Moody's Investors Service

MOODY'S UPGRADES THE PERFORMANCE RATING OF LLOYD'S SYNDICATE 2001 TO A-

London, 24 September 2003 -- Moody's Investors Service has upgraded the B+ (Above Average) performance rating of Amlin syndicate 2001 to A- (Good)- the rating outlook is stable. Moody's stated that the rating change reflects its view that, against the improving financial fundamentals of syndicate 2001, the potential cross-cycle performance of syndicate 2001 is consistent with that expected from the A- rating category.

The rating agency elaborated that syndicate 2001, whose underlying performance has been improving from 1999, has significantly outperformed the Lloyd's market for the 2000 year of account, and is forecast to do so again for 2001 and 2002. Despite a large World Trade Center (WTC) loss, currently estimated to cost 12% of capacity, the syndicate is currently forecasting a small profit of 1% for the 2001 year of account. Furthermore, within a very favourable trading environment, syndicate 2001 has meaningfully increased its capacity for both the 2002 and 2003 years of account. With a diverse book of business and good management and underwriting skills, Moody's believes that the outlook for the syndicate's earnings, subject to a "normal" loss experience, in the short-to-medium term is very good. The syndicate is currently forecasting a profit of 14.5% on capacity for the 2002 year of account.

With regard to capital, Moody's said that syndicate 2001 is currently 86% backed by its owner, Amlin plc, which will provide 100% of the syndicate's capacity from 2004. Aside from benefiting from the above-average performance to-date of syndicate 2001, Amlin's net tangible asset position has significantly improved from GBP122m at the end of 2001 to GBP293m at the end of June 2003. Amlin recorded a profit before tax for the first half of 2003of GBP63m in marked contrast to the GBP82m loss recorded at the end of 2001. In line with its expectations for syndicate 2001, Moody's anticipates that, assuming a "normal" loss experience, Amlin's financial profile will continue to improve.

The rating agency further said that, in its opinion, the syndicate's biggest reserving challenges are in respect of WTC, and the overall level of its reinsurance recoverables which currently stand at around GBP500m. Whilst stating that the current WTC loss estimates (around $595m gross, $140m net of reinsurance recoveries) were material, particularly on a gross basis, in relation to the syndicate's earnings and capital base, Moody's nevertheless noted the relative stability in the loss estimates and the quality of the syndicate's reinsurance programme which should continue to significantly mitigate credit-related losses. Furthermore, the syndicate has collected or has collateral with regard to around 60% of the $455m of recoverables estimated to be due. With regard to the overall reinsurance recoverables position, which is also material in relation to the syndicate's overall capital base of around GBP400m, Moody's concerns are mitigated by the credit quality of the debtors, an amount of around GBP65m in respect of collateral and bad debt provisioning, and by management's proactive approach to the situation.

In light of the above, Moody's has upgraded the B+ Above Average performance rating of syndicate 2001 to A- reflecting the rating agency's belief that the syndicate's potential cross-cycle performance is consistent with that expected from the A- rating category.

Syndicate 2001, which writes a composite book of business, is the largest syndicate in the Lloyd's of London market, with capacity and estimated
gross premium of around GBP1 billion for 2003.

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