rating, for which a limit is set. No investment is undertaken with debtors with a rating lower than investment grade BBB. The table below outlines the credit quality of debt securities:

Debt securities included in the balance sheet have the following ratings:

	2007		2008	
	Percentage	Balance sheet value € 000's	Percentage	Balance sheet value € 000's
AAA	24	250,149	25	264,565
AA	45	459,449	53	577,406
A	22	221,432	18	195,293
BBB	1	12,669	2	25,381
BB	—	—	1	8,529
B	—	—	—	—
CCC	—	—	—	245
Unrated	8	86,942	1	13,919
Total	100	1,030,641	100	1,085,338

Unrated assets relate primarily to deposits, private loans and equity securities.

In the above table the Standard & Poor's (S&P) rating has been used. Where an S&P rating is not available we use other rating agencies such as Moody's and Fitch.

Within FCI no use is currently made of financial derivatives in order to hedge credit risks.

As concerns reinsurance, the policy is to place treaty and facultative reinsurance with A or higher rated reinsurers. Up to 2008 FCI has placed (part of) its treaty reinsurance with non-rated Fortis Re, Fortis' reinsurance captive company. Also, FCI enters into captive fronting operations. In this case generally no external rating is available and an internal credit risk analysis is performed. The table below splits the reinsurance outstandings by rating category:

Reinsurance 31 December 2008

€ 000's	Premium reserve	Claims reserve	Receivables	Liabilities	Deposits received
AAA	36	7,817	2	498	—
AA	4,024	61,083	325	2,492	2,443
A	4,094	31,966	4,759	2,064	8,020
BBB	—	383	18	113	—
BB	—	17	—	—	—
Unrated	24,020	137,181	4,732	41,770	284
Total	32,174	238,447	9,836	46,937	10,747

Outstandings on unrated reinsurers include a claim reserve of EUR 50,988,000 on one reinsurance captive company which is secured by a pledge on the investment portfolio of the captive company. Unrated reinsurers further include claim reserves of EUR 44,183,000 on the former reinsurance captive of the former Fortis Group.

If a reinsurer's rating changes, the newly arisen situation is evaluated to determine any impairment.

The current account positions of brokers are continuously observed and, where necessary, action is taken. This occurs among other things on the basis of payment performance and development of the current account balance.

Liquidity risk and cash-flow risk

Payments from and to policyholders have in the past been predictable.

The liquidity of the market for corporate debt securities in general and subordinated debt securities of financial institutions in particular has decreased considerably in 2008.

A cash flow statement is compiled for the purpose of short- and medium-term liquidity planning.

Liquidity Risk and cash-flow risk

As at 31 December 2008		Contractual cash flows (undiscounted)			
€ 000's	No stated Maturity	0 - 1 yr	1 - 5 yr	>5 yr	Carrying amount
Financial assets					
Shares and other variable yield securities	66,042	—	—	—	66,042
Debt and other fixed income securities	—	64,733	422,708	597,655	1,085,096
Cash and money market funds	48,633	—	—	—	48,633
Total	114,675	64,733	422,708	597,655	1,199,771

Insurance liabilities (excl. reserves for unearned premiums)	No stated Maturity	Expected cash flow (undiscounted) 0 - 1 yr	1 - 5 yr	>5 yr	Carrying amount
Insurance contracts	—	361,377	356,806	412,782	1,130,965
Less assets arising from reinsurance contracts held	—	(91,133)	(66,910)	(80,405)	(238,448)
Total	—	270,244	289,896	332,377	892,517
Difference in contractual cash flows	114,675	(205,511)	132,812	265,278	307,254

As at 31 December 2007 € 000's	No stated Maturity	Expected cash flow (undiscounted) 0 - 1 yr	1 - 5 yr	>5 yr	Carrying amount
Financial assets					
Shares and other variable yield securities	141,649	—	—	—	141,649
Debt and other fixed income securities	—	29,394	349,961	575,437	954,792
Cash and money market funds	4,118	—	—	—	4,118
Total	145,767	29,394	349,961	575,437	1,100,559

	No stated Maturity	Expected cash flow (undiscounted) 0 - 1 yr	1 - 5 yr	>5 yr	Carrying amount
Insurance liabilities					
Insurance contracts	—	360,900	426,751	195,904	983,555
Less assets arising from reinsurance contracts held	—	(82,848)	(91,156)	(44,806)	(218,810)
Total	—	278,052	335,595	151,098	764,745
Difference in contractual cash flows	145,767	(248,658)	14,366	424,339	335,814

FCI has received a subordinated loan from Fortis Insurance International of € 30m. The maturity date of this loan is 15 October 2018. The redemption of the amount of € 30m is not included in the summary above.

Operational risk

A risk survey is carried out annually, which focuses primarily on risks relating to the non-achievement of the Company objectives. Company objectives are subdivided in this context into the following perspectives: financial, commercial, operational, personnel and objectives relating to compliance with legislation and regulations as well as information security. Actions are defined for purposes of tackling the risk areas.

The support unit "Strategy, Product & Risk Policy" is responsible for the control and mitigation of operational risks and Insurance risks cross the Business Units.

FCI has outsourced a number of functions to third parties (related or non-related). Outsourcing agreements have been entered into with such third parties. These agreements are monitored.

Impact of the market interest rate and share prices on investments and equity capital:

The impact of a 1% increase or fall in the market interest rate on investments and shareholder's equity is +/- EUR 51,428 and +/- EUR 36,753 respectively.

An increase or fall in share prices will have no effect on investments and/or shareholder's equity since the equity portfolio was sold in 2008.

Foreign exchange risk

Policy is aimed at hedging the currency risk, in so far as it is material. This occurs by aiming to achieve a situation in which assets and liabilities are equal for each foreign currency.

The Group's monetary assets and liabilities by currency are presented in the table below.

€ 000's	31 December 2008 Sterling	U.S.$	CAN$	Euro	Other	Total
Cash and cash equivalents	704	10,878	—	37,051	—	48,633
Financial investments at fair value through income	—	52,900	—	1,098,238	—	1,151,138
Reinsurance assets	—	14,109	—	224,339	—	238,448
Other receivables	382	62,643	21	150,968	396	214,410
Current and deferred tax assets	—	—	—	32,232	—	32,232
Property and equipment	—	—	—	366	—	366
Total monetary assets	1,086	140,530	21	1,543,194	396	1,685,227
Insurance contracts	33	131,489	0	999,442	—	1,130,964
Trade and other payables	1,396	5,374	17	125,928	171	132,886
Current income tax liabilities	—	—	—	11,820	—	11,820
Borrowings	—	—	—	30,000	—	30,000
Retirement benefit obligations	—	—	—	10,247	—	10,247
Accrued interest charges	—	—	—	985	—	985
Total monetary liabilities	1,429	136,863	17	1,178,422	171	1,316,902
Net monetary assets/liabilities	(343)	3,667	4	364,772	225	368,325

€ 000's	31 December 2007 Sterling	U.S.$	CAN$	Euro	Other	Total
Cash and cash equivalents	232	4,398	—	(512)	—	4,118
Financial investments at fair value through income	—	28,373	—	1,068,068	—	1,096,441
Reinsurance assets	—	4,119	—	214,691	—	218,810
Other receivables	252	47,862	530	170,494	503	219,641
Current and deferred tax assets	—	—	—	7,162	—	7,162
Property and equipment	—	—	—	394	—	394
Total monetary assets	484	84,752	530	1,460,297	503	1,546,566
Insurance contracts	42	58,243	—	925,268	—	983,553
Trade and other payables	506	1,682	239	125,044	199	127,670
Current income tax liabilities	—	—	—	12,011	—	12,011
Borrowings	—	—	—	30,000	—	30,000
Retirement benefit obligations	—	—	—	14,092	—	14,092
Accrued interest charges	—	—	—	1,179	—	1,179
Total monetary liabilities	548	59,925	239	1,107,594	199	1,168,505
Net monetary assets/liabilities	(64)	24,827	291	352,703	304	378,061

Supervision and solvency

As an insurance company, FCI is subject to prudential supervision. FCI is supervised by the DNB.

FCI is required to maintain a minimum level of qualifying capital relative to the premiums received for insurance policies or benefits to be paid. The solvency position of FCI as at 31 December is presented in the table below.

	2006	2007	2008
		€ 000's	
Minimum required qualifying capital	83,304	88,167	100,803
Available qualifying capital	350,609	302,386	274,364
Solvency surplus	267,305	214,219	175,561

Explanatory Notes to FCI's historical financial information

1 Cash and cash equivalents

	2006	2007	2008
		€ 000's	
Cash in hand	2	301	1
Due from banks	19,621	3,817	48,632
Total cash and cash equivalents	19,623	4,118	48,633

The average carrying value of cash and cash equivalents in 2008 was €42,845 (2007: €31,327; 2006: €37,336).

2 Accrued interest and other assets

	2006	2007	2008
		€ 000's	
Accrued interest and rent	22,223	21,332	24,999
Deferred acquisition costs	8,587	11,214	14,487
Other	490	681	791
Total	31,300	33,227	40,277

The change in deferred acquisition costs in connection with insurance contracts was as follows:

Change in Deferred Acquisition Costs	2006	2007	2008
		€ 000's	
Balance at 1 January	6,205	8,587	11,214
Addition	2,382	2,627	3,273
Balance at 31 December	8,587	11,214	14,487

3 Investments

	2006	2007	2008
		€ 000's	
Investments			
—Fair value through income	1,018,955	1,030,641	1,085,338
—Investment in real estate	—	—	65,800
—Investment in associates and joint ventures	5,397	65,800	—
Total investments	1,024,352	1,096,441	1,151,138

The fair values of investments measured at fair value through income, including gross unrealised gains and gross unrealised losses at 31 December, were as follows:

	2008	
	Historical cost	Fair values
	€ 000's	
Government bonds	664,000	694,047
Corporate debt securities	454,875	355,247
Other asset backed securities	26,452	22,125
Private equities and venture capital	403	—
Deposits with insurers	4,310	4,310
Privately negotiated loans	9,369	9,369
Other investments	1,159	240
Total fair value through income investments	1,160,568	1,085,338

	2007	
	Historical cost	Fair values
	€ 000's	
Government bonds	527,626	528,628
Corporate debt securities	408,491	390,315
Other asset-backed securities	26,444	24,756
Private equities and venture capital	403	1
Deposits with insurers	1,384	1,384
Other equity securities	48,055	75,647
Privately negotiated loans	9,709	9,709
Other investments	1,159	201
Total fair value through income investments	1,023,271	1,030,641

	2006	
	Historical cost	Fair values
	€ 000's	
Government bonds	574,582	583,751
Corporate debt securities	309,948	310,713
Other asset-backed securities	13,038	12,379
Private equities and venture capital	403	1
Deposits with insurers	1,450	1,450
Other equity securities	57,664	100,202
Privately negotiated loans	10,299	10,299
Other investments	1,159	160
Total fair value through income investments	968,543	1,018,955

Other investments

FCI has a 4.97% participating interest in: "ASR Nederland Vastgoed Maatschappij N.V.". As a result of the demerger from the Fortis Group as per 3 October 2008 the classification of this investment has changed from investment in associates to investment in real estate in 2008. A disinvestment of the participating interest is being considered in 2009.

The fair value of the investment at 31 December 2008 was EUR 76.2 million (2007: EUR 72.1 million).

4 Reinsurance and other receivables

	2006	2007	2008
		€ 000's	
Reinsurers' share of liabilities arising from reinsurance contracts	208,059	250,825	270,621
Receivables from intermediaries	14,020	111,887	135,144
Receivables from policyholders	115,033	12,422	29,055
Receivables from reinsurance operations	21,955	34,635	9,836
Other	86,671	44,693	14,620
Total, gross	445,738	454,462	459,276
Impairments	(9,580)	(9,791)	(8,502)
Total	436,158	444,671	450,774

Other receivables include receivables from cash pooling with Fortis Insurance Belgium, dividends receivable, accruals and prepayments.

Impairment of reinsurance and other receivables

	2006	2007	2008
		€ 000's	
Balance at 1 January	10,045	9,580	9,791
Increase in impairments	198	318	539
Reversal of impairments	(663)	(107)	(1,828)
Balance at 31 December	9,580	9,791	8,502

5 Property, plant and equipment

	2006	2007	2008
		€ 000's	
IT Hardware	161	394	366
Total tangible fixed assets	161	394	366

Changes in property, plant and equipment

	2006	2007	2008
		€ 000's	
Cost basis at 1 January	3,737	3,366	2,753
Additions	98	395	215
Reversal of cost due to divestments	(469)	(1,008)	(452)
Cost basis at 31 December	3,366	2,753	2,516
Accumulated depreciation 1 January	(3,515)	(3,205)	(2,359)
Depreciation expense	(159)	(162)	(243)
Reversal of depreciation due to divestments	469	1,008	452
Accumulated depreciation at 31 December	(3,205)	(2,359)	(2,150)
Net property, plant and equipment	161	394	366

6 Accrued interest and other liabilities

	2006	2007	2008
		€ 000's	
Due to reinsurers	26,504	21,199	46,937
Due to agents, policyholders and intermediaries	29,942	38,836	30,241
Accounts payable	15,874	13,085	8,033
VAT and other taxes payable	2,654	5,246	4,720
Net pension liabilities	4,247	12,412	8,772
Accrued expenses	3,411	2,866	3,358
Other employee benefit liabilities	1,779	1,680	1,475
Accrued interest	1,372	1,179	985
Deferred income	648	1,558	939
Other liabilities	42,670	8,382	23,068
Total	129,101	106,443	128,528

Further details on pension liabilities can be found in Note 22 'Post-employment benefits and other long-term employee benefits'. 'Other employee benefit liabilities' relates to, amongst others, other post employment benefits, social security charges, termination benefits and accrued vacation days. Other liabilities primarily relate to investments.

7 Deposits from reinsurers

	2006	2007	2008
		€ 000's	
—Interest–bearing	10,438	32,719	10,584
—Non–interest–bearing	907	521	163
Total	11,345	33,240	10,747

8 Liabilities arising from insurance contracts

	2006	2007	2008
		€ 000's	
Liabilities for claims	852,274	983,554	1,130,964
Unearned premiums	112,865	137,457	159,528
Total	965,139	1,121,011	1,290,492

Movements in liabilities arising from insurance contracts were as follows:

	2006	2007	2008
		€ 000's	
Balance at 1 January	899,559	965,139	1,121,011
Increase in liabilities current period	326,857	390,786	626,932
Increase / (decrease) in liabilities prior years	101,555	9,101	(27,365)
Claims paid current year	(82,061)	(72,622)	(161,433)
Claims paid prior years	(286,120)	(195,985)	(290,725)
	959,790	1,096,419	1,268,420
Change in unearned premiums	5,347	24,592	22,072
Balance at 31 December	965,137	1,121,011	1,290,492

9 Current and deferred tax liabilities

	2006			2007			2008		
	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total
					€ 000's				
Assets	2,209	1,640	3,849	—	7,162	7,162	4,378	27,854	32,232
Liabilities	29,411	7,421	36,832	12,011	2,548	14,559	11,820	5,292	17,112
	(27,202)	(5,781)	(32,983)	(12,011)	4,614	(7,397)	(7,442)	22,562	15,120

Deferred tax assets and liabilities at 31 December consist of the following:

	Balance sheet			Income statement		
	2006	2007	2008	2006	2007	2008
Deferred tax assets related to:						
Investments	148	4,191	19,360	9,769	5,822	10,684
Provisions for pensions and post-employment benefits	223	152	1,131	(30)	—	—
Other provisions	1,269	1,838	6,111	145	(549)	4,273
Other liabilities	—	—	—	—	—	2,031
Other	—	981	1,252	—	512	740
Total deferred tax assets	1,640	7,162	27,854	9,884	5,785	17,728
Deferred tax liabilities related to:						
Investments	5,638	—	4,480	1,634	—	—
Provisions for pensions and post-employment benefits	1,210	212	212	—	—	—
Prepaid expenses and accrued income	451	—	600	123	(18)	296
Other	122	2,336	—	2,953	(879)	—
Total deferred tax liabilities	7,421	2,548	5,292	4,710	(897)	296
Deferred tax income / (expense)				5,174	6,682	17,432
Net deferred tax	(5,781)	4,614	22,562			

10 Provisions

Provisions are recorded for redundancy and holiday allowances.

Changes during the year were as follows:

	2006	2007	2008
		€ 000's	
At 1 January	1,640	754	861
Changes in provision for redundancy	(960)	85	(209)
Changes in provision for holiday allowance	74	22	32
At 31 December	754	861	684

11 Subordinated liabilities

The subordinated debt matures in October 2018 and carries an interest rate of 6.5%.

12 Shareholder's equity

	2006	2007	2008
		€ 000's	
Share capital:			
Ordinary shares	9,983	9,983	10,000
Share premium reserve	104,076	104,076	104,076
Other reserves	3,116	(750)	(3,539)
Retained earnings	225,099	166,590	135,320
Net shareholder's equity	342,274	279,899	245,857

During 2008 the amount of issued share capital increased by €17,000 with a corresponding transfer from other reserves. The nominal value of the shares was modified (2008: EUR 100.00, 2007: EUR 453.78. 2006: 453.78). At the end of 2008 100,000 shares at a nominal value of EUR 100 were outstanding.

13 Segmental information

	31 December 2008			
	The Netherlands	Belgium	France	Total
	€ 000's			
Gross Written Premium				
Analysed by business segment				
Marine	292,344	84,675	—	377,019
Non Marine	189,702	191,753	4,027	385,482
Total	482,046	276,428	4,027	762,501
Gross Premium Earned	463,868	273,614	2,947	740,429
Reinsurance premium ceded	(48,062)	(121,972)	(1,115)	(171,149)
Net earned premium	415,806	151,642	1,832	569,279
Insurance claims expenses (gross claims cost)	(352,124)	(246,602)	(842)	(599,568)
Reinsurance recoveries	46,468	111,762	198	158,428
Net Insurance claims	(305,656)	(134,840)	(644)	(441,140)
Net Commission expenses	(72,456)	(19,333)	(264)	(92,053)
Operating expenses	(32,635)	(23,439)	(3,217)	(59,291)
Other operating income	5,657	1,786	2	7,445
Profit attributable to underwriting	10,716	(24,184)	(2,291)	(15,759)
Investment return	(46,392)	23,448	—	(22,944)
Non-operational items	(119)	350	73	304
Profit before tax	(35,795)	(386)	(2,218)	(38,399)
Taxation	7,424	(1,034)	739	7,129
Net result	(28,381)	(1,411)	(1,478)	(31,270)
Net combined ratio				102.1%
Total Assets	1,052,884	664,068	6,468	1,723,420
Total Liabilities	916,220	552,373	8,970	1,477,563
Total net assets				245,857

	31 December 2007			
	The Netherlands	Belgium	France	Total
	€ 000's			
Gross Written Premium				
Marine	225,746	54,025	—	279,771
Non Marine	178,873	197,698	—	376,571
Total	404,619	251,723	—	656,342
Gross Earned Premium	384,517	247,233	—	631,750
Reinsurance premium ceded	(44,131)	(116,610)	—	(160,741)
Net earned premium	340,386	130,623	—	471,009
Insurance claims expenses (gross claims cost)	(251,105)	(148,797)	—	(399,902)
Reinsurance recoveries	19,173	59,303	—	78,476
Net Insurance claims	(231,932)	(89,494)	—	(321,426)
Net Commission expenses	(55,259)	(12,350)	—	(67,610)
Operating expenses	(35,325)	(21,766)	(1,538)	(58,629)
Other operating income	(6,136)	3,299	—	(2,837)
Profit attributable to underwriting	11,734	10,312	(1,538)	20,508
Investment return	11,580	8,072	—	19,652
Non-operational items	(9)	(310)	3	(316)
Profit before tax	23,305	18,074	(1,535)	39,844
Taxation	(4,578)	(4,287)	512	(8,353)
Net result	18,727	13,787	(1,023)	31,491
Net combined ratio				94.3%
Total Assets	968,848	616,345	820	1,586,013
Total Liabilities	801,030	503,240	1,844	1,306,114
Total net assets				279,899

	31 December 2006			
	The Netherlands	Belgium	France	Total
		€ 000's		
Gross Written Premium				
Marine	188,721	61,060	—	249,781
Non Marine	166,722	180,807	—	347,529
Total	355,443	241,867	—	597,310
Gross Earned Premium	344,990	246,973	—	591,963
Reinsurance premium ceded	(42,267)	(115,326)	—	(157,593)
Net earned premium	302,723	131,647	—	434,370
Insurance claims expenses (gross laims cost)	(208,016)	(222,097)	—	(430,113)
Reinsurance recoveries	15,769	144,775	—	160,544
Net Insurance claims	(192,247)	(77,322)	—	(269,569)
Net Commission expenses	(53,815)	(13,983)	—	(67,798)
Operating expenses	(31,158)	(21,043)	—	(52,201)
Other operating income	(4,368)	2,180	—	(2,188)
Profit attributable to underwriting	21,135	21,479	—	42,614
Investment return	18,839	3,281	—	22,120
Non-operational items*	(1,398)	(342)	—	(1,740)
Profit before tax	38,576	24,418	—	62,994
Taxation	(7,459)	(6,023)	—	(13,482)
Net result	31,117	18,395	—	49,512
Net combined ratio				89.0%
Total Assets	976,657	538,786	—	1,515,443
Total Liabilities	734,779	438,390	—	1,173,169
Total net assets				342,274

14 Other operating expenses

	2006	2007	2008
		€ 000's	
Wages	11,000	11,908	12,681
Social security charges	1,170	1,238	1,668
Pension charges and other post-employment benefits	2,519	1,810	1,247
Other staff expenses	208	49	150
Total staff expenses	14,897	15,005	15,746
Technology and system costs	2,605	3,024	2,736
Consultancy fees	2,381	1,923	1,875
Rental and related operational lease expenses	1,943	357	486
Marketing, advertising and public relations	316	357	344
Rendered services Fortis Insurance Belgium:			
—Staff	—	13,378	13,867
—Technology and system costs	—	2,970	3,165
—Buildings	—	1,268	1,613
—Claim handling	—	1,331	1,556
—Other outsourcing costs	—	3,417	3,698
Change in deferred acquisition costs	(2,382)	(2,627)	(3,273)
Other investment charges	750	—	—
Maintenance and repair expenses	743	—	—
Other	33,074	16,580	9,758
Depreciation expense	159	162	243
Impairment of reinsurance, trade and other receivables	198	—	—
Total other expenses	39,787	42,140	36,068
Total other operating expenses	54,684	57,145	51,814

The pension charges relate to defined-benefit plans.

Other relates to foreign exchange results on assets matching foreign currency-denominated liabilities, travel and accommodation expenses, postage and telephone charges, cost of temporary staff deployment and staff training expenses.

15 Other operating income

	2006	2007	2008
		€ 000's	
Fee and commission income	10,492	17,453	9,237
Other income	4,472	3,829	7,360
Total other operating income	14,964	21,282	16,597

Other income relates mainly to exchange rate differences.

16 Investment return

	2006	2007	2008
		€ 000's	
Interest income on investments	1,222	40,803	49,330
Interest income on cash and cash equivalents	645	1,974	1,574
Interest income on amounts due from banks	37,168	602	634
Interest income on loans to third parties	119	113	115
Other interest income	944	1,380	815
Total interest income	40,098	44,872	52,468
Dividend income from equity securities	2,681	2,965	2,278
Dividend income from other participating interest	—	—	3,516
Other investment income	21	117	3
Total dividend and other investment income	2,702	3,082	5,797
Debt securities	(36,019)	(34,407)	(38,544)
Equity securities	14,926	4,110	(42,664)
Foreign exchange gains (losses)	6	(8)	(1)
Total realised and unrealised investment gains and losses	(21,087)	(30,305)	(81,209)
Share in result of associates and joint ventures	407	2,003	—
Total investment return	22,120	19,652	(22,944)

17 Finance Costs

	2006	2007	2008
		€ 000's	
Interest expense on subordinated debts	1,950	1,950	1,950
Interest expense due to banks	—	—	6
Other interest expense	1,583	3,077	1,064
Investment charges	—	815	793
Total finance costs	3,533	5,842	3,813

Other interest expense relate primarily to amounts due in current account and to the interest component of post-employment benefits and other long-term service benefits.

18 Income tax expense

The details of the current and deferred income tax expenses are presented below.

	2006	2007	2008
		€ 000's	
Current period tax expenses	22,024	16,823	10,303
Adjustments recognised in the period for current tax of prior periods	(3,367)	—	—
Total current tax expenses	18,657	16,823	10,303
Deferred taxes arising from the current period	(4,911)	(8,470)	(17,845)
Deferred taxes arising from prior periods	(263)	—	413
Total deferred tax expenses	(5,174)	(8,470)	(17,432)
Total income tax expenses	13,483	8,353	(7,129)

Below is a reconciliation of the expected income tax expense to the actual income tax expense. The expected income tax expense has been determined by relating the profit before tax to the weighted average standard rate in the Netherlands, Belgium and France. For 2008 this rate was 21.84% (2007: 27.78%; 2006: 31.3%).

Reconciliation of the expected income tax expense to the actual income tax expense

	2006	2007	2008
		€ 000's	
Profit / (loss) before taxation	62,994	39,844	(38,400)
Applicable tax rate	31.3%	27.8%	21.8%
Expected income tax expense	19,717	11,077	(8,371)
Increase/decrease in taxes resulting from:			
Tax-exempt dividends	(605)	(967)	(834)
Tax-exempt capital gains	2	(4,238)	(1,274)
Tax-exempt impairments	198	—	—
Disallowed capital losses	—	—	—
Previously unrecognised tax losses and temporary differences	3,188	—	—
Impact of changes in tax rates on temporary differences	(263)	—	—
Adjustments for current tax of prior years	(3,367)	—	—
Other	(5,388)	2,481	3,350
Actual income tax expenses	13,482	8,353	(7,129)
Other relates mainly to Notional Interest Deduction in Belgium.	19,717	11,077	(8,371)

19 Analysis of income statement

Insurance Premiums

	2006	2007	2008
		€ 000's	
Gross premiums	597,310	656,342	762,501
Change in provision for unearned premiums	(5,347)	(24,592)	(22,072)
Gross earned premiums	591,963	631,750	740,429
Reinsurance premiums	(151,771)	(159,520)	(172,044)
Change in the provision for reinsurance premiums	(5,822)	(1,221)	895
Reinsurance premiums ceded	(157,593)	(160,741)	(171,149)
Net earned premiums revenue	434,370	471,009	569,280

Insurance claims and benefits

	2006	2007	2008
		€ 000's	
Claims paid	368,136	268,605	452,158
Change in provision for claims	61,977	131,297	147,410
Gross amount of claims incurred	430,113	399,902	599,568
Reinsurers' share of claims paid (ceded reinsurance)	(162,771)	(33,992)	(138,875)
Reinsurers' share of changes in claims liabilities	2,227	(44,484)	(19,553)
Reinsurers' share of claims	(160,544)	(78,476)	(158,428)
Net insurance claims	269,569	321,426	441,140

20 Financial Guarantees

	2006	2007	2008
		€ 000's	
Bank guarantees	2,928	14,040	20,523
Share in 1. layer Nederlandse Herv. Mij voor Terrorismeschaden N.V.	2,212	2,240	2,417
Total	5,140	16,280	22,940

21 Lease & rental agreements

The table below shows future commitments in respect of non-cancellable operating lease respectively rental agreements as at 31 December.

As of 1 January 2008 all facilities contracts were transferred to Fortis Bank (Nederland) N.V. Costs are recharged on an annual basis under a service level agreement.

The annual payment for lease agreements is €668,000 (2007: €776,000; 2006: €947,000).

	2006	2007	2008
		€ 000's	
Not later than 3 months	99	8	187
Later than 3 months and not later than 1 year	325	82	481
Later than 1 year and not later than 5 years	1,244	1,450	815
Total	1,668	1,540	1,483

FCI rents an office building in Rotterdam starting February 2008. The contract ends February 2013. The annual payment is €376,000 and is adjusted annually for inflation.

	2006	2007	2008
		€ 000's	
Not later than 3 months	—	62	94
Later than 3 months and not later than 1 year	—	—	282
Later than 1 year and not later than 5 years	—	—	1,506
Total	—	62	1,882

22 Post-employment benefits and other long-term service benefits

	2006	2007	2008
		€ 000's	
Defined-benefit plans	3,338	1,737	1,287
Other post-employment benefits	(453)	(115)	(129)
Total costs of post-employment benefits	2,885	1,622	1,158
Other long-term employee benefits	21	(11)	38
Total net of interest component	2,906	1,611	1,196
Interest component	699	740	443
Total	3,605	2,351	1,639

Defined-benefit plans

FCI operates defined-benefit pension plans covering the majority of its employees. These plans are funded partly by means of employee contributions. Under these plans, benefits are based on years of service and level of salary. Pension obligations are determined based on mortality, employee's turnover, wage drift and economic assumptions such as inflation, value of plan assets and discount rate. The discount rate is set on the basis of the yield (on the valuation date) of debt securities issued by blue-chip companies.

In addition to pensions, costs of defined-benefit plans also include other post-employment benefits such as reimbursement of part of the health insurance premiums and favourable conditions on financial products (e.g. mortgage loans), which continue to be granted to employees after retirement.

The following table shows the components of pension and other post-employment benefit costs:

	Pension plans			Other post-employment benefits		
	2006	2007	2008	2006	2007	2008
	€ 000's					
Current service cost	2,442	1,879	1,429	58	—	—
Past service cost	896	(142)	(142)	(261)	—	—
Total defined-benefit cost excl. interest component	3,338	1,737	1,287	(203)	—	—
Interest expense	1,794	2,080	2,270	53	7	3
Expected return on non-qualifying pension policies	(1,160)	(1,357)	(1,843)	—	—	—
Total interest component	634	723	427	53	7	3
Total defined-benefit expenses	3,972	2,460	1,714	(150)	7	3
Actual return on non-qualifying pension policies	1,434	(4,551)	611			

The following table shows the changes in net pension liabilities.

	Pension plans			Other post-employment benefits		
	2006	2007	2008	2006	2007	2008
	€ 000's					
Net pension liability at 1 January	16,681	5,471	13,644	2,620	473	335
Employer defined-benefit expenses	—	2,460	1,714	—	(108)	(126)
Participants' contributions	3,972	361	469	(400)	1	—
Contribution transfer	(9,421)	—	(9,662)	—	—	—
actuarial (gains) losses	(5,761)	5,352	3,751	(1,747)	(31)	116
Net pension liability at 31 December	5,471	13,644	9,916	473	335	325

The table below provides detailed information about the amounts included in the balance sheet in respect of pensions and other post-employment benefits.

	Pension plans			Other post-employment benefits		
	2006	2007	2008	2006	2007	2008
	€ 000's					
Net present value of qualifying pension plan assets	38,975	41,491	44,171	473	335	325
Fair value of plan assets	(34,925)	(29,126)	(35,392)	—	—	—
Unrealised past service cost	1,421	1,279	1,137	—	—	—
Net liability	5,471	13,644	9,916	473	335	325

The following table shows actuarial assumptions used.

	Pension plans			Other post-employment benefits		
	2006	2007	2008	2006	2007	2008
				€ 000's		
Discount rate	4.15%	4.65%	5.35%	4.15%	4.25%	4.65%
Expected return on plan assets	3.63%	4.28%	4.87%	3.63%	0 %	0 %
Expected return on non-qualifying pension policies	3.63%	4.28%	4.87%	4.90%	4.28%	4.87%
Future salary increases (price inflation included)	2.30%	2.80%	3.00%	2.30%	0 %	0 %
Future pension increases (price inflation included)	1.80%	1.80%	1.90%	1.80%	1.80%	0 %
Medical cost trend rates				4.30%	0 %	0 %

Other long-term service benefits

Other long-term service benefits consist in employer obligations to pay anniversary and other bonuses. The table below specifies liabilities of this nature that are recognised in the balance sheet.

	2006	2007	2008
		€ 000's	
Present value of the liability	272	250	277
Fair value of plan assets	—	—	—
Net recognised liabilities	272	250	277

Actuarial assumptions:

	2006	2007	2008
		€ 000's	
Discount rate	4.15%	4.20%	4.95%
Salary increases	2.30%	2.80%	3.00%

The following table shows a specification of other long-time service benefit costs.

	2006	2007	2008
		€ 000's	
Current service cost	29	28	28
Net actuarial loss (profit) recognised immediately	(8)	(39)	10
Total cost excl. interest component	21	(11)	38
Interest component	12	10	13
Total expenses	33	(1)	51

The table below shows changes in other long-term service related liabilities for the period.

	2006	2007	2008
		€ 000's	
Net liability at 1 January	263	272	250
Total expenses	33	(1)	51
Contributions paid	(24)	(21)	(24)
Net liability at 31 December	272	250	277

All post-employment and other long-term service benefits are included in accrued interest and other liabilities.

23 Remuneration in shares and share options

FCI offers its employees and members of the executive committee the possibility to receive remuneration in the form of Fortis shares.

Employee share options

In 2006 and 2007 FCI decided to offer Fortis stock options to a selected group of managers and executive committee members.

In 2006 and 2007 the following option plans were allotted:

Year of issue	Allotted share options employees	Allotted share options executive committee	Weighted average exercise price (in Euro)
2006	16,500	14,000	29.34
2007	6,600	19,100	32.53
2008	9,200	13,500	15.06

The share option plans granted by FCI are 10-year American at-the-money call options with a 5-year vesting period; the value is based on the Simple Cox model. The parameters below were used to calculate the fair value of the options allotted:

	2006	2007	2008
Date of allotment of options	31 March 06	31 March 07	31 March 08
First exercise date	3 April 11	2 April 12	2 April 13
Final maturity	3 April 16	2 April 17	5 March 18
Dividend yield	5.13%	5.82%	3.82%
10-year interest rate	3.74%	4.08%	3.67%
Share price on allotment date	29.48	32.53	15.06
Volatility	24.80%	26.04%	81.94%
Fair value of options	16.01%	15.31%	0.24%

All option plans are settled by the delivery of Fortis N.V. shares rather than in cash. To meet the obligation to deliver existing shares, shares are repurchased at Fortis group level, taking account of the chance of exercise.

24 Remuneration of directors and executive managers of FCI

The composition of the FCI Board in 2008 was as follows:

Mr P.R.C. Coene	Chief Executive Officer
Mr Y.M.P. Warlop	Chief Financial Officer
Mr M.F. Vervliet	Executive Vice President/Chief Operating Officer
Mr P.P.M.A. van Oosterzee	Executive Vice President/Chief Operating Officer

Total remuneration (basic remuneration and cash bonuses) of the four Board members in office during the entire year or part of the year was EUR 0.7 million (2007: EUR 0.8 million).

The share options allotted to members of the board are specified in Note 23.

FCI Supervisory Board members received no remuneration in 2008 and 2007.

25 Audit fees

€ 000's

Fees paid to auditors (2008: EUR 111; 2007: EUR 111; 2006: EUR 111) were paid in respect of audit engagements. These fees include fees for auditing the company's financial statements under the articles of association and the consolidated financial statements, as well as for auditing quarterly and other reports.

26 Related party transactions

Related parties to FCI include associates, FCI Supervisory Board members, Executive Managers, being the CEO and the members of the Executive Committee, close relatives of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities. As of 3 October 2008, former Fortis Group companies are no longer related parties.

As part of its business operations FCI frequently entered into transactions with related parties. Such transactions mainly related to loans, pensions, investments, reinsurance contracts, cash management, IST, facility services and deployment of staff to branch offices and were entered into on the basis of the same commercial and market terms that apply to non-related parties.

Remuneration of and shares held jointly by the members of the Supervisory Board and the Executive Committee are described on pages 50 and 51. As at 31 December, there were no outstanding loans or credits of FCI to members of the Supervisory Board and Executive Committee.

The following table provides an overview of the financial scope of transactions in 2007 with the related parties belonging to the Fortis Group.

Income statement transactions for the year ended 31 December

	2006	2007	2008
		€ 000's	
Interest income	2,028	3,618	—
Dividend received	407	2,003	—
Interest expense	(2,171)	(3,599)	—
Insurance premiums, net of reinsurance (earned)	(2,771)	17,588	—
Other income	(403)	—	—
Insurance claims	(53)	(703)	—
Fee and commission expense	(748)	(4,199)	—
Operational, administrative and other expense	(23,521)	(26,678)	—

Related-party balances as at 31 December

	2006	2007	2008
		€ 000's	
Receivable from related parties	79,134	17,266	—
Other assets	19,378	33,135	—
Due to related parties	(4,503)	(10,023)	—
Liabilities arising from insurance and Investment contracts	(8,803	(15,236)	—
Subordinated liabilities and other borrowings	(30,000)	(30,000)	—
Other liabilities	(26,006)	—	—

27 Note on the disentanglement from Fortis

Until 3 October 2008 FCI was part of Fortis. As at that date the State of The Netherlands acquired all outstanding shares in FCI.

FCI is strongly interrelated with (former) Fortis group entities with regard to staff in the Belgian branch, information systems and technology and various other support services. Transitory Service Arrangements have been concluded for essentially all of these services provided. FCI has set up programmes in order to start the unwinding of these services.

Up to 3 October 2008 the company was part of a fiscal unity (both for direct and indirect tax) with other (former) Fortis entities in The Netherlands. Since then, the company has become an independent tax payer. As a result of the break-up of the fiscal unity, the company could in principle be subject to the claw back rule of article 15ai of the Dutch Corporate Income Tax act. This item is under discussion with the Dutch Revenue. No tax liability has been recognized for this as the impact is immaterial and is not considered likely.

Furthermore, the company acquired in the past shares of a real estate company which was part of the same fiscal unity at which time a real estate transfer tax exemption was claimed. Application of the hardship clause has recently been denied and the result is an additional real estate transfer tax of €3,900,000 to be paid. This tax liability will be recorded in 2009 and will be capitalised as part of the acquisition cost of this investment.

Accountant's report on FCI's historical financial information

The Board of Directors
on behalf of Amlin plc
St Helen's
1 Undershaft
London, EC3A 8ND

RBS Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

15 June 2009

Dear Sirs

We report on the financial information set out Part IV of the Class 1 Circular relating to the acquisition of Fortis Corporate Insurance N.V. dated 15 June 2009 by Amlin plc (the "**Company**") (the "**Circular**"). This financial information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in paragraphs A to W of the financial information. This report is required by Listing Rule 13.5.21R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraphs A to W of the financial information and in accordance with IFRS as adopted by the EU.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Circular, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of Fortis Corporate Insurance N.V. as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in paragraphs A to W and in accordance with IFRS as adopted by the EU and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Yours faithfully

Deloitte LLP
Chartered Accountants

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PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

Introduction

The following unaudited Pro forma statement of net assets (the "**Pro Forma Financial Information**") has been prepared to show the effect on the consolidated net assets of Amlin of the acquisition of FCI as if it had occurred on 31 December 2008.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation, and should be read in conjunction with the notes set out below. Due to its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent Amlin's or the Enlarged Group's actual financial position or results.

For the purpose of the preparation of the Pro Forma Financial Information, the Group has attributed the excess of the purchase price paid over the book value of FCI's net assets entirely to goodwill. No account has been taken of any fair value adjustments which may arise on the acquisition.

Basis of preparation

The statement of pro forma net assets set out below is based on the audited consolidated balance sheet of the Amlin Group as at 31 December 2008 adjusted to reflect the audited net assets of FCI as at 31 December 2008 presented in accordance with the Amlin accounting policies (as set out in Part IV of this document) and other adjustments as described in the notes below.

The Pro Forma Financial Information does not reflect any changes in the trading position of FCI or Amlin or any other changes arising from other transactions since 31 December 2008, being the date at which the latest financial information was prepared.

Unaudited pro forma statement of net assets for the Enlarged Group as at 31 December 2008

Pro forma Statement of net assets	Amlin plc Consolidated Net Assets 31 December 2008	Adjustments: FCI Consolidated Net Assets 31 December 2008	Adjustments: Funds from placing	Adjustments: Acquisition	Pro forma Consolidated Net Assets
	£000 Note 1	Converted '£000 Note 2	£000 Note 3	Converted '£000 Note 4	£000
Assets					
Cash and cash equivalents	14,085	46,317	74,954	(337,833)	(198,931)
Financial investments at fair value through income	2,868,090	1,096,320	—	—	3,964,410
Reinsurance assets					
—reinsurers' share of liabilities arising from reinsurance contracts	391,826	257,734	—	—	649,560
—debtors arising from reinsurance operations	325,099	9,368	—	—	334,467
Loans and receivables, incl. insurance receivables					
—insurance receivables	305,525	162,207	—	—	467,732
—loans and receivables	68,732	38,359	—	—	107,091
Current income tax assets	13,257	4,170	—	—	17,427
Deferred tax assets	11,106	26,528	—	—	37,634
Property and equipment	8,408	349	—	—	8,757
Goodwill and intangible assets	110,244	—	—	103,683	213,927
Investment in group and associated undertakings	1,494	—	—	—	1,494
Total assets	4,117,866	1,641,352	74,954	(234,150)	5,603,568
Total Equity and reserves	1,216,109	234,150	74,954	(234,150)	1,294,609
Liabilities					
Insurance contracts					
—outstanding claims	1,692,797	1,077,110	—	—	2,769,907
—unearned premiums	549,359	151,931	—	—	701,290
—creditors arising from insurance operations	84,936	28,801	—	—	113,737
Trade and other payables	123,220	96,138	—	—	219,358
Current income tax liabilities	6,897	11,257	—	—	18,154
Borrowings	295,909	28,571	—	—	324,480
Retirement benefit obligations	4,000	8,354	—	—	12,354
Deferred tax liabilities	144,639	5,040	—	—	149,679
Total Liabilities	2,901,757	1,407,202	—	—	4,308,959
Total Equity, reserves and liabilities	4,117,866	1,641,352	74,954	(234,150)	5,603,568

Explanatory Notes to Pro Forma Financial Information

Source of underlying financial information

1 The figures for Amlin plc have been extracted without material adjustment from the audited financial statements of Amlin plc for the year ended 31 December 2008.

2 The figures for FCI have been extracted without material adjustment from the Financial Information of FCI as set out in Part IV of this document for the year ended 31 December 2008 and converted into Pounds Sterling at the exchange rate of £1.00:€1.05.

3 The proceeds from the placing of 23,502,567 Amlin shares is shown net of expenses of £1.43m.

4 The adjustment reflects the acquisition of FCI. The excess of consideration over the book value of assets acquired has been reflected as goodwill. No account has been taken of any fair value adjustments which may arise on the acquisition.

Goodwill has been calculated as follows:

	£000
Consideration	333,333
Estimated acquisition expenses	4,500
	337,833
Net assets of FCI acquired	234,150
Goodwill	103,683

Reporting accountant's report on Unaudited Pro Forma Financial Information

The Board of Directors
on behalf of Amlin plc
St Helen's
1 Undershaft
London, EC3A 8ND

RBS Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

15 June 2009

Dear Sirs,

Amlin plc (the "Company")

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Part V of the Class 1 circular dated 15 June 2009 (the "Investment Circular"), which has been prepared on the basis described in the Explanatory Notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2008. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (together, the "Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP
Chartered Accountants

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PART VI

ADDITIONAL INFORMATION

1 Responsibility

The Directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Amlin

Amlin was incorporated and registered in England under the 1985 Act as a public limited company on 17 September 1993 with registered number 2854310 and under the name Hackplimco (No. Ten) Public Limited Company. It changed its name to Angerstein Underwriting Trust PLC on 30 September 1993 and to Amlin plc on 25 September 1998. The principal legislation under which the Company operates, and pursuant to which the Amlin Shares have been created, is the 1985 Act, the 2006 Act (to the extent in force) and regulations thereunder.

The existing Amlin Shares are listed on the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The registered office of the Company is St. Helen's, 1 Undershaft, London EC3A 8ND and its telephone number is +44 (0) 20 7746 1000.

3 Directors

The Directors and their principal functions are set out on page (i) of this document.

4 Directors' shareholdings and share options

4.1 Shares

As at 12 June 2009 (being the latest practicable date prior to the publication of this document) the interests, all of which were beneficial, of the Directors and their related parties who have interests in the share capital of the Company were as follows:

Director	Number of Ordinary Shares	Number of B Shares
N J C Buchanan	11,200	—
B D Carpenter	379,449	—
R A Hextall	160,669	—
A W Holt	259,102	45,890
C E L Philipps	569,489	37,150
R J Taylor	17,986	—
M Wrightson	8,888	—

Notes

1. In the cases of the executive directors, being Messrs Carpenter, Hextall and Philipps, the above holdings include beneficial interests held through the Company's Share Incentive Plan (SIP). Details of their interests in share options and long term incentive plans are set out in paragraph 4.2 below.
2. None of the Directors have any other interests in the shares or other securities of the Company or any of its subsidiaries.

4.2 Amlin Share Schemes

As at 12 June 2009 (being the latest practicable date prior to the publication of this document) the Amlin Directors had the following options to subscribe for shares.

Director	Type of Award	Over new or ESOT shares	Shares under option on 12 June 2009	Exercise price per share	Years options exercisable
B D Carpenter	LTIP	ESOT	27,492	Nominal	2010
	LTIP	ESOT	80,984	Nominal	2011
	LTIP	ESOT	56,127	Nominal	2012
	Exec options	New	79,000	161.77p	2008-15
	Exec options	New	46,075	293.00p	2009-16
R A Hextall	LTIP	ESOT	28,939	Nominal	2010
	LTIP	ESOT	86,066	Nominal	2011
	LTIP	ESOT	61,164	Nominal	2012
	PSP	ESOT	85,053	Nominal	2009
	PSP	ESOT	97,362	Nominal	2010
	PSP	ESOT	77,816	Nominal	2011
	PSP	ESOT	67,524	Nominal	2012
	PSP	ESOT	86,066	Nominal	2013
	PSP	ESOT	61,164	Nominal	2014
	Exec options	New	58,362	293.00p	2009-16
	Sharesave	New	3,552	266.00p	2010-11
C E L Philipps	LTIP	ESOT	45,579	Nominal	2010
	LTIP	ESOT	152,164	Nominal	2011
	LTIP	ESOT	95,550	Nominal	2012
	PSP	ESOT	189,734	Nominal	2009
	PSP	ESOT	190,087	Nominal	2010
	PSP	ESOT	153,584	Nominal	2011
	PSP	ESOT	151,929	Nominal	2012
	PSP	ESOT	152,164	Nominal	2013
	PSP	ESOT	95,550	Nominal	2014
	Exec options	New	114,050	161.77p	2008-15
	Exec options	New	92,150	293.00p	2009-16
	Sharesave	New	3,902	246.00p	2011-12

Notes:

1. 'LTIP' awards are under the Amlin Long Term Incentive Plan 2006, 'Exec options' are under the Amlin Executive Share Option Schemes 1997 and 'PSP' awards are under the Amlin Performance Share Plan 2004. 'ESOT' are awards to be satisfied from the Group's Employee Share Ownership Trust.
2. 'Nominal' exercise price is £1 in total per each exercise.

5 Directors' service contracts

Save for the service contracts described on pages 142 to 143 of the Annual Report (which information is incorporated by reference in this document), there are no existing or proposed service contracts between any Director or proposed director of the Company and the Company and its subsidiary undertakings.

The terms of appointment of non-executive Directors described on page 147 of the Annual Report are incorporated by reference in this document.

6 Major interests in Shares

As at 12 June 2009 (being the latest practicable date prior to the publication of this document) the Company had been notified of notifiable interests in the Company's issued ordinary share capital (whether notifiable pursuant to sections 198 to 208 of the 1985 Act or DTR 5, such interests being "**Notifiable Interests**") as set out below:

Shareholder	Number of Shares	Percentage interest of issued ordinary share capital
Invesco Ltd	49,555,580	10.0
Legal and General Group Plc companies	26,433,832	5.4
AXA S.A.	23,197,732	4.7
J.P. Morgan Chase & Co companies	19,624,490	4.0

Save as set out above, the Company is not aware of any other Notifiable Interests.

7 Related party transactions

Save as disclosed in Note 34 on pages 110 to 112 of the Annual Report (which related party transactions are incorporated by reference in this document), the Company has not entered into any related party transaction during the period covered by the historical financial information contained in Part IV up to the date of this document.

8 Material contracts

8.1 The Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

8.1.1 The Acquisition Agreement, which is summarised in paragraph 6 of the Chairman's letter in Part I of this document.

8.1.2 Placing Agreement with RBS Hoare Govett

On 3 June 2009, the Company and RBS Hoare Govett entered into a placing agreement pursuant to which RBS Hoare Govett agreed as agent of the Company to use its reasonable endeavours to procure placees for the Ordinary Shares placed pursuant to the Placing (the "**Placing Shares"**) at a price agreed after a bookbuilding process conducted by RBS Hoare Govett and to subscribe for all such Placing Shares which were not so placed by them. The obligations of RBS Hoare Govett were conditional upon certain matters being satisfied and the Placing Agreement was terminable on the occurrence of certain specified events.

The Company gave representations, warranties and indemnities in favour of RBS Hoare Govett that are usual for a transaction of this nature. The Company paid RBS Hoare Govett a commission of 1.75 per cent. of the gross proceeds of the Placing. The agreement also contains provision for Amlin to pay, at its sole discretion, a discretionary incentive fee of 0.5 per cent. of the gross proceeds of the Placing. The Company also agreed to reimburse the costs and expenses incurred by RBS Hoare Govett in connection with the Placing.

8.1.3 £450 million secured revolving and standby letter of credit facilities agreement (the "**Facilities Agreement**").

Amlin (as Borrower and a Guarantor) is party to a £450 million secured revolving and standby letter of credit facilities agreement dated 13 November 2006, which was amended and restated on 3 September 2008, with (among others) Amlin Underwriting Limited (as Original Managing Agent), Amlin Corporate Services Limited and Amlin (Overseas Holdings) Limited (as Guarantors), Lloyds TSB Bank plc (as Mandated Lead Arranger, Agent and Trustee) and certain banks and financial institutions described therein (the "**Lenders**").

The Facilities Agreement is split into two tranches:

(a) a £250 million multicurrency revolving facility which may be utilised by way of cash advances or sterling denominated letters of credit ("**Facility A**"); and

(b) a £200 million letter of credit facility which may be utilised by way of US dollar denominated letters of credit ("**Facility B**").

Facility A will terminate, to the extent it is utilised by way of cash advances, on 3 September 2013. To the extent that Facility A is utilised by way of a letter of credit, it shall terminate on 31 December 2013 unless extended, at the request of Amlin, for a period of one or two years. Facility B will terminate on 3 September 2013.

Facility A is to be used for the general corporate purposes of Amlin, to provide Funds at Lloyd's with respect to each Account Party being, as at 3 September 2008, Amlin Corporate Member Limited, and for the refinancing of existing loans and letters of credit. Facility B is to be used for supporting the syndicate's US Situs Trust Funds solvency requirements, as well as refinancing existing letters of credit.

Cash advances under Facility A will bear interest at the aggregate of: (a) the margin, being 0.90 per cent. per annum, (b) London interbank offer rate ("**LIBOR**") and (c) mandatory costs, if any, to cover regulatory or reserve account costs. Letters of credit issued under Facility A will accrue commission at a rate of 0.90 per cent. per annum. Letters of credit issued under Facility B will accrue commission at a rate of 0.25 per cent. per annum.

The obligations of the Lenders under the Facilities Agreement to participate in a loan or to issue a letter of credit are subject to, amongst other things, certain representations being correct in all material respects, there being no event of default (or, in certain circumstances, a potential event of default) continuing or which would result from the proposed utilisation of a loan or issue of letter of credit, and the provision of certain documentation to Lloyds TSB Bank plc as agent.

The Facilities Agreement contains customary representations and warranties, affirmative and negative covenants, events of default and indemnities.

In certain circumstances, Amlin may be required to provide additional collateral in respect of amounts outstanding under a Facility B letter of credit.

The Facilities Agreement is secured by way of charges over cash, cash equivalents and marketable securities pursuant to a security, custodian and control agreement dated the date of the Facilities Agreement (and amended and restated on the date of the amendment and restatement of the Facilities Agreement).

8.1.4 2004 Bonds

On 23 November 2004 Amlin issued US$50,000,000 7.11 per cent. Fixed to Floating Rate Subordinated Bonds due 2019 (the "**2004 Bonds**"). The purpose of the issue of the 2004 Bonds was for use by Amlin to fund the operations and commercial activities of the Group.

Amlin entered into a number of agreements in connection with the issue of the 2004 Bonds and the principal agreements include:

(a) Bond Purchase Agreement dated 23 November 2004 between Amlin and the Purchasers named therein relating to the purchase and offering of the 2004 Bonds. The agreement is for Amlin to issue and sell to each Purchaser and the Purchaser to purchase, a specified amount of the 2004 Bonds;

(b) Trust Deed dated 23 November 2004 between Amlin and The Bank of New York, London Branch (the "**Trustee**") constituting the 2004 Bonds. This Trust Deed governs the relationship between Amlin and the Trustee (the Trustee being the bondholders representative). It contains key provisions, such as the covenant to pay, the form of 2004 Bonds and the duties of the Trustee; and

(c) Paying and Transfer Agency Agreement dated 23 November 2004 between Amlin, The Bank of New York, London Branch (the "**Principal Paying and

Transfer Agent") and The Bank of New York, Belgium Branch (the "**Registrar**") relating to the 2004 Bonds. The purpose of this agreement is to set out the procedure for Amlin paying principal and interest on the 2004 Bonds to the Principal Paying and Transfer Agent who pays these on to the bondholders.

The 2004 Bonds bear interest at a fixed rate of 7.11 per cent., payable semi-annually until November 2014. From November 2014 until November 2019 the 2004 Bonds will bear interest at a floating rate equal to three-month US dollar LIBOR plus 3.48 per cent. per annum, payable quarterly.

The 2004 Bonds will rank on a winding-up of Amlin in priority to distributions on all classes of its share capital and payments on all its undated or perpetual subordinated obligations and will rank *pari passu* with each other but will, on a winding up of Amlin, be subordinated in right of payment to the claims of all its Senior Creditors.

Senior Creditors are defined in the terms and conditions of the 2004 Bonds as all creditors of Amlin (including any policyholders of Amlin) who are unsubordinated creditors of Amlin or subordinated creditors of Amlin other than holders of undated or perpetual subordinated indebtedness (or any guarantee in respect thereof) and those whose claims rank or are expressed to rank pari passu with or junior to the claims of the Bondholders.

The 2004 Bonds are listed on the Official List and traded on the London Stock Exchange's market for listed securities. In connection with these admissions, Amlin prepared an Offering Circular dated 23 November 2004;

8.1.5 2005 Bonds

On 15 March 2005 Amlin issued US$50,000,000 7.28 per cent. Fixed to Floating Subordinated bonds due 2020 (the "**2005 Bonds**"). The purpose of the issue of the 2005 Bonds was to provide long term capital to support Amlin's and its subsidiaries' underwriting activities.

Amlin entered into a number of agreements in connection with the issue of the 2005 Bonds and the principal agreements include:

(a) Bond Purchase Agreement dated 15 March 2005 between Amlin, Merrill Lynch International, Cohen Bros. & Company and Principal Life Insurance Company (the "**Purchasers**") relating to the purchase and offering of the 2005 Bonds. The agreement is for Amlin to issue and sell to each Purchaser and the Purchaser to purchase a specified amount of the 2005 Bonds;

(b) Trust Deed dated 15 March 2005 between Amlin and The Bank of New York, London Branch (the "**Trustee**") constituting the 2005 Bonds; and

(c) Paying and Transfer Agency Agreement dated 15 March 2005 between Amlin, The Bank of New York, London Branch and The Bank of New York, Belgium Branch relating to the 2005 Bonds. The purpose of this agreement is to set out the procedure for Amlin paying principal and interest on the 2005 Bonds to the Principal Paying and Transfer Agent who pays these on to the bondholders.

The 2005 Bonds bear interest at the fixed rate of 7.28 per cent. per annum, payable semi-annually until March 2015. From March 2015 to March 2020 the 2005 Bonds will bear interest at a floating rate equal to three-month US dollar LIBOR plus 3.32 per cent. per annum, payable quarterly.

The 2005 Bonds are serially numbered and in registered, definitive form in principal amounts of U.S.$1,000,000 or any amount in excess thereof, which is an integral multiple of U.S.$1,000.

Unless previously redeemed or purchased and cancelled, the 2005 Bonds will be redeemed at their principal amount on the Maturity Date (means the Interest Payment Date falling in March 2020).

The 2005 Bonds will rank on a winding up of Amlin in priority to distributions on all classes of its share capital and payments on all its undated or perpetual subordinated obligations and will rank *pari passu* with each other but will, on a winding up of Amlin, be subordinated in right of payment to the claims of all its Senior Creditors.

Senior Creditors are defined in the terms and conditions of the 2005 Bonds as all creditors of Amlin (including any policyholders of Amlin) who are unsubordinated creditors of Amlin or subordinated creditors of Amlin other than holders of undated or perpetual subordinated indebtedness (or any guarantee in respect thereof) and those whose claims rank or are expressed to rank pari passu with or junior to the claims of the Bondholders.

The Trustee at its discretion may (but subject to various conditions), give notice to the Issuer that the 2005 Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount together with accrued interest thereon if:

(a) default is made for a period of 14 days or more in the payment of any interest due in respect of the 2005 Bonds or any of them; or

(b) an order is made or a resolution is passed for the winding up of the Issuer (other than a winding up which has been approved in writing by the Trustee (with the approval of the holders of 100 per cent. in principal amount of the 2005 Bonds)).

The 2005 Bonds are listed on the Official List and traded on the London Stock Exchange's market for listed securities. In connection with these admissions, Amlin prepared an Offering Circular dated 13 April 2005;

8.1.6 2006 Bonds

On 25 April 2006 Amlin issued £230,000,000 6.5 per cent. Fixed to Floating Rate Subordinated Bonds due 2026 (the "**2006 Bonds**"). The purpose of the issue of the 2006 Bonds was for use by Amlin to refinance fully letters of credit and to refinance partially term loans. Amlin entered into a number of agreements in connection with the issue of the 2006 Bonds and the principal agreements include:

(a) Subscription Agreement dated 19 April 2006 between Amlin, Barclays Bank PLC and J.P. Morgan Securities Ltd. (the "**Joint Lead Managers**") relating to the 2006 Bonds. The agreement is for Amlin to issue, and the Joint Lead Managers to subscribe and pay for, the 2006 Bonds;

(b) Trust Deed dated 25 April 2006 between Amlin and The Bank of New York (the "**Trustee**") constituting the 2006 Bonds. This Trust Deed governs the relationship between Amlin and the Trustee (the Trustee being the bondholders' representative). It contains key provisions, such as the covenant to pay, the form of 2006 Bonds and the duties of the Trustee; and

(c) Paying Agency Agreement dated 25 April 2006 between Amlin and The Bank of New York (as "**Principal Paying Agent**", "**Agent Bank**" and "**Trustee**") relating to the 2006 Bonds. The purpose of this agreement is to set out the procedure for Amlin paying principal and interest on the 2006 Bonds to the Principal Paying Agent who pays these on to the bondholders.

The 2006 Bonds bear interest at a fixed rate of 6.5 per cent., payable annually until December 2016. From December 2016 until December 2026 the 2006 Bonds will bear interest at the rate of 2.66 per cent. above LIBOR for three-month sterling deposits, payable quarterly.

On a winding up of Amlin, its payment obligations under the 2006 Bonds will be subordinated to the claims of all Senior Creditors but will rank at least *pari passu* with all other obligations of Amlin which constitute Lower Tier 2 Capital and in priority to those whose claims constitute Upper Tier 2 Capital or Tier 1 Capital and to the claims of holders of all classes of its share capital. Senior Creditors are defined in the terms and conditions of the 2006 Bonds as all creditors of Amlin who are unsubordinated creditors of Amlin.

Subject to giving at least six months' prior written notice to the FSA (or such shorter period of notice as the FSA may accept and, in any event, provided that such notice is required to be given), the 2006 Bonds will be redeemable on 19 December 2016 or any interest payment date thereafter (as defined in the Terms and Conditions of the 2006 Bonds) in whole, but not in part, at the option of Amlin at a price equal to their principal amount together with all arrears of interest (if any).

The Trustee at its discretion may (but subject to various conditions) give notice to Amlin that the 2006 Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount together with accrued interest thereon if:

(a) default is made for a period of 14 days or more in the payment of any interest due in respect of the 2006 Bonds or any of them; or

(b) an order is made or a resolution is passed for the winding up of Amlin (other than a winding up which has been approved in writing by the Trustee (with the approval of the holders of 100 per cent. in principal amount of the 2006 Bonds)).

The 2006 Bonds are listed on the Official List and traded on the London Stock Exchange's market for listed securities. In connection with these admissions, Amlin prepared a Prospectus dated 19 April 2006;

8.1.7 On 3 October 2008, Amlin, acting through a wholly owned subsidiary, entered into an agreement to acquire Financière Europe Assurance ("**FEA**"), the holding company of Anglo French Underwriters SAS ("**AFU**"). The vendors were 21 Centrale Partners and members of AFU management. The purchase price was satisfied in cash.

The acquisition was completed on 25 November 2008 following approval from Lloyd's and the FSA. Amlin currently owns 95% of the issued share capital of FEA (now renamed as Amlin France). The remaining shares are held by management and are subject to various put and call options which, subject to the satisfaction of certain conditions, allow Amlin to purchase such shares.

8.1.8 Save as disclosed in paragraphs 8.1.1 to 8.1.7, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

8.2 FCI

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by FCI (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which FCI has any obligation or entitlement which is material to FCI as at the date of this document:

8.2.1 Transitional Services Agreement

FCI has entered into a transitional services and underwriting agreement with FIB dated 6 April 2009, as amended and supplemented by a supplemental agreement dated 11 May 2009 (the "**TSA**"). The TSA provides for rendering by FIB to FCI of similar services to those provided as of December 2008, including the administration of re-insurance, claims handling, accounting services, tax services, financial operations, asset management, IT (both infrastructure and operations and information systems), the provision of premises and transitional underwriting services up until the end of 2010, with a right to extend until the end of June 2011 (but with a significant price ratchet). Following the expiry of the transitional period, all services will have to be provided on a stand-alone basis by FCI. In particular, migration of the current IT systems to an Amlin based platform will have to be completed prior to the end of the transitional period. The TSA contains various limitations on the liability of FIB as service provider thereunder.

8.2.2 ASR Separation Agreement

On 26 May 2009, FCI entered into a separation agreement with ASR Nederland, (the "**ASR Separation Agreement**"). The ASR Separation Agreement sets out the process by which complete operational and organisational separation between ASR Nederland and FCI will be achieved, and the terms and conditions under which services will be provided by ASR Nederland to FCI during the transitional period. The services provided by ASR Nederland under the ASR Separation Agreement include internal audit services, reinsurance administration, testing of reserves, asset management, tax services and printer facilities. These services will be terminated by 3 October 2010 at the latest, and the costs that FCI currently pay for each service will continue to be paid until such service is terminated.

8.2.3 Fortis Bank Separation Agreement

On 15 May 2009, FCI entered into a separation agreement with Fortis Bank Nederland (Holding) N.V. and Fortis Bank (the "**Fortis Bank Separation Agreement**"). The Fortis Bank Separation Agreement sets out the process by which complete operational and organisational separation between FCI and the Fortis banking entities will be achieved, and the terms and conditions under which services will be provided by the Fortis banking entities to FCI during the transitional period. The services provided by the Fortis banking entities under the Fortis Bank Separation Agreement include catering, post, archiving, telephone, blackberry, internet gateway, WAN, LAN, VPN Connectivity, Mail, IXOS, Software licenses, recruitment and banking. These services will be terminated by 3 October 2010 at the latest, and the costs that FCI currently pay for each service will continue to be paid until such service is terminated.

8.2.4 Fortis Bank Facility Agreement and Guarantees

FCI and Fortis Bank have entered into a facility agreement dated 20 April 2009 under which Fortis Bank has agreed to provide FCI with three credit facilities: (i) a daily revocable overdraft facility with an authorised limit of EUR 5,000,000; (ii) a guarantee facility for a maximum guaranteed amount of EUR 10,000,000; and (iii) a guarantee/standby letter of credit facility for a maximum guaranteed amount of GBP 15,000,000. Fortis Bank has provided a number of guarantees on behalf of FCI in an aggregate amount of EUR 20,523,208.

Both parties have the right to cancel any of the three facilities by written notice with immediate effect and the agreement also provides that it will terminate, at the discretion of Fortis Bank, on a change of control of FCI. In the case of any such cancellation or termination, FCI must repay the outstanding amounts on the repayment date set out in such notice and provide cash cover or any other security (as elected by Fortis Bank) in respect of then outstanding guarantees or standby letters of credit within 30 business days.

8.2.5 Subordinated Loan

FCI entered into a EUR 30 million subordinated loan agreement with Fortis Insurance International N.V. on 15 October 2003. The loan is to be redeemed on 15 October 2018 and is subject to an annual interest rate of 6.5%.

8.2.6 Save as disclosed in paragraphs 8.2.1 to 8.2.5, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by FCI (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the FCI group has any obligation or entitlement which is material to FCI as at the date of this document.

9 Litigation

9.1 The Group

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Group which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability, save for the following:

9.1.1 GB LLC v. Certain Underwriters at Lloyd's

This is a putative class action lawsuit pending in the Circuit Court of Broward County, Florida in the U.S. Amlin Syndicate 2001 is one of a number of Lloyd's syndicates named as defendants. The plaintiffs seek to plead claims on behalf of an alleged class of persons in Florida that made claims for hurricane losses under Lloyd's policies in the period 2004 to 2008 where the policies contained a separate percentage deductible applicable to windstorm losses and/or a co-insurance provision applicable to underinsured properties. The plaintiffs allege that the policy language relating to such deductibles and co-insurance provisions did not comply with Florida law. The damages sought are: the difference between the windstorm deductibles applied and the standard 'other perils' deductibles in the policies; the co-insurance penalties applied to the adjusted loss payments; and attorneys' fees for the class plaintiffs' counsel.

This case is at a preliminary phase and a motion to dismiss the claims as a matter of law is pending. No class has been certified to date. Given the early stage of this litigation, the potential claim amount is currently unquantifiable.

9.1.2 U.S. Antitrust Litigation

Amlin Syndicate 2001 is one of a number of Lloyd's syndicates named as defendants in three antitrust cases in the U.S. that are currently pending in the *In re Insurance Antitrust Litigation* that is a consolidated, Multi-District Litigation ("**MDL**") proceeding in the U.S. District Court for the District of New Jersey. All three cases arise out of the enquiries of former New York Attorney General Spitzer into alleged misconduct by Marsh & McLennan and other brokers in the U.S. commercial insurance market. The plaintiffs allege that the defendant Lloyd's syndicates colluded with Marsh, other large insurance brokers and other insurers to hide secret 'contingent commissions' paid to brokers, and that they engaged in 'bid rigging' with brokers and other insurers to allocate business to scheme participants at inflated prices, all in violation of the federal Sherman Antitrust Act and similar state laws. Two of the cases are putative class actions on behalf of all insureds that bought or renewed a policy with any of the defendant Lloyd's syndicates between 1998 and 2007. The damages sought are: the differential between the premiums actually charged each member of the plaintiff class and the premiums that would have been charged absent the alleged collusion; a trebling of those damages as provided for under state and federal antitrust law; and attorneys' fees for counsel for the plaintiffs as allowed by statute.

The three cases in the MDL have been stayed for the past two years while the original class action case against Marsh et al. (to which Amlin Syndicate 2001 is not a party) proceeded. In 2007, the U.S. District Court dismissed all of the plaintiffs' claims in the original case as a matter of law, and the plaintiffs have appealed the dismissal to the U.S. Court of Appeals. The appeal is currently pending. No class has been certified to date. Given the early stage of the litigation, the potential claim amounts in the MDL are currently unquantifiable.

9.2 FCI

FCI is not, and has not been, involved in any governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened by or against FCI which may have, or have had during the 12 months preceding the date of this document, a significant effect on FCI's financial position or profitability, save for the following:

9.2.1 Investigation by the Dutch competition authority

The Dutch competition authority ("**DCA**") has investigated FCI's role in an insurance pool covering the professional liability risks of Dutch civil law notaries (the "**Notary Pool**")). Part of the investigation considered whether the Notary Pool was in violation of competition regulations and whether it could take advantage of certain exemptions. In August 2008, DCA sent a preliminary report to FCI concluding that the Notary Pool could not profit from any exemptions and had violated Dutch and European competition rules. It is not yet clear what sanction(s), if any, will be imposed on FCI as a result of such violation and any potential claim amounts are unquantifiable.

10 Working capital

The Company is of the opinion that, taking into account the facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

11 Significant changes

11.1 Amlin

There has been no significant change in the financial or trading position of the Group since 31 December 2008, the date to which the last published audited financial statements in the Annual Report were prepared.

11.2 FCI

There has been no significant change in the financial or trading position of FCI since 31 December 2008, the date to which the historic financial statements set out in Part IV were prepared.

12 Incorporation by reference

The Annual Report (or parts of it) is incorporated by reference in, and form part of, this document.

Part VII of this document sets out the location of references to the above documents within this document.

13 Consents

(a) Each of Lexicon and RBS Hoare Govett has given and has not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

(b) Deloitte has given and has not withdrawn its written consent to the inclusion in Parts IV and V of this document of its reports in the form and context in which they appear.

14 Documents available for inspection

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at St. Helen's, 1 Undershaft, London EC3A 8ND and at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ up to and including the date of the General Meeting:

(a) the Memorandum and Articles of Association of the Company;

(b) the consent letters referred to in paragraph 13 above;

(c) the reports of Deloitte set out in Parts IV and V of this document;

(d) the Acquisition Agreement;

(e) the Announcement;

(f) the Amlin annual report and accounts for the year ended 31 December 2007;

(g) the Amlin annual report and accounts for the year ended 31 December 2008; and

(h) this document.

PART VII

DOCUMENTATION INCORPORATED BY REFERENCE

Information incorporated by reference	Document reference	Page number(s) in this document
Directors' service contracts	the Annual Report (pages 142-143)	Paragraph 5, Part VI (page 61)
Terms of appointment of non-executive Directors	the Annual Report (page 147)	Paragraph 5, Part VI (page 61)
Related party transactions	the Annual Report (note 34 on pages 110 to 112)	Paragraph 7, Part VI (page 62)

Definitions and Technical Terms

The following definitions apply throughout this document, unless stated otherwise:

1985 Act	the Companies Act 1985 (as amended from time to time)
2006 Act	the Companies Act 2006 (as amended from time to time)
Acquisition Agreement	the agreement between Amlin (Overseas Holdings) Limited and the Dutch State relating to the Acquisition, further details of which are set out in paragraph 6 of the Chairman's letter in Part I of this document
Acquisition	the proposed acquisition by Amlin from the Dutch State of the entire share capital of FCI
Amlin Bermuda	Amlin Bermuda limited
Announcement	the announcement made by Amlin on 2 June 2009 in connection with the Acquisition
Annual Report	the Company's annual report and accounts for the year ended 31 December 2008
ASR Nederland	ASR Nederland N.V.
ASR Separation Agreement	the agreement between FCI and ASR Nederland dated 26 May 2009 setting out the terms upon which their complete operational and organisational separation will be achieved, further details of which are set out in paragraph 8.2 of Part VI of this document
Board	the board of directors of Amlin
B Shares	the redeemable non-cumulative preference shares of 22.4 pence each in the capital of the Company
Central Fund	a fund established pursuant to the New Central Fund Byelaw (No. 23 of 1996) by Lloyd's primarily as a policyholders' protection fund in the event of a Member being unable to meet its underwriting liabilities. This fund may also be used, with certain exceptions, for any purpose which may appear to the Council to further the objects of Lloyd's
Company or Amlin	Amlin plc, a company registered in England and Wales with the number 2854310 whose registered office is at St. Helen's, 1 Undershaft, London EC3A 8ND
Capacity	underwriting capacity or stamp capacity, as the context requires
Corporate member	a member of Lloyd's which is a body corporate or a Scottish limited partnership
Council	the Council of Lloyd's, and any person or delegate acting under its authority, including the Lloyd's Market Board and the Lloyd's Regulatory Board
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
CREST Manual	the CREST Manual referred to in agreements entered into by Euroclear

DNB	means the Dutch Central Bank (*De Nederlandsche Bank*)
DTR	the disclosure rules and transparency rules made by the FSA pursuant to Part VI of FSMA, as revised from time to time
Deloitte	Deloitte LLP
Directors	the directors of the Company, whose names are set out on page (i) of this document
Enlarged Group	the enlarged Group following completion of the Acquisition
Euroclear	Euroclear UK & Ireland Limited
Equitas	Equitas Reinsurance Limited, the company into which all non-life liabilities in relation to 1992 and prior business have been reinsured
FIB	Fortis Insurance Belgium N.V./S.A.
FCI	Fortis Corporate Insurance N.V.
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in relation to the general meeting
Fortis Bank	Fortis Bank (Nederland) N.V.
Fortis Bank Separation Agreement	the agreement between FCI and Fortis Bank Nederland (Holding) N.V. and Fortis Bank dated 15 May 2009 setting out the terms on which the complete operational and organisational separation of FCI from the Fortis banking entities will be achieved, further details of which re set out in paragraph 8.2 of Part VI of this document
Fortis Group	Fortis N.V. and Fortis S.A./N.V. and their subsidiaries immediately prior to the Nationalisation
FSA	the Financial Services Authority
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
General Meeting	the general meeting of the Company to be held at St. Helen's, 1 Undershaft, London EC3A 8ND on 1 July 2009 at 11.00 am (or any adjournment thereof) notice of which is set out at the end of this document
Group or Amlin Group	the Company and its subsidiary undertakings from time to time
Lexicon	Lexicon Partners Limited
Linklaters	Linklaters LLP
Listing Rules	the listing rules made by the FSA pursuant to Part VI of FSMA, as revised from time to time
Lloyd's	the Society and Corporation of Lloyd's created and governed by the Lloyd's Act 1871-1872
Managing agent	an underwriting agent at Lloyd's responsible for managing a syndicate and, amongst other things, employing the active underwriter
Member or member of Lloyd's	except where the context requires otherwise, an underwriting member of Lloyd's

Members' agent	an underwriting agent which is appointed by a member to administer his underwriting affairs ay Lloyd's, especially to place him on syndicates
Nationalisation	the nationalisation of the Fortis Group by the Dutch and Belgian governments on 3 October 2008
Official List	the official list maintained by the UK Listing Authority
Placing	the placing described in paragraph 8.1.2 of Part VI of this document
RBS Hoare Govett	RBS Hoare Govett Limited
Reinsurance	the insurance of contractual liabilities incurred under contracts of insurance or reinsurance
Resolution	the ordinary resolution to approve the Acquisition as set out in the notice of General Meeting at the end of this document
Run-off account	a year of account of a syndicate which was not closed at its usual date for closure by reinsurance to close and which has yet to be closed
Seller or the Dutch State	the Dutch Ministry of Finance representing the State of the Netherlands
Separation Agreements	the ASR Separation Agreement and the Fortis Bank Separation Agreement
Shares or Ordinary Shares	the ordinary shares of 28.125 pence each in the capital of the Company
Shareholder	a holder of a Share
Solvency ratio	the ratio of net premiums to regulatory capital for an insurer
Stamp capacity	the maximum amount of premium income which members of a syndicate together may accept in a given year of account
Syndicate	members of Lloyd's are grouped into syndicates, each of which is represented at Lloyd's by a professional underwriter who accepts risks on behalf of the whole syndicate. Some syndicates comprise a single corporate entity
Transitional Services Agreement	the agreement between FCI and FIB relating to certain services to be provided by FIB to FCI for a transitional period, further details of which are set out in paragraph 8.2 of Part VI of this document
Underwriting capacity	the premium limit which determines the maximum amount of business which a member may underwrite, based on the level of his funds at Lloyd's, in any year of account
UK Listing Authority	means the FSA in its capacity as competent authority under the FSMA
Year of account	the year to which a risk is allocated and to which all premiums and claims in respect of that risk are attributed. The year of account of a risk is determined by the calendar year in which it is first signed. A year of account is normally closed by reinsurance at the end of 36 months

Amlin plc

Incorporated in England and Wales under the Companies Act 1985 with registered number 02854310

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Amlin plc (the "**Company**") will be held at the offices of the Company at St. Helen's, 1 Undershaft, London EC3A 8ND 1 July 2009 at 11.00 am to consider and, if thought fit, pass the first following resolution which will be proposed as an ordinary resolution.

Ordinary Resolution

THAT the proposed acquisition ("**Acquisition**") of Fortis Corporate Insurance N.V. ("**FCI**"), by or on behalf of the Company or a wholly owned subsidiary of the Company of the entire issued share capital of FCI, substantially on the terms and subject to the conditions set out in the circular to shareholders of the Company outlining the Acquisition dated 15 June 2009 (a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting) ("**Circular**") or (b) through the Company making, or having made on its behalf, any revised or new offer or offers for FCI or entering into other agreements to acquire shares in FCI, provided that the terms of any such revised or new offer or offers or other agreements do not result in consideration being offered which is materially higher than the consideration offered in respect of the Acquisition than as set out in the Circular, be and is hereby approved, subject to such waivers, extensions, non-material amendments or variations to the Acquisition as the Directors (or a committee of the Directors) may determine and the Directors (or a committee of the Directors) be and are hereby authorised to do all things as they may consider to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Acquisition and any matters incidental to the Acquisition.

By order of the Board,

CCT Pender FCIS FSI

Secretary

St. Helen's
1 Underschaft
London EC3A 8ND

15 June 2009

Notes

1. A shareholder who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote on his or her behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Such a proxy need not also be a shareholder of the Company.
2. A Form of Proxy for use by shareholders is enclosed with this Notice of Meeting (or is otherwise being delivered to Shareholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a shareholder from attending the meeting and voting in person.
3. To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, at least 48 hours before the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) at least 48 hours before the taking of the poll at which it is to be used.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their

behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

5. CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so by following the procedures laid down in the CREST Manual.

6. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must be transmitted so as to be received by the issuer's agent (ID Number 3RA50) no later than 11.00 am on 29 June 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message.

7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. CREST members should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Please see sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6.00 pm on 29 June 2009 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded. This is in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and Article 48(D) of the Company's Articles of Association.

10. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company.

11. The total number of issued ordinary shares (excluding treasury shares) in the Company on the date of this document, 15 June 2009, is 493,970,692. On a vote by show of hands every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote. On a poll every member who is present in person or by proxy has one vote for every ordinary share of which he is the holder. The resolution is an ordinary resolution and requires a simple majority of shareholders voting in person or by proxy to pass the resolution.

12. Holders of the Company's redeemable non-cumulative preference shares of 22.4 pence each who are not also holders of ordinary shares are not entitled to attend or vote at the General Meeting.

13. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (available at www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

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