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JURISDICTION**

14 December 2007

**Recommended Cash Acquisition by Tokio Marine & Nichido Fire Insurance Co.,
Ltd. of Kiln Ltd**

Summary

- The boards of Tokio Marine & Nichido Fire Insurance Co., Ltd. ("**TMNF**") and Kiln Ltd ("**Kiln**") are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition of Kiln by TMNF to be implemented by an amalgamation under the Bermuda Companies Act (the "**Acquisition**").
- The Acquisition price of 150 pence per Kiln Share values the entire issued and to be issued share capital of Kiln at approximately £442.2 million in aggregate.
- The Acquisition price of 150 pence per Kiln Share represents a premium of approximately 40.8 per cent. to the closing price of 106.5 pence per Kiln Share on 10 December 2007, being the last business day prior to Kiln announcing that it was in discussions regarding a possible offer for the Group; a premium of approximately 45.9 per cent. to the average closing price of 102.8 pence per Kiln Share for the 3 months to 13 December 2007 (the last business day prior to announcement); and a premium of approximately 33.0 per cent. to the average closing price of 112.8 pence per Kiln Share for the 12 months to 13 December 2007.
- TMNF sees Kiln as playing a pivotal role in the expansion of its international underwriting operations and in enhancing its existing overseas activities. TMNF has a high regard for the management and underwriting teams within Kiln and values highly the culture that has made Kiln the successful business that it is. It is TMNF's intention, therefore, to retain the culture, identity and brand of Kiln.
- Working with Kiln management, TMNF intends to develop a joint growth strategy and create a major underwriting platform for international commercial insurance and reinsurance in the UK, US, Continental Europe and Asia.
- The Kiln Board, who have been so advised by Lexicon Partners, consider the terms of the offer to be fair and reasonable. In providing advice to the Kiln Board, Lexicon Partners has taken into account the commercial assessment of the Kiln Board.
- The Kiln Board intends to recommend unanimously that Kiln Shareholders vote to approve the Acquisition at the Special General Meeting, as those Kiln Directors holding shares have undertaken irrevocably to do in respect of their own beneficial holdings of issued Kiln Shares (save where to do so would affect the tax treatment of such holdings) which amount in aggregate to 1,042,077 Kiln Shares representing approximately 0.36 per cent. of Kiln's issued share capital.
- TMNF has also received an irrevocable undertaking from Berkley Insurance Company in respect of 58,567,117 Kiln Shares, representing approximately 20.06 per cent. of Kiln's issued share capital, to vote to approve the Acquisition at the Special General Meeting. TMNF has therefore received irrevocable undertakings to vote to approve the

Acquisition in respect of a total of 59,609,194 Kiln Shares, representing in aggregate approximately 20.42 per cent. of Kiln's issued share capital. These irrevocable undertakings will remain binding even if a higher competing offer is made for Kiln.

- The Shareholder Circular, setting out the details of the Acquisition and the procedures to be followed to approve the Acquisition, will be posted to Kiln Shareholders shortly. The Acquisition is expected to become effective during the first quarter of 2008.
- In light of the proposed Acquisition, Kiln's previously announced capital return is no longer expected to proceed. However, the circular to Kiln Shareholders in relation to the agreed sale of W.R. Berkley Insurance (Europe) Ltd is expected to be dispatched shortly.
- FPK is acting as financial adviser to TMNF. Lexicon Partners is acting as financial adviser to Kiln.

Mr. Shuzo Sumi, President of TMNF, said:

"We have enjoyed a close and long-lasting business relationship with Kiln since its formation in 1962 and believe we share the same fundamental values and business philosophy. This agreement represents an important milestone in our stated strategy to expand internationally and we believe Kiln, with its underwriting expertise, skilled employees and strong brand, represents the perfect partner. We are very excited to be working with Kiln and look forward to a long and successful collaboration."

Mr. Edward Creasy, Group Chief Executive Officer of Kiln, said:

"The Kiln Board believes the Acquisition represents an excellent outcome for Kiln, its shareholders, and employees.

We believe Kiln's strategy will be facilitated by becoming part of a major international group, which recognises the strength of our brand, respects our existing culture and which will provide exciting opportunities for Kiln's employees. We believe that TMNF, with its established national and international presence, its strong balance sheet and matching values will provide Kiln with excellent opportunities in all these respects. We look forward to an exciting future working with TMNF."

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About Tokio Marine & Nichido Fire Insurance

Millea, the ultimate holding company of the TMNF Group, is incorporated in Japan and is listed on both the Tokyo and Osaka Stock Exchanges. Consolidated net premium income of the TMNF Group for the fiscal year 2006 was approximately GBP 9 billion with net profits of approximately GBP 390 million.

Millea was formed on 2 April 2002 as the holding company for the insurance businesses of the then separate insurance companies The Tokio Marine and Fire Insurance Co., Ltd. ("Tokio Marine"), and The Nichido Fire and Marine Insurance Co., Ltd. ("Nichido Fire"). Tokio Marine and Nichido Fire were subsequently merged on 1 October 2004 to form TMNF, which is the group's major operating subsidiary.

TMNF, as the successor of Tokio Marine and Nichido Fire, is the oldest and largest general insurance company in Japan in terms of net premiums written and dates its origins back to 1879. It underwrites the full range of general insurance coverage in Japan.

Millea operates in the general insurance, reinsurance and life insurance sectors globally, with a presence in approximately 40 countries/areas. Millea also operates in the areas of life insurance, variable annuity, asset management, securities and venture capital in Japan.

In the UK, TMNF has two insurance operations: 1) Tokio Marine Europe Insurance Limited, which mainly focuses on direct general insurance with 10 branch offices throughout Europe; and 2) Tokio Marine Global Ltd., which mainly focuses on reinsurance and is based in London.

About Kiln

The Kiln Group is an international specialist insurance and reinsurance group, underwriting a portfolio of mainly property related risks supported by multiple sources of capital. The Kiln Group's origins date back to 1962, since when it has grown organically and through acquisition to become a major global specialist underwriter.

Kiln, the ultimate holding company of the Kiln Group, is incorporated in Bermuda. On 21 May 2007 the common shares of Kiln were admitted to the Official List and to trading on the London Stock Exchange's market for listed securities following a reorganisation in which the new Bermuda holding company acquired the shares of Kiln plc, now renamed Kiln (UK) Holdings Limited.

Kiln's principal UK operating company, R J Kiln & Co. Limited, is managing agent to four syndicates at Lloyd's and, in terms of capacity, is the fourth largest agency trading in the Lloyd's

insurance market. Capacity for the syndicates is provided by corporate members which are members of the Kiln Group and third party capital.

In addition to Bermuda and London, Kiln has a presence in Hong Kong, Singapore, South Africa and Belgium.

This summary should be read in conjunction with the full text of the following announcement and the Appendices. The Acquisition will be subject to the conditions set out in Appendix I to this announcement and to the further terms to be set out in the Shareholder Circular. Certain definitions and terms used in this announcement are set out in Appendix II.

Terms used in this summary shall have the meaning given to them in the full announcement.

As Kiln is incorporated in Bermuda, the Code does not apply to the Acquisition. However, in accordance with the requirements of Kiln's Bye-Laws TMNF has undertaken, for so long as the Kiln Board recommend the Acquisition, to comply and to procure that BidCo (once incorporated) complies with the Code in the conduct and execution of the Acquisition as though Kiln were subject to the Code, and Kiln has undertaken to comply with the Code in the conduct and execution of the Acquisition as though Kiln were subject to the Code. However, both Kiln and TMNF have acknowledged that the Takeover Panel does not have jurisdiction over the Acquisition. Kiln and TMNF have agreed that any dispute between them relating to the interpretation of the Code for the purposes of the Acquisition or to the exercise of a discretion in the application of the Code to the Acquisition will be resolved by an independent third party who has, in the opinion of Kiln and TMNF acting reasonably, suitable experience and expertise in respect of the Code to determine that dispute.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with English law and with regard to the Code, and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

This announcement is not intended to, and does not constitute, or form part of, an offer to sell, purchase, exchange or subscribe for or a solicitation of an offer to sell, purchase or exchange any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Kiln Shareholders are advised to read carefully the formal documentation in relation to the Acquisition once it has been despatched.

Forward looking statements

This announcement may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These statements are based on the current expectations of management and are naturally subject to risks, uncertainties and changes in circumstances. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and management's plans and objectives, to differ materially from those expressed or implied in the forward looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are the ability to combine or reorganise successfully the businesses of the TMNF and Kiln groups to the extent proposed and to realise expected synergies from that combination, changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

None of TMNF, BidCo (once incorporated) nor Kiln undertakes any obligation (except as required by the Listing Rules, the Disclosure and Transparency Rules and the rules of the London Stock Exchange) to revise or update any forward looking statement contained in this announcement, regardless of whether that statement is affected as a result of new information, future events or otherwise.

FPK are acting for TMNF and will act for BidCo (once incorporated) and no one else in connection with the Acquisition and will not be responsible to anyone other than TMNF and BidCo (once incorporated) for providing the protections afforded to clients of FPK nor for giving advice in relation to the Acquisition.

Lexicon Partners are acting as financial advisers to Kiln and no one else in connection with the Acquisition and will not be responsible to anyone other than Kiln for providing the protections afforded to clients of Lexicon Partners nor for giving advice in relation to the Acquisition.

Numis Securities Limited are acting as brokers to Kiln and no one else in connection with the Acquisition and will not be responsible to anyone other than Kiln for providing the protections afforded to clients of Numis Securities Limited nor for giving advice in relation to the Acquisition.

Dealing Disclosure Requirements

Although the Code does not apply to Kiln, as it is a company incorporated in Bermuda, the directors of Kiln have resolved, in accordance with Kiln's Bye-Laws, that if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Kiln as provided in Rule 8.3 of the Code, all "dealings" in any "relevant securities" of Kiln (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the current "offer period" ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Kiln, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Kiln, by Kiln, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be

treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Takeover Panel's website (www.thetakeoverpanel.org.uk).

If you are in any doubt as to whether or not you are required to disclose a "dealing", you should consult the company secretary of the Company.

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14 December 2007

Recommended Cash Acquisition

by Tokio Marine & Nichido Fire Insurance Co., Ltd.

of Kiln Ltd

1. Introduction

The boards of Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF") and Kiln Ltd ("Kiln") are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition of Kiln by TMNF. The Acquisition will be implemented by means of an amalgamation between BidCo, a company to be incorporated as a wholly owned subsidiary of TMNF for the purpose of completing the Acquisition, and Kiln under the Bermuda Companies Act.

2. The Acquisition

Under the Acquisition, which will be subject to the Conditions and to the terms to be set out in the Shareholder Circular, Kiln Shareholders will receive:

for each Kiln Share 150 pence in cash

The terms of the Acquisition value the entire issued and to be issued share capital of Kiln (on the assumptions set out in paragraph (ii) of Appendix III) at approximately £442.2 million.

The Acquisition price of 150 pence per Kiln Share represents:

- A premium of approximately 16.3 per cent. to the closing price of 129 pence per Kiln Share as at 13 December 2007 (the last business day prior to announcement);
- A premium of approximately 40.8 per cent. to the closing price of 106.5 pence per Kiln Share as at 10 December 2007 (the last business day before the announcement by Kiln on 11 December that it was in discussions regarding a possible offer for the Group);
- A premium of approximately 45.9 per cent. to the average closing price of 102.8 pence per Kiln Share for the 3 months to 13 December 2007 (the last business day prior to announcement);
- A premium of approximately 33.0 per cent. to the average closing price of 112.8 pence per Kiln Share for the 12 months to 13 December 2007 (the last business day prior to announcement); and

- a premium of approximately 90.3 per cent. to Kiln's net tangible asset value per Kiln Share as at 30 June 2007.

The bases and values used in preparing this announcement are set out in Appendix III.

3. **Recommendation and Reasons for the Recommendation**

The Kiln Board have concluded that the terms of the Acquisition are more attractive for shareholders than the Board's previously announced proposed share buyback plans and that TMNF represents an excellent partner for Kiln to continue the development of its business both within the London market and internationally.

The Kiln Board, who have been so advised by Lexicon Partners, consider the terms of the Acquisition to be fair and reasonable. In providing advice to the Kiln Board, Lexicon Partners has taken into account the commercial assessments of the Kiln Board.

Accordingly, the Kiln Board intend unanimously to recommend that Kiln Shareholders vote to approve the Acquisition at the Special General Meeting of Kiln.

4. **Irrevocable Undertakings**

TMNF has received irrevocable undertakings from R.D. Chase, N.J. Cosh, E.G. Creasy, P.C.F. Haynes and P.W. Hewitt in respect of an aggregate of 1,042,077 Kiln Shares representing approximately 0.36 per cent. of Kiln's issued share capital to vote to approve the Acquisition at the Special General Meeting. TMNF has also received an irrevocable undertaking from Berkley Insurance Company in respect of 58,567,117 Kiln Shares, representing approximately 20.06 per cent. of Kiln's issued share capital, to vote to approve the Acquisition at the Special General Meeting.

TMNF has therefore received irrevocable undertakings to vote to approve the Acquisition in respect of a total of 59,609,194 Kiln Shares, representing in aggregate approximately 20.42 per cent. of Kiln's issued share capital. These irrevocable undertakings will remain binding in the event of a higher competing offer being announced for Kiln. In addition, these irrevocable undertakings oblige the person giving them to accept an Offer announced by BidCo (once incorporated) on terms no less favourable than the Amalgamation.

5. **Implementation Agreement and Amalgamation Agreement**

Kiln and TMNF have entered into the Implementation Agreement which provides, inter alia, for the implementation of the Amalgamation (or, if applicable, the Offer) and contains certain assurances and confirmations between the parties, including with respect to the implementation of the Amalgamation and regarding the conduct of the business of the Kiln Group in the period prior to the Effective Time. The Implementation Agreement, together with the Amalgamation Agreement, also sets out the terms and conditions and means of effecting the Amalgamation as required by the Bermuda Companies Act. Completion of the Amalgamation is subject to satisfaction of the Conditions to the Acquisition set out in Appendix I. Certain key provisions of the Implementation Agreement are set out below:

Non solicit

Kiln has undertaken not at any point prior to the Acquisition Effective Date to solicit or contact any other person with a view to soliciting any competing proposal.

Matching right

Kiln has agreed to notify TMNF of any competing proposal and not to recommend any competing proposal which the Kiln Board considers to be superior within certain time constraints to allow TMNF to exercise its right to match any such competing proposal by revising the proposed terms of the Acquisition. In the event that TMNF makes a revised offer on terms which, in all material respects, are at least as good as those provided under the competing proposal, Kiln has further agreed to give a unanimous and unqualified recommendation of TMNF's revised offer.

Break fee

Kiln has agreed to pay to TMNF a fee of approximately £4.4 million if (i) the Kiln Board withdraws or modifies its recommendation of the Acquisition or decides not to proceed with the Amalgamation and the Amalgamation does not proceed; (ii) if the Amalgamation is withdrawn, lapses or not made and before this time another proposal has been announced and (although Kiln has not withdrawn or modified its recommendation of the Amalgamation) is successfully completed; or (iii) the Amalgamation does not proceed because Kiln does not comply in a material respect with certain specified obligations under the Implementation Agreement.

6. Financing of the Acquisition

FPK are satisfied that sufficient resources are available to TMNF to satisfy in full the cash consideration payable to Kiln Shareholders under the terms of the Acquisition.

7. Information on the Kiln Group

The Kiln Group is an international specialist insurance and reinsurance group, underwriting a portfolio of mainly property related risks supported by multiple sources of capital. The Kiln Group's origins date back to 1962, since when it has grown organically and through acquisition to become a major global specialist underwriter.

Kiln, the ultimate holding company of the Kiln Group, is incorporated in Bermuda. On 21 May 2007 the common shares of Kiln were admitted to the Official List and to trading on the London Stock Exchange's market for listed securities following a reorganisation in which the new Bermuda holding company acquired the shares of Kiln plc, now renamed Kiln (UK) Holdings Limited.

Kiln's principal UK operating company, R J Kiln & Co Limited, is managing agent to four syndicates at Lloyd's and, in terms of capacity, is the fourth largest agency trading in the Lloyd's insurance market. Capacity for the syndicates is provided by corporate members which are members of the Kiln Group and third party capital.

In addition to Bermuda and London, Kiln has a presence in Hong Kong, Singapore, South Africa and Belgium.

Kiln has recently agreed the sale of its investment in W.R. Berkley Insurance (Europe) Ltd (held through W.R. Berkley London Finance, Limited) for £24.5 million, which represents a premium of 31% (£5.8 million) in excess of the value of the investment recorded in Kiln's accounts as at 30 June 2007. A circular to convene a special general meeting to approve this transaction is expected to be dispatched shortly.

On 6 November 2007, Kiln announced plans to return up to £60 million surplus capital to shareholders through a tender offer of up to £45 million and further ongoing market purchases under Kiln's existing share buyback authority. The Kiln Board confirms that, in light of the proposed Acquisition, this capital return is no longer expected to proceed. With this exception, Kiln's current trading and prospects remain in line with the trading update issued by the Kiln Group on 22 November 2007.

8. **Information on TMNF and BidCo**

Millea, the ultimate holding company of the TMNF Group, is incorporated in Japan and is listed on both the Tokyo and Osaka Stock Exchanges. Consolidated net premium income of the TMNF Group for the fiscal year 2006 was approximately GBP 9 billion with net profits of approximately GBP 390 million.

Millea was formed on 2 April 2002 as the holding company for the insurance businesses of the then separate insurance companies The Tokio Marine and Fire Insurance Co., Ltd. ("**Tokio Marine**"), and The Nichido Fire and Marine Insurance Co., Ltd. ("**Nichido Fire**"). Tokio Marine and Nichido Fire were subsequently merged on 1 October 2004 to form TMNF, which is the TMNF Group's major operating subsidiary.

TMNF, as the successor of Tokio Marine and Nichido Fire, is the oldest and largest general insurance company in Japan in terms of net premiums written, and dates its origins back to 1879. It underwrites the full range of general insurance coverage in Japan.

Millea operates in the general insurance, reinsurance and life insurance sectors globally, with a presence in approximately 40 countries/areas. Millea also operates in the areas of life insurance, variable annuity, asset management, securities and venture capital in Japan.

In the U.K., TMNF has two insurance operations: (1) Tokio Marine Europe Insurance Limited, which mainly focuses on direct general insurance and has 10 branch offices throughout Europe; and (2) Tokio Marine Global Ltd., which mainly focuses on reinsurance and is based in London.

BidCo will be incorporated in Bermuda as a wholly owned subsidiary of TMNF, in order to facilitate the intended Amalgamation transaction. The Amalgamated Company resulting from the amalgamation of BidCo (once incorporated) and Kiln will be maintained as a separate entity to Millea's existing Bermuda operations, which mainly focus on catastrophe reinsurance and transformer business.

9. **Plans for Kiln**

TMNF sees Kiln as playing a pivotal role in the expansion of its international underwriting operations and in enhancing its existing overseas activities. TMNF looks

forward to working with Kiln's management to develop a joint growth strategy in international commercial insurance and reinsurance, in particular in the US, Continental Europe and Asia.

Kiln operates in a highly competitive environment but has managed to develop one of the leading brands in the market as a result of its strong culture, very strong underwriting discipline and expertise, all of which are consistent with TMNF's own values and philosophies. TMNF has high regard for the management and underwriting teams within Kiln, and values highly the culture that has made Kiln the successful business that it is. It is TMNF's intention, therefore, to retain the culture and identity of Kiln, jointly developing the growth strategy for the combined businesses and recognising that Kiln is a success because of the quality and stability of its people.

In addition, the strong brand of Kiln will be retained for existing operations and new initiatives will be branded in accordance with the respective strengths of Kiln and TMNF in each region and business line.

TMNF views the Names on each of Kiln's syndicates as an important source of capital and intends to continue with these arrangements.

10. **Management and employees**

TMNF has given assurances to Kiln that following the Acquisition becoming effective, it envisages that Kiln and its subsidiaries will continue to observe the existing employment rights of all their respective employees as required by applicable law and the relevant employment contracts.

Kiln will write to participants in the Kiln Share Schemes in due course to inform them of the effect of the Acquisition on their options and awards under the Kiln Share Schemes and to set out appropriate proposals to be made to the holders of such options and awards. Kiln and TMNF anticipate that Kiln employees will continue to participate in appropriate incentive arrangements.

11. **Disclosure of interests in Kiln**

Save for the Kiln Shares which are the subject of the irrevocable undertakings summarised in paragraph 4 above, as at the close of business on 13 December 2007, being the last business day prior to this announcement, neither TMNF nor any of the directors of TMNF nor, so far as the directors of TMNF are aware, any person acting in concert with TMNF, had an interest in or right to subscribe for relevant securities of Kiln or had any short position in relation to relevant securities of Kiln (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any relevant securities of Kiln.

12. **Conditions**

The Acquisition will be subject to the Conditions, including the approval of the Amalgamation Agreement by Kiln Shareholders at the Special General Meeting, approval of the change of control contemplated by the Acquisition by insurance

regulatory authorities in Japan, the United Kingdom, Singapore and Bermuda and antitrust clearance by the German Federal Cartel Office and the South African Competition Commission.

Kiln Shareholders should note that the failure to obtain any of such regulatory approvals and clearances, or the rendering of any of such approvals and clearances by any relevant regulatory body on terms or subject to conditions which are not reasonably satisfactory to TMNF, would be regarded by TMNF as being of material significance to it and BidCo (once incorporated) in the context of the Acquisition.

13. **Structure of the Acquisition**

The Acquisition is to be effected by means of an amalgamation between Kiln and BidCo (once incorporated) under the Bermuda Companies Act. The procedure involves the submission of the Amalgamation Agreement for approval to a meeting of the Kiln Shareholders and the approval of TMNF, the shareholder of BidCo (which TMNF has undertaken to provide prior to the Special General Meeting) and, once the amalgamation of Kiln and BidCo has been approved by their respective shareholders and the other Conditions to the Amalgamation becoming effective have been satisfied or (where applicable) waived by TMNF, the issue by the Registrar of Companies in Bermuda of a certificate of amalgamation. Following the issue of the certificate of amalgamation, Kiln Shareholders will receive cash payments from TMNF as described in paragraph 2 above.

To be adopted, the Amalgamation Agreement requires the approval of 75 per cent. or more of the Kiln Shareholders voting at the Special General Meeting and the approval of the shareholder of BidCo (once incorporated). The quorum for the Special General Meeting is two persons at least holding or representing by proxy more than one-third of the Kiln Shares in issue. The Amalgamation will only become effective upon submission to the Registrar of Companies in Bermuda of an application for registration of the Amalgamated Company and the issue by the Registrar of Companies in Bermuda of a certificate of amalgamation.

Under the terms of the Amalgamation Agreement, at the Effective Time, by virtue of the Amalgamation and without any action on the part of BidCo (once incorporated), Kiln or Kiln Shareholders, each Kiln Share (other than Kiln Shares held by BidCo or any subsidiary of Kiln, if any) will be converted into the right to receive the cash consideration referred to in paragraph 2 above and each issued share in the capital of BidCo (once incorporated) will be converted into one validly issued and fully paid share in the Amalgamated Company.

Any Kiln Shareholder who is not satisfied that he has been offered fair value for his Kiln Shares and who does not vote in favour of the Amalgamation may, within one month of the giving of the notice convening the Special General Meeting, apply to the Court to appraise the value of his Kiln Shares. If the value appraised by the Court is greater than the Acquisition price, then that Kiln Shareholder will receive the difference between the appraised value and the Acquisition price within one month of the Court's appraisal.

On the date shown in the certificate of amalgamation, the Amalgamation of Kiln and BidCo and their continuance as one company will become effective, the property, rights

and assets of each of Kiln and BidCo (once incorporated), in accordance with the Bermuda Companies Act, will become the property, rights and assets of the Amalgamated Company and the Amalgamated Company will become liable for the obligations and liabilities of each of Kiln and BidCo. In addition, any existing cause of action, claim or liability to prosecution will be unaffected by the Amalgamation; a civil, criminal or administrative action or proceeding pending by or against Kiln or BidCo (once incorporated) may be continued to be prosecuted by or against the Amalgamated Company; a conviction against, or ruling, order or judgment in favour of or against, Kiln or BidCo (once incorporated) may be enforced by or against the Amalgamated Company; and the certificate of amalgamation will be deemed to be the certificate of incorporation of the Amalgamated Company.

The Acquisition is expected to become effective during the first quarter of 2008.

14. **Delisting and re-registration**

It is intended that TMNF will procure that a request will be made by Kiln to the UK Listing Authority to cancel the listing of the Kiln Shares on the Official List and to the London Stock Exchange to cancel the admission to trading of the Kiln Shares on the London Stock Exchange's market for listed securities so that Kiln Shares will cease to be listed on the Official List with effect from the Effective Time and the last day of dealing in Kiln Shares on the London Stock Exchange will be the last dealing day before the Effective Time. In addition, with effect from the Effective Time, entitlements to Kiln Shares held within the CREST system will be cancelled.

15. **Code**

As Kiln is incorporated in Bermuda, the Code does not apply to the Acquisition. However, in accordance with the requirements of Kiln's Bye-Laws TMNF has undertaken, for so long as the Kiln Board recommend the Acquisition, to comply and to procure compliance by BidCo (once incorporated) with the Code in the conduct and execution of the Acquisition as though Kiln were subject to the Code, and Kiln has undertaken to comply with the Code in the conduct and execution of the Acquisition as though Kiln were subject to the Code. However, both Kiln and TMNF have acknowledged that the Takeover Panel does not have jurisdiction over the Acquisition. Kiln and TMNF have agreed that any dispute between them relating to the interpretation of the Code for the purposes of the Acquisition or to the exercise of a discretion in the application of the Code to the Acquisition will be resolved by an independent third party who has, in the opinion of Kiln and TMNF acting reasonably, suitable experience and expertise in respect of the Code to determine that dispute.

16. **General**

The Acquisition will be made on the terms and subject to the Conditions set out in Appendix I and to be set out in the Shareholder Circular. Certain definitions and terms used in this announcement are set out in Appendix II, and the bases and values used in this announcement are set out in Appendix III.

The Shareholder Circular will be despatched to Kiln Shareholders shortly and will include full details of the Acquisition, together with notice of the Special General Meeting and the expected timetable for the implementation of the Acquisition. The Acquisition will be subject to the applicable requirements of, inter alia, the Code, the London Stock Exchange and the UK Listing Authority.

In deciding whether or not to vote to approve the Acquisition, Kiln Shareholders should rely on the information contained in, and follow the procedures described in, the Shareholder Circular and the Form of Proxy.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with English law and with regard to the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

This announcement is not intended to, and does not constitute, or form part of, an offer to sell, purchase, exchange or subscribe for or a solicitation of an offer to sell, purchase or exchange any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Kiln Shareholders are advised to read carefully the formal documentation in relation to the Acquisition once it has been despatched.

Forward looking statements

This announcement may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These statements are based on the current expectations of management and are naturally subject to risks, uncertainties and changes in circumstances. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and management's plans and objectives, to differ materially from those expressed or implied in the forward looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are the ability to combine successfully the businesses of TMNF and Kiln and to realise expected synergies from that combination, changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Neither TMNF nor Kiln undertakes any obligation (except as required by the Listing Rules, the Disclosure and Transparency Rules and the rules of the London Stock

Exchange) to revise or update any forward looking statement contained in this announcement, regardless of whether that statement is affected as a result of new information, future events or otherwise.

FPK are acting for TMNF and will act for BidCo (once incorporated) and no one else in connection with the Acquisition and will not be responsible to anyone other than TMNF and BidCo (once incorporated) for providing the protections afforded to clients of FPK nor for giving advice in relation to the Acquisition.

Lexicon Partners are acting as financial advisers to Kiln and no one else in connection with the Acquisition and will not be responsible to anyone other than Kiln for providing the protections afforded to clients of Lexicon Partners nor for giving advice in relation to the Acquisition.

Numis Securities Limited are acting as brokers to Kiln and no one else in connection with the Acquisition and will not be responsible to anyone other than Kiln for providing the protections afforded to clients of Numis Securities Limited nor for giving advice in relation to the Acquisition.

Dealing Disclosure Requirements

Although the Code does not apply to Kiln, as it is a company incorporated in Bermuda, the directors of Kiln have resolved, in accordance with Kiln's Bye-Laws, that if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Kiln as provided in Rule 8.3 of the Code, all "dealings" in any "relevant securities" of Kiln (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the current "offer period" ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Kiln, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Kiln, by Kiln, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Takeover Panel's website (www.thetakeoverpanel.org.uk).

If you are in any doubt as to whether or not you are required to disclose a "dealing", you should consult the Company Secretary of the Company.

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE ACQUISITION

(A) **Conditions of the Acquisition**

1. The Acquisition will become effective on all of the following events having occurred on or before the Long Stop Effective Date:
 - (a) the Amalgamation Agreement having been passed by a three fourths majority of the Kiln Shareholders voting in person or by proxy at the Special General Meeting;
 - (b) the delivery to the Registrar of Companies in Bermuda of all documentation and consents required to implement the Amalgamation pursuant to the Bermuda Companies Act; and
 - (c) the issue by the Registrar of Companies in Bermuda of a certificate of amalgamation pursuant to the Bermuda Companies Act.

2. In addition, Kiln and TMNF (for itself and on behalf of BidCo) have agreed that the Acquisition will be conditional upon the following matters and, accordingly, the necessary actions to make the Acquisition effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied (or waived, in accordance with paragraph 1 of Part B of this Appendix):
 - (a) the Financial Services Authority giving notice in writing under section 184(1) of FSMA, in terms reasonably satisfactory to TMNF, of its approval (or being treated as having given its approval by virtue of section 184(2) of FSMA) in respect of any acquisition of or increase in control over (as defined in section 179 and section 180 of FSMA) any member of the Wider Kiln Group which is a UK authorised person (as defined in section 178(4) of FSMA), which in either case would result from the Acquisition;
 - (b) Lloyd's providing consent in writing under section 12 of the Lloyd's Membership Byelaw or section 43 of the Lloyd's Underwriting Byelaw (number 2 of 2003) (as the case may be), in terms reasonably satisfactory to TMNF, in respect of any change in the controller of any member of the Kiln Group which is a corporate member or a managing agent of the Lloyd's which would result from the Acquisition;
 - (c) Approval of the Commissioner of the Financial Services Agency of Japan under Article 106 (4) of the Insurance Business Law of Japan (Law No. 105 of 1995, as amended) (the "IBLJ") is obtained by TMNF in respect of making any member of the Kiln Group become a subsidiary (as defined in Article 2 (12) of the IBLJ) of TMNF which would result from the Acquisition;
 - (d) the Bermuda Monetary Authority confirming that it has no objection to any change in the shareholder controller of any member of the Kiln Group which is a

registered person under the Insurance Act 1978 of Bermuda which would result from the Acquisition;

- (e) the written approval of the Monetary Authority of Singapore under Regulation 6A(1)(d) of the Insurance (Lloyd's Asia Scheme) Regulations (the "**Lloyd's Asia Scheme Regulations**"), in terms reasonably satisfactory to TMNF, in respect of the significant change in ownership of Kiln Marine Singapore Pte Ltd, a service company registered with Lloyd's of London Asia (Pte) Limited under Regulation 6 of the Lloyd's Asia Scheme Regulations, which would result from the Acquisition;
- (f) in the event that the Acquisition constitutes a concentration with a Community Dimension under Council Regulation (EC) 139/2004 (the "**Regulation**"), the European Commission issuing a decision under Article 6(1)(b) of the Regulation, or being deemed to have done so under Article 10(6) of the Regulation, declaring the Acquisition compatible with the Common Market without attaching to its decision any conditions or obligations that are not satisfactory to TMNF and in the event that a request under Article 9(2) of the Regulation has been made by a Member State, the European Commission indicating that it has decided not to refer the Acquisition (or any part thereof) or any matter arising therefrom to a competent authority of a Member State in accordance with Article 9(1) of the Regulation;
- (g) in the event that the Acquisition does not constitute a concentration with a Community Dimension under the Regulation, the prohibition on closing contained in Section 41(1) of the German Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen - GWB*) being lifted as a result of the German Federal Cartel Office (*Bundeskartellamt*):
 - (i) failing to inform the parties notifying the Acquisition within one month of receipt of a completion notification (Section 40(1) GWB) that it intends to initiate an in-depth investigation of the Acquisition (*Hauptprüfverfahren*) under Section 40(2) GWB;
 - (ii) after receipt of a complete notification (Section 40(1) GWB), approving the Acquisition by informing the parties in writing that the preconditions for prohibition in Section 36(1) GWB are not met and that it therefore does not intend to initiate an in-depth investigation of the Acquisition (*Hauptprüfverfahren*) under Section 40(2) GWB, without attaching to its decision any conditions which are not satisfactory to TMNF; or
 - (iii) after having informed the parties within one month from receipt of the notification that it is initiating an examination of the concentration (main proceedings, Section 40(1) GWB), either failing to serve the parties with a decision prohibiting the Acquisition within a period of four months from receipt of the complete notification or deciding to clear the transaction within that period, subject to an extension under the conditions set out in Section 40(2) GWB, without attaching to its decision conditions which are not satisfactory to TMNF;

- (h) the Competition Commission or the Competition Tribunal of South Africa approving the Acquisition (or being deemed to have done so) under the applicable competition legislation without any condition being attached thereto;
- (i) there being in full force and effect all other necessary Relevant Authority Clearances including all authorisations, consents and approvals required from the Bermuda Monetary Authority, the Japanese Financial Services Authority, the Monetary Authority of Singapore and Lloyd's for the implementation and entering into of the Acquisition, without any conditions, requirements, limitations, restrictions or undertakings, except for any conditions, requirements, limitations, restrictions or undertakings customarily imposed by the applicable regulatory body in change of control transactions, (which conditions shall not include any obligation by or on behalf of BidCo, TMNF or any of their respective Affiliates to (i) invest, contribute or loan capital or assets to, guarantee or pledge capital or assets for the benefit of, or maintain, support or guarantee a minimum level of capital or surplus of, Kiln or any other member of the Kiln Group, (ii) sell, divest, hold separate, or otherwise dispose of any of their or of Kiln's or any other member of the Kiln Group's respective businesses, operations, product lines or assets or (iii) conduct Kiln's or any other member of the Kiln Group's respective businesses in a specified manner), in each case to an extent which is material in the context of the Wider Kiln Group;
- (j) no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might:
 - (i) make the Acquisition or its implementation or the acquisition or proposed acquisition by TMNF or any member of the Wider TMNF Group of any shares or other securities in, or control or management of, Kiln or any member of the Wider Kiln Group void, illegal or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict or delay the same to any material degree or impose material additional conditions or obligations with respect to the Acquisition or such acquisition, or otherwise materially impede, challenge or interfere with the Acquisition or such acquisition, or require material amendment to the terms of the Acquisition or the acquisition or proposed acquisition of any Kiln Shares or of any shares or other securities in or control or management of Kiln or any member of the Wider Kiln Group by TMNF or any member of the Wider TMNF Group;
 - (ii) materially limit or materially delay, or impose any material limitations on, the ability of any member of the Wider TMNF Group or any member of the Wider Kiln Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Kiln Group or any member of the Wider TMNF Group;

- (iii) require any member of the Wider TMNF Group or the Wider Kiln Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Kiln Group or any asset owned by any third party (other than in the implementation of the Acquisition) which is material in the context of the Wider TMNF Group or the Wider Kiln Group as a whole;
- (iv) require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider TMNF Group of any shares or other securities in Kiln or any member of the Wider Kiln Group;
- (v) require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider TMNF Group or by any member of the Wider Kiln Group of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof to an extent which is material in the context of the Wider TMNF Group or the Wider Kiln Group as a whole;
- (vi) require any person including, without limitation, TMNF or any member of the Wider TMNF Group or any of their respective affiliates to contribute any capital or provide financial resources or support of any nature whatsoever at any time to any member of the Wider Kiln Group which is material in the context of the Wider TMNF Group or the Wider Kiln Group as a whole;
- (vii) limit the ability of any member of the Wider TMNF Group or of the Wider Kiln Group to conduct or integrate or co ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider TMNF Group or of the Wider Kiln Group to an extent which is material in the context of the Wider TMNF Group or the Wider Kiln Group as a whole;
- (viii) result in any member of the Wider Kiln Group or the Wider TMNF Group ceasing to be able to carry on any business which is material in the context of the Wider Kiln Group or the Wider TMNF Group, as applicable, under any name under which it presently does so; or
- (ix) otherwise adversely affect in any material respect the financial or trading position of any member of the Wider Kiln Group or of the Wider TMNF Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- (k) all notifications and filings which are necessary having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Kiln or any other member of the Wider Kiln Group by any member of the Wider TMNF Group;
- (l) all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Kiln or any other member of the Wider Kiln Group by any member of the Wider TMNF Group or the carrying on by any member of the Wider Kiln Group of its business having been obtained, in terms and in a form reasonably satisfactory to TMNF, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider Kiln Group has entered into contractual arrangements (where the absence of such Authorisations would have a material adverse effect on the Wider Kiln Group as a whole) and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same which would, in any case, have a material adverse effect on the Wider Kiln Group as a whole;
- (m) since 13 March 2007 and except as publicly announced by Kiln prior to 14 December 2007 (by the delivery of an announcement to a Regulatory Information Service) or otherwise fairly disclosed to the Wider TMNF Group or TMNF, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Kiln Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, Kiln or any other member of the Wider Kiln Group by any member of the Wider TMNF Group or because of a change in the control or management of any member of the Wider Kiln Group or otherwise, could or might result in:
 - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Kiln Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated repayment date or the ability of any member of the Wider Kiln Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Kiln Group or any such mortgage,

charge or other security interest (wherever created, arising or having arisen) becoming enforceable;

- (iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Kiln Group thereunder, being terminated or materially adversely modified or affected or any onerous action being taken or any obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider Kiln Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider Kiln Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Kiln Group otherwise than in the ordinary course of business;
- (v) any member of the Wider Kiln Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the creation of liabilities (actual or contingent) by any member of the Wider Kiln Group;
- (vii) the rights, liabilities, obligations or interests of any member of the Wider Kiln Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected;
- (viii) the value of, or the financial or trading position of, any member of the Wider Kiln Group being prejudiced or adversely affected;
- (ix) no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, is reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this Condition 2(m); and
- (x) any liability of any member of the Wider Kiln Group to make any severance, termination, bonus or other payment to any of its directors or other officers,

in each case to an extent which is material in the context of the Wider Kiln Group as a whole;

- (n) since 13 March 2007 and except as publicly announced by Kiln prior to 14 December 2007 (by the delivery of an announcement to a Regulatory Information Service) or otherwise fairly disclosed to the Wider TMNF Group or TMNF, or as provided in the Implementation Agreement, no member of the Wider Kiln Group having:

- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised the transfer or sale of any shares out of treasury, other than as between Kiln and wholly owned subsidiaries of Kiln other than any shares issued or shares transferred from treasury upon the exercise of any options granted under any of the Kiln Share Schemes;
- (ii) (save for such transactions between members of the Kiln Group) purchased or redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Kiln or a wholly owned subsidiary of Kiln);
- (iv) except as between Kiln and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or, authorised or announced an intention to propose any change in its loan capital;
- (v) merged with, demerged from or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets that is material in the context of the Wider Kiln Group taken as a whole (including shares in any undertaking and trade investments) or authorised or announced any intention to do the same;
- (vi) issued or, authorised the issue of, or made any material change in or to, any debentures or incurred or increased any material indebtedness or liability (actual or contingent) (save as between Kiln and its wholly-owned subsidiaries);
- (vii) entered into, materially varied, or authorised or announced its intention to enter into or vary, any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - (A) is of a long term, onerous or unusual nature or magnitude or which could involve an obligation of such nature or magnitude;
 - (B) could materially restrict the business of any member of the Wider Kiln Group; or
 - (C) is other than in the ordinary course of business;
- (viii) entered into, implemented, effected or authorised or announced its intention to implement or effect, any material merger, demerger,

reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Kiln Group;

- (ix) entered into any material, or varied in any material respect the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider Kiln Group save for salary increases, bonuses or variations of terms in the ordinary course of business;
- (x) (other than in respect of a member of the Wider Kiln Group which is dormant and was solvent at the relevant time) taken any steps, corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made in relation to the suspension of payments, a moratorium of any indebtedness, its winding up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Kiln Group as a whole;
- (xii) waived or compromised any material claim other than in the ordinary course of business;
- (xiii) made any material alterations to its bye-laws, memorandum or articles (or equivalent constitutional documents) of association;
- (xiv) save in relation to changes made or agreed or consented to or steps taken to comply with changes to legislation:
 - (A) made or agreed or consented to any arrangements with the trustees of any pension scheme, in which it or any member of its group participates, to pay employer contributions to such scheme other than those employer contributions agreed with the trustees at the date of this offer (including the agreed contribution of £2 million to be paid to the trustees of the Kiln UK Pension Scheme);
 - (B) terminated any employer's liability to made contributions to such scheme;
 - (C) taken any action which would "freeze" or trigger the wind-up of such scheme or, since 27 April 2004, taken action to prevent the

recovery of a debt arising under section 75 of the Pensions Act 1995;

- (D) made or agreed to make any amendment to the terms of such scheme;
- (E) changed or agreed to change the company-appointed trustees or appoint an independent trustee in respect of such scheme;
- (F) approached the Pensions Regulator in relation to the amalgamation; or
- (G) made any representation to the trustees of such scheme in relation to the operation of the scheme after the amalgamation,

in each case to an extent which is material in the context of the Wider Kiln Group as a whole;

- (xv) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Kiln Group which are material in the context of the Wider Kiln Group as a whole; or
 - (xvi) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 2(n);
- (o) since 13 March 2007 and except as publicly announced by Kiln prior to 14 December 2007 (by the delivery of an announcement to a Regulatory Information Service) or otherwise fairly disclosed to the Wider TMNF Group or TMNF:
- (i) there having been no material adverse change or deterioration in the business, assets, financial or trading positions or profits of any member of the Wider Kiln Group to an extent which is material in the context of the Wider Kiln Group as a whole;
 - (ii) no contingent or other liability of any member of the Wider Kiln Group having arisen or become apparent or increased to an extent which is material in the context of the Wider Kiln Group as a whole;
 - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Kiln Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Kiln Group in each case which might reasonably be expected to have a material adverse effect on the Wider Kiln Group as a whole;

- (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Kiln Group which has, or might reasonably be expected to have, a materially adverse effect on the Wider Kiln Group taken as a whole; and
 - (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Kiln Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely adversely to affect the Kiln Group taken as a whole;
- (p) Save as fairly disclosed in writing to TMNF or its advisers or as otherwise announced to a Regulatory Information Service prior to 14 December 2007, TMNF not having discovered:
- (i) that any financial or business or other information concerning the Wider Kiln Group disclosed at any time by or on behalf of any member of the Wider Kiln Group, whether publicly, to any member of the Wider TMNF Group or to any of their advisers or otherwise, is materially misleading or contains any material misrepresentation of fact or omits to state a fact necessary to make any information contained therein not materially misleading and which is material in the context of the Wider Kiln Group as a whole, and was not subsequently corrected before 14 December 2007 by disclosure either publicly or otherwise to TMNF;
 - (ii) that any member of the Wider Kiln Group is subject to any material liability (actual or contingent) which is material in the context of the Wider Kiln Group as a whole;
 - (iii) any information which materially affects the import of any information disclosed at any time by or on behalf of any member of the Wider Kiln Group;
 - (iv) that any past or present member of the Wider Kiln Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any material liability (whether actual or contingent) or material cost on the part of any member of the Wider Kiln Group which

is likely to be material in the context of the Wider Kiln Group taken as a whole;

- (v) that there is, or is likely to be, any material liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Kiln Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise, which is likely to be material in the context of the Wider Kiln Group as a whole; or
- (vi) that circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any services provided by any past or present member of the Wider Kiln Group, which claim would be likely to materially or adversely affect any such member and be material in the context of the Wider Kiln Group as a whole;
- (q) the disposal of Kiln's interest in W.R. Berkley London Finance, Limited and W.R. Berkley London Holdings, Limited for a total consideration of £24.5 million having become unconditional in all respects or, if the conditions applicable to such disposal have not been satisfied or are not capable of being satisfied, that Kiln has the right to require Berkley London Holdings, Inc. to purchase such interest at a price of £24.5 million; and
- (r) the Implementation Agreement not having been terminated in accordance with its terms.

For the purpose of these Conditions (i) "Third Party" means any central bank, government, government department or governmental, quasi governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction; and (ii) a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and "intervene" shall be construed accordingly.

(B) Certain further terms of the Proposals

1. TMNF reserves the right to waive all or any of the above conditions, in whole or in part, except conditions 1(a), (b) and (c) and 2(a), (b), (c), (d), (e), (f), (g) and (h).
2. The Acquisition will lapse and will not proceed unless all the above Conditions are fulfilled or (if capable of waiver) waived or, where appropriate, determined by TMNF to have been satisfied or remain satisfied prior to the Acquisition becoming effective. TMNF shall be under no obligation to waive or treat as fulfilled any of Conditions 2 (a)

to (r) above inclusive by a date earlier than the date specified above for the fulfilment thereof notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that the Conditions may not be capable of fulfilment.

3. The Acquisition will be on the terms and will be subject, inter alia, to the Conditions set out in paragraphs 1 and 2 of Part A of this Appendix I and those terms which will be set out in the Shareholder Circular and such further terms as may be required to comply with the Listing Rules of the UK Listing Authority and the provisions of the Code in so far as the Board determine, in accordance with the Bye-Laws, that such provision of the Code is applicable to the Acquisition.
4. TMNF reserves the right to elect with the consent of the Board (such consent not to be unreasonably withheld or delayed) to implement the Acquisition by way of Offer. In such event, any such offer will be implemented on the same terms, subject to appropriate amendments, including (without limitation), an acceptance condition set at not more than 75.01 per cent. of the Kiln Shares to which the offer relates and TMNF agrees that any such offer shall not lapse due to the non-fulfilment of that acceptance condition prior to the final day set by the Board, in accordance with the Code, as "Day 60" unless the Board otherwise agrees.
5. The availability of the Acquisition to persons not resident in the United Kingdom, and their ability to vote on the Acquisition, may be affected by the laws of any relevant jurisdiction. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

APPENDIX II

DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

"Acquisition"	the proposed acquisition of control over Kiln by TMNF to be effected by means of the Amalgamation or, should TMNF so elect with the consent of the Board (such consent not to be materially withheld or delayed), by means of the Offer;
"Acquisition Effective Date"	either (i) the date upon which the Amalgamation becomes effective in accordance with its terms; or (ii) if TMNF elects with the consent of the Board (such consent not to be materially withheld or delayed) to implement the Acquisition by way of the Offer, the date that the Acquisition becomes or is declared unconditional in all respects;
"Affiliate"	in relation to a party, any person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the party, and for these purposes a party shall be deemed to control a person if such party possesses, directly or indirectly, the power to direct or cause the direction of the management (including, without limitation, investment management) and policies of the person, whether through the ownership of voting securities, control of voting rights, by contract or otherwise;
"Amalgamated Company"	the Bermuda exempted company resulting from the Amalgamation which is intended to be named Kiln Ltd;
"Amalgamation"	the proposed amalgamation between BidCo (once incorporated) and Kiln under the Bermuda Companies Act to effect the Acquisition, the full terms of which will be set out in the Shareholder Circular;
"Amalgamation Agreement"	the conditional agreement effecting the Amalgamation to be entered into between BidCo (once incorporated) and Kiln;
"Authorisations"	authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, certificates, provisions, permissions or approvals;
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda, as amended;
"BidCo"	a company to be incorporated in Bermuda as a wholly-owned subsidiary of TMNF in accordance with the terms of the

	Implementation Agreement;
"Board"	the board of directors of BidCo or Kiln, as the context may require;
"business day"	any day, other than a Saturday, Sunday or public or bank holiday, on which banks in Bermuda, London and Tokyo are generally open for business;
"Bye-Laws"	the bye-laws of Kiln from time to time;
"Clearances"	all consents, clearances, permissions and waivers as may be necessary or desirable (in the reasonable opinion of TMNF and Kiln) and all filings and waiting periods as may be necessary or desirable (in the reasonable opinion of TMNF and Kiln), from or under the laws, regulations or practices applied by any Relevant Authority in connection with the implementation of, in each case to the extent relevant, the Amalgamation or the Offer (including, but not limited to any such consents, clearances, permissions, waivers and all filing and waiting periods as are set out in the Conditions) and references to Clearances having been satisfied shall be construed as meaning that the foregoing have been obtained on terms reasonably satisfactory to Kiln and TMNF, or where appropriate, made or expired;
"Code"	the City Code on Takeovers and Mergers;
"Companies Act 1985"	the Companies Act 1985 of Great Britain (as amended);
"Companies Act 2006"	the Companies Act 2006 of Great Britain (as amended);
"Conditions"	the conditions to the Acquisition set out in Appendix 1 to this announcement;
"Court"	the Supreme Court of Bermuda;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo is the Operator (as defined in the Uncertificated Securities Regulations 2001);
"CRESTCo"	Euroclear UK & Ireland Limited;
"Directors" or "Kiln Directors"	all of the directors of Kiln, as at the date of this announcement;
"Effective Time"	the time on the Acquisition Effective Date at which the Amalgamation shall become effective pursuant to the Bermuda Companies Act;

"Financial Services Authority"	the UK Financial Services Authority;
"Form of Proxy"	the form of proxy for use at the Special General Meeting which will accompany the Shareholder Circular;
"FPK"	Fox-Pitt, Kelton Cochran Caronia Waller who are acting for TMNF and will act for BidCo (once incorporated) and no one else in connection with the Acquisition and will not be responsible to anyone other than TMNF and BidCo (once incorporated) for providing the protections afforded to clients of FPK nor for giving advice in relation to the Acquisition;
"FSMA"	the United Kingdom's Financial Services and Markets Act 2000 (as amended);
"Implementation Agreement"	the Implementation Agreement dated the date of this announcement between TMNF and Kiln;
"Kiln" or "Company"	Kiln Ltd, a company incorporated under the laws of Bermuda with registered number 39424 and having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda;
"Kiln Group"	Kiln and its subsidiaries;
"Kiln Shares"	the common shares and Series A preferred share, each of par value one pence, in the capital of Kiln;
"Kiln Shareholders"	holders of Kiln Shares from time to time;
"Kiln Shareholdings"	the holdings of the Kiln Shares held by the relevant Kiln Shareholders;
"Kiln Share Schemes"	the Kiln 1998 Executive Share Option Scheme, the Kiln Trustees Limited 1998 Unapproved Share Option Scheme and the Kiln Employee Co-Investment Plan;
"Lexicon Partners"	Lexicon Partners Limited who are acting as financial advisers to Kiln and no one else in connection with the Acquisition and will not be responsible to anyone other than Kiln for providing the protections afforded to clients of Lexicon Partners nor for giving advice in relation to the Acquisition;
"Listing Rules"	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the FSMA, and contained in the UK Listing Authority's publication of the same name;
"Lloyd's"	the Society and Corporation of Lloyd's created and governed by the Lloyd's Acts 1871 – 1982, including the Council of Lloyd's

(and its delegates and other persons through whom the Council may act), as the context may require;

"Lloyd's Membership Byelaw"	the Lloyd's Membership Byelaw made by the Council of Lloyds on 7 December 2005;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Effective Date"	11.59 pm London time on the earlier of (a) 30 June 2008 or (b) the 90th day after the satisfaction of the last of the conditions referred to in 2(a), (b), (d), (e), (f), (g) or (h) of Appendix 1, or such later date as the parties may agree in writing;
"Millea"	Millea Holdings, Inc., a company incorporated under the laws of Japan with its registered office at Tokyo Kaijo Nichido Building Shinkan, 1-2-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan;
"Offer"	should BidCo elect to effect the Acquisition by way of an offer with the consent of the Board (such consent not to be materially withheld or delayed), the offer to be made for all of the Kiln Shares (other than Kiln Shares already held at the date of the offer by, or by a nominee for, BidCo or its subsidiary) on the terms and subject to the conditions to be set out in the Offer Document and in the related form of acceptance including, where the context requires, any subsequent revision, variation, extension or renewal thereof;
"Offer Document"	the document which would be despatched to (amongst others) holders of Kiln Shares pursuant to which the Offer, if any, would be made;
"Official List"	the Official List of the UK Listing Authority;
"Regulatory Information Service"	any of the services set out in Appendix 3 to the Listing Rules from time to time;
"Relevant Authority"	any court or competition, antitrust, national, supranational or supervisory body or other government, governmental, trade or regulatory agency or body, in each case in any jurisdiction and including, without limitation the Bermuda Monetary Authority, the Japanese Financial Services Authority, the Monetary Authority of Singapore, the UK Listing Authority and the Financial Services Authority;
"Shareholder Circular"	the document to be sent to Kiln Shareholders containing and setting out, among other things, the terms and conditions of the Acquisition and containing the notice convening the Special

	General Meeting;
"Special General Meeting"	the special general meeting of Kiln Shareholders (and any adjournment thereof) to be convened in connection with the Acquisition;
"subsidiary"	has the meaning ascribed to it under the United Kingdom's Companies Act 1985 other than paragraph 20(1)(b) of Schedule 4A to that Act which shall be excluded for this purpose;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"TMNF"	Tokio Marine & Nichido Fire Insurance Co., Ltd., a company incorporated under the laws of Japan with registration number 01099-01-008824 and having its head office at 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan;
"TMNF Group"	TMNF, its holding companies, its subsidiaries and the subsidiaries of its holding companies;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for listing under Part VI of the Financial Services and Markets Act 2000;
"Wider Kiln Group"	Kiln and the subsidiaries and subsidiary undertakings of Kiln and its associated undertakings (including any joint venture, partnership, firm or company in which any member of the Kiln Group is interested or any undertaking in which Kiln and such undertakings (aggregating their interests) have a substantial interest);
"Wider TMNF Group"	TMNF and the subsidiaries and subsidiary undertakings of TMNF and its associated undertakings (including any joint venture, partnership, firm or company in which any member of the TMNF Group is interested or any undertaking in which TMNF and such undertakings (aggregating their interests) have a substantial interest); and
"£", "sterling" and "pence"	the lawful currency of the UK.

All references to times are to London time unless otherwise stated.

APPENDIX III
SOURCES AND BASES OF FINANCIAL INFORMATION

In this announcement:

- (i) unless otherwise stated, financial information concerning Kiln has been extracted without material adjustment from the unaudited financial statements of Kiln for the period ended 30 June 2007. All closing middle market prices provided by Thompson Datastream and sourced from the London Stock Exchange Electronic Trading System (SETS);
- (ii) the value of the Issued and to be Issued Share Capital of Kiln is based upon an assumption that there were 291,956,851 Kiln Shares in issue on 13 December 2007, the last business day prior to this announcement and 2,824,046 options over Kiln Shares which are expected to be exercised in accordance with their terms and to receive payment under the terms of the Implementation Agreement (taking into account matching awards granted under the Kiln Employee Co-Investment Plan on a time pro-rated basis). However, if the Kiln remuneration committee decides to make such awards on a different basis, the total number of Kiln Shares in issue or to be issued could be higher or lower. It should be noted, however, that further options to subscribe for Kiln Shares remain outstanding under the Kiln 1998 Executive Share Option Scheme and the Kiln Employee Co-Investment Plan. If those options were to be exercised, that would result in the issue of additional Kiln Shares and so increase the number of Kiln Shares in issue;
- (iii) the historic and average prices of Kiln Shares are calculated based on the daily closing middle market prices of Kiln Shares provided by Thompson Datastream and sourced from the London Stock Exchange Electronic Trading System (SETS); and
- (iv) the average closing middle market price per Kiln Share for the 12 months to 13 December 2007 is based on the continuous share price of Kiln plc (to 28 May 2007) and Kiln Ltd (since 29 May 2007).