

Return Date: October 23, 2007  
Time: 10:00 a.m.  
(New York time)  
Objection Deadline: October 16, 2007  
Time: 5:00 p.m.  
(New York time)

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

Petition of Anthony James McMahon and Philip  
Wedgewood Wallace, as Joint Provisional Liquidators of  
SOVEREIGN MARINE & GENERAL INSURANCE  
COMPANY LIMITED,

Debtor in Foreign Proceedings.

In a Proceeding Under  
Section 304 of the  
Bankruptcy Code

Case No. 97-B-44652 (JMP)

**NOTICE OF MOTION PURSUANT  
TO SECTIONS 105 AND 304 OF THE  
BANKRUPTCY CODE TO AMEND PERMANENT  
INJUNCTION ORDER TO AID ENFORCEMENT OF  
AMENDED SCHEME OF ARRANGEMENT**

**PLEASE TAKE NOTICE** that pursuant to an order of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), a hearing is scheduled to be held on October 23, 2007 at 10:00 a.m., or as soon thereafter as counsel may be heard (the "Return Date"), before the Honorable James M. Peck in Courtroom 601 of the Bankruptcy Court which is located at The Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004, to consider the motion (the "Motion") of the Scheme Administrators of Sovereign Marine & General Insurance Company Limited ("Sovereign Marine") for entry of an order (the "Amending Scheme Permanent Injunction Order") pursuant to 11 U.S.C. §§ 105 and 304 modifying the Permanent Injunction Order entered by this Court on December 30, 1999, and giving full force and effect in the United States to the Amended Scheme

of Arrangement (the "Amended Scheme") between Sovereign Marine and its Scheme Creditors (capitalized terms not defined herein shall have the meaning defined in the Amended Scheme).

The Amended Scheme, which was proposed pursuant to section 425 of the Companies Act 1985 of Great Britain, was approved by Scheme Creditors in the requisite statutory majorities (*i.e.* a majority in number representing 75% in value of those in each class present and voting in person or by proxy) at the Scheme Creditors meeting which was convened on October 27, 2006. On September 17, 2007, the Amended Scheme was sanctioned by the High Court of Justice of England and Wales (the "High Court"). Accordingly, the Scheme Administrators intend now to proceed with their Motion and request entry of the Amending Scheme Permanent Injunction Order that would: (A) continue recognition of the Scheme Administrators as the exclusive representatives of Sovereign Marine, and give effect to the Amended Scheme in the United States so that it binds all Scheme Creditors; (B) except as provided expressly in the Amended Scheme or at the express written direction of the Scheme Administrators, permanently enjoin and restrain all entities from (i) relinquishing, disposing or transferring any property of Sovereign Marine or property involved in the Amended Scheme, or the proceeds of such property (collectively, the "Related Property") to third parties other than at the express discretion of the Scheme Administrators; (ii) drawing down any letter of credit established by, on behalf or at the request of, Sovereign Marine (a "Letter of Credit"), or withdrawing from, setting-off against or otherwise applying property that is the subject of any escrow or trust or similar arrangement (an "Escrow") in which Sovereign Marine has an interest, in excess of what is expressly authorised by any related agreement; (iii) commencing or continuing any action or other legal proceeding (including, without limitation, discovery proceedings, arbitration or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) (an "Action") involving Sovereign Marine or the Related Property, or any of Sovereign Marine's representatives or agents or their respective predecessors or successors (the "Agents") or any of their property; (iv) enforcing any judgment, assessment, order or award, or commencing or continuing any Action to create, perfect or enforce any lien, set-off or other claim against Sovereign Marine or the Related Property, or any of the Agents or any of their property except as expressly stated in the Amended Scheme; (v) invoking, enforcing, or relying on the benefit of any statute, rule or requirement of federal, state, or local law or regulation (a "Security Requirement") requiring Sovereign Marine, or any of the Agents to establish or post security of any kind as a condition of prosecuting, defending or Amending any Action, and such Security Requirement will be rendered null and void for such Actions; (vi) commencing or continuing any Action against Sovereign Marine, the Scheme Administrators, the New York Superintendent of Insurance (the "Superintendent"), the members of the Creditors' Committee or their respective predecessors or successors, or any of their respective directors, officers, agents, employees, representatives, financial advisers or attorneys (the "Pre-Scheme Parties") or any of them with respect to any claim or cause of action in law or in equity, arising out of or relating to any action taken or omitted to be taken as of the Effective Date by any of the Pre-Scheme Parties in connection with the section 304 case or in preparing, disseminating, applying for or implementing the Original Scheme, the Permanent Injunction Order or the Amending Scheme Permanent Injunction Order; (vii) commencing or continuing any Action against the Scheme Administrators, Sovereign Marine, the members of the Creditors' Committee, the Scheme Actuary, the Independent Actuary, the Scheme Adjudicator, the Superintendent, or their respective predecessors or successors, or any of their respective directors, officers, agents, partners, employees, representatives, financial advisers or attorneys

(the "Scheme Parties"), or any of them, with respect to any claim or cause of action, in law or in equity, which may arise out of the construction or interpretation of the Original Scheme, or the Amended Scheme or out of any action taken or omitted to be taken by any of the Scheme Parties in connection with the administration of the Original Scheme or the Amended Scheme; (C) require (i) all entities or persons in possession, custody or control of property of Sovereign Marine, or the proceeds thereof, to turn over and account for such property or its proceeds to the Scheme Administrators; (ii) all entities in possession, custody or control of any records of Sovereign Marine to deliver such records to the Scheme Administrators, and all persons having any books, paper or records of Sovereign Marine or relating to Sovereign Marine's business or to any matter which may affect the administration of Sovereign Marine's estate or the Amended Scheme, to preserve them and submit them to the Scheme Administrators or their designee for examination; (iii) all entities that are beneficiaries of Letters of Credit, or any parties to any Escrow, to provide notice to the Scheme Administrators and their United States counsel of any drawdown on any Letter of Credit, or any withdrawal from, set-off against, or other application of property that is the subject of any Escrow (any of which, a "Draw"), together with information sufficient to permit the Scheme Administrators to assess the propriety of such Draw, including, without limitation, the date and amount of such Draw and a copy of any agreement pursuant to which such Draw was made and provide such notice and other information contemporaneously therewith; and turn over and account to the Scheme Administrators for all funds resulting from a Draw in excess of the amount expressly authorised by the agreement pursuant to which such Letter of Credit or Escrow was established; (iv) parties to any Action in which a liability of Sovereign Marine may be established to place the Scheme Administrators and their United States counsel on the master service list of any such Action and ensure that such counsel receives copies of all documents served by the parties to such Action or issued by the tribunal or other official having jurisdiction over such Action and all correspondence or other documentation circulated to parties named on any service list; (v) all Scheme Creditors of Sovereign, insofar as they are Scheme Creditors of any other Scheme Company, to abide by, and be bound, by the terms of the sanctioned and effective scheme of arrangement for that other Scheme Company; and (D) further provide that (i) except as specifically set forth in the Amended Scheme Permanent Injunction Order, nothing in the Amended Scheme Permanent Injunction Order prevents the continuance or commencement of an Action against or involving any party other than Sovereign Marine but no settlement or judgment in any such Action shall be binding on or enforceable against Sovereign Marine or the Related Property; (ii) the High Court has exclusive jurisdiction to hear and determine any Action and to settle any dispute relating to the interpretation of the Amended Scheme, or to any action taken or omitted by any of the Scheme Parties in connection with the administration of the Amended Scheme or Original Scheme; (iii) the Scheme Administrators are authorized to transfer to the foreign proceedings any monies or assets of Sovereign Marine located in the United States; (iv) the Bankruptcy Court shall retain jurisdiction with respect to the enforcement amendment or modification or the Amending Scheme Permanent Injunction Order, requests for any additional relief in the case and all adversary proceedings in connection therewith; and (v) no action taken by the Provisional Liquidators or the Scheme Administrators, their successors, the Agents, or any of them, or their counsel, in acting in connection with the Original Scheme, the Amended Scheme, the Permanent Injunction Order, the Amending Scheme Permanent Injunction Order, the section 304 proceeding, any further order for additional relief in the section 304 proceeding, or any adversary proceeding in connection therewith as the Court may make shall be deemed to constitute a

waiver of the immunity afforded to the Provisional Liquidators of Sovereign Marine or the Scheme Administrators, their successors, agents or representatives pursuant to section 306 of the United States Bankruptcy Code.

Copies of the Scheme Documents, the Motion, the form of the Proposed Amending Scheme Permanent Injunction Order to be presented on the Return Date and the Memorandum of Points and Authorities in Support of the Motion are available to review and download at [www.wfumppools.com](http://www.wfumppools.com)], as well as by fax, email or written request to the Scheme Administrators' US counsel at:

Allen & Overy LLP  
1221 Avenue of the Americas  
New York, New York 10020  
(212) 610-6399 (Facsimile)  
Attention: Lisa J.P. Kraidin, Esq.  
[lisa.kraidin@allenoverly.com](mailto:lisa.kraidin@allenoverly.com)

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Motion must be made in writing describing the basis therefor and shall be filed with the Court electronically in accordance with General Order M-182 by registered users of the Court's electronic case filing system, and by all other parties in interest, on a 3.5 inch disc, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format, with hard copy to the Chambers of the Honorable James M. Peck, and served upon Allen & Overy LLP, 1221 Avenue of the Americas, New York, New York 10020 (Attention: Ken Coleman and Stephen Doody), counsel to the Petitioners so as to be received on or before October 16, 2007 at 5:00 p.m., New York time.

Dated: New York, New York  
September 24, 2007

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