

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : In a Case under Section 304 of the Bankruptcy
 : Code
English & American Insurance Company :
Limited, : Case No. 93-42685 (JMP)
 :
Debtor in Foreign Proceedings :
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**ORDER AMENDING AND RE-AFFIRMING
PERMANENT INJUNCTION ORDER**

By its Motion Pursuant to Sections 105 and 304 of the Bankruptcy Code to Modify Permanent Injunction Order (the "**Motion**")¹, PRO Insurance Solutions Limited, as the scheme manager and designated foreign representative (the "**Scheme Manager**") of English & American Insurance Company Limited ("**English American**") in a scheme of arrangement and associated proceeding under part 26 of the English Companies Act 2006 pending before the High Court of Justice of England and Wales (the "**High Court**"), requested entry of an order modifying a permanent injunction order entered by this Court on January 31, 1995 and previously amended on July 26, 2000 and giving effect in the United States to the amended scheme of arrangement between English American and its Scheme Creditors (the "**Amended Scheme**"). The Court having reviewed and considered the Motion; and the Court having entered an order dated October 21, 2010 specifying the form and manner of service of notice of the Motion (the "**Form and Manner Order**"); and upon all of the pleadings previously filed in this ancillary proceeding; and no objections to the Motion having been filed by the last day for filing such objections pursuant to the Form and Manner Order; and upon the record at the Hearing on the Motion held before this Court on November 23, 2010; and upon all of the pleadings

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the motion.

heretofore filed in this proceeding; and the Court having determined that the relief sought in the Motion is appropriate under the circumstances; and after due deliberation; and sufficient cause appearing therefore, the Court finds and concludes as follows:

1. English American is the subject of a “foreign proceeding” within the meaning of sections 101(23) and 304 of the Bankruptcy Code, and the Scheme Manager is a “foreign representative” of English American within the meaning of sections 101(24) and 304 of the Bankruptcy Code.

2. English American is subject to a preexisting scheme of arrangement between English American and its creditors, which was first approved by the Scheme Creditors of English American and sanctioned by the High Court on January 25, 1995 and enforced in the United States by the Permanent Injunction Order on January 31, 1995. This scheme was subsequently amended by a further scheme of arrangement on July 5, 2000, which was sanctioned by the High Court on July 24, 2000 and enforced in the United States by modification of the Permanent Injunction Order on July 26, 2000 (together, the "**Original Scheme**"). The Original Scheme was jointly administered by Thomas Alexander Riddell and Michael Steven Walker of KPMG LLP (the "**Scheme Administrators**," and with the Scheme Manager, the "**EA Administrators**"). The Scheme Administrators have now proposed the Amended Scheme, a "closing" scheme of arrangement between English American and its creditors by way of further amendment to the Original Scheme. The Amended Scheme will have the effect of estimating and crystallizing all of English American's contingent liabilities, apart from the Protected Scheme Claims of English American's Protected Policyholders. The Scheme Administrators will continue to serve as the joint administrators of English American under the Amended Scheme.

3. English American formerly underwrote insurance and reinsurance business in one more pooling arrangements (the "**Pools**") with certain other insurance companies (the "**Scheme Companies**"). Due to the complexity of the Pools and the intertwined nature of the associated obligations, the Scheme Companies are similarly promoting "closing" schemes of arrangement so as to bring finality to the Pools and terminate the Pools business in a unified and coordinated manner. The Scheme Manager will serve as the general manager with respect to English American and with respect to the Scheme Companies.

4. The Amended Scheme was approved by the required majorities of Scheme Creditors of English American on April 30, 2010, sanctioned by the High Court on October 6, 2010, and delivered to the Registrar of Companies in England and Wales on October 12, 2010. Accordingly, the Scheme Manager seeks a further order of this Court in order to enforce the Amended Scheme against all Scheme Creditors in the United States.

5. Further, the Scheme Manager has demonstrated that the benefits of amending the Permanent Injunction Order to enforce the Amended Scheme in the United States outweigh any hardships that such enforcement may cause affected parties. Unless the Permanent Injunction Order is amended, it appears to this Court that the EA Administrators will be unable to efficiently administer the Amended Scheme for the purpose of accelerating the closure of English American's estate pursuant to the foreign proceeding pending in England, and that as a result, the EA Administrators and English American will suffer irreparable injury for which they have no adequate remedy at law.

6. The interest of the public will be served by this Court's granting the relief requested in the Motion.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1410(3).

NOW THEREFORE, IT IS ORDERED AS FOLLOWS:

ORDERED, that the Motion is granted; and it is further

ORDERED, that except as modified herein, the Permanent Injunction Order is hereby ratified, approved and re-affirmed in all respects; and it is further

ORDERED, the reference in the Permanent Injunction Order to the terms Original Scheme, Restated Scheme, or to the "Scheme of Arrangement" shall mean the Amended Scheme from and after the date hereof; provided, however, that nothing herein shall alter, impair or limit the protections, privileges and immunities afforded the Company, the Original Scheme, the Scheme Administrators, the Joint Provisional Liquidators, the Scheme Manager, the Scheme Parties, or any of their respective officers, directors, agents, employees, representatives, financial advisors or attorneys with respect to any act, omission or conduct as provided by or permitted in the Permanent Injunction Order and the Original Scheme; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order or requests for any additional relief in the case filed under section 304 of the Bankruptcy Code and all adversary proceedings in connection therewith properly commenced and within the jurisdiction of this Court; and it is further

ORDERED, that the Amended Scheme shall be given full force and effect and shall be binding on and enforceable against all Scheme Creditors in the United States, including, with respect to Scheme Creditors that are also Scheme Creditors of other Scheme Companies, to the extent the Amended Scheme relates to such other Scheme Companies; and it is further

ORDERED, that service of this Order by (i) United States mail, first class postage prepaid, upon those parties that have filed objections to the Motion and (ii) by publication on the

website of the Petitioner at www.englishandamerican.pools.com shall be good and sufficient service and adequate notice of entry of the Order for all purposes.

Dated: New York, New York
December 9, 2010

/s/ James M. Peck
United States Bankruptcy Judge