

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you should consult your insurance broker, lawyer or other professional adviser without delay.

In an endeavour to ensure that insurance brokers are in a position to advise their clients, a reference to this document has been sent to all brokers known to have placed business with or on behalf of ACS (NZ) Limited.

Further copies of this document as well as Voting/Proxy forms can be obtained from PricewaterhouseCoopers LLP, PricewaterhouseCoopers New Zealand or Chapman Tripp at the addresses listed on page 2.

**PROPOSAL IN RELATION TO
A SCHEME OF ARRANGEMENT
between
ACS (NZ) LIMITED
(formerly Ansvar Insurance Limited)
and its
SCHEME CREDITORS
(as defined in the Scheme of Arrangement)**

The meeting of Scheme Creditors to consider the Scheme of Arrangement will be held on 12 June 2012 commencing at 11.00 am at The Dome, Christchurch Events Village, North Hagley Park, Armagh Street Bridge entrance, Christchurch, New Zealand.

The action required to be taken by you is set out on page 15. Whether or not Scheme Creditors intend to be present at the meeting, they are requested to complete and return their Voting/Proxy forms as soon as possible.

15 May 2012

IMPORTANT NOTICE

This document has been prepared in connection with a proposed Scheme of Arrangement pursuant to Part 15 of the New Zealand Companies Act 1993 between ACS (NZ) Limited and its Scheme Creditors (as defined in the Scheme of Arrangement).

The information contained in this document has been prepared by the Directors based upon information available.

The statements, opinions and information contained in this document are made, held or given respectively as at the date of this document unless another time is specified and such statements, opinions and information are made, held or given solely by or on behalf of ACS (NZ) Limited unless expressly attributed to another party. Service of this document shall not give rise to any implication that the facts set out in it since the date of service remain unchanged.

Nothing contained in this document constitutes an admission of any fact or liability on the part of ACS (NZ) Limited or any other person in respect of any asset to which they may be entitled or any claim against them. No estimate of the amount of any claim against ACS (NZ) Limited specified in the Voting/Proxy forms returned to the Directors, or otherwise provided for voting purposes, shall be admissible against ACS (NZ) Limited or any other party, or shall be taken into account in calculating payments under the Scheme of Arrangement. Any such estimate shall only be used for voting purposes at the meeting of Scheme Creditors to consider the Scheme of Arrangement.

The summary of the principal provisions of the Scheme of Arrangement and related matters contained herein is qualified in its entirety by reference to the Scheme of Arrangement itself. Scheme Creditors are advised to read and consider carefully the text of the Scheme of Arrangement.

The Directors have not authorised any person to make any representation, whether oral, written, express or implied, concerning the proposed Scheme of Arrangement, which is inconsistent with the statements made in this document. Consequently, if such representations are made, they should not be relied upon.

Scheme Creditors should not construe the contents of this document as legal, tax, financial or other professional advice. Each Scheme Creditor should consult his own professional advisers as to the legal, tax, financial or other matters relevant to the action he should take in connection with the Scheme of Arrangement.

Prospective Scheme Administrators

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PROVISIONAL TIMETABLE

- | | |
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| • Scheme Creditors' meeting | 12 June 2012 |
| • Court hearing to sanction the Scheme | 19 June 2012 |
| • Scheme becomes effective | 20 June 2012 |

EXPLANATORY STATEMENT

KEY DEFINITIONS

The Explanatory Statement is intended to explain the main provisions of the Scheme of Arrangement. The definitions will apply throughout the Explanatory Statement. They correspond to defined words and phrases in the Scheme of Arrangement and are in some instances summaries of longer definitions. They are not intended to be comprehensive and if there is any inconsistency with the terms as used in the Scheme of Arrangement, the Scheme of Arrangement prevails over them. The full definitions are those which appear in the Scheme of Arrangement.

"**Ansvar Australia**" means Ansvar Insurance Limited, registered in Australia;

"**Company**" and "**ACS**" means ACS (NZ) Limited, registered in New Zealand;

"**Court**" means the High Court of New Zealand;

"**Creditors' Committee**" means the committee established in accordance with the provisions of the Scheme;

"**Directors**" means the directors of the Company from time to time;

"**EIO**" means Ecclesiastical Insurance Office plc, registered in England;

"**Effective Date**" means the date the Scheme becomes effective;

"**Established Scheme Liability**" means a Scheme Claim which has become established in accordance with the Scheme;

"**IBNR**" means a Scheme Claim in respect of a loss which has been incurred but has not been reported;

"**Initial Scheme Period**" means the period beginning on the Effective Date and ending on the day before the Trigger Date;

"**Insurance Contract**" means any contract or policy of insurance underwritten by the Company as insurer;

"**Payment Percentage**" means the percentage of an Established Scheme Liability that the Scheme Administrators determine from time to time should be paid to Scheme Creditors in accordance with the provisions of the Scheme;

"**Reserving Period**" means the period beginning on the Trigger Date and ending on the day when the Scheme terminates;

"**Scheme**" means the scheme of arrangement between the Company and its Scheme Creditors approved by the Court;

"**Scheme Administrators**" means Dan Yoram Schwarzmann, partner in the United Kingdom firm of PricewaterhouseCoopers LLP and Colin Thomas McCloy, partner of PricewaterhouseCoopers New Zealand, or such other persons as may be appointed as Scheme Administrators in accordance with the provisions of the Scheme;

"**Scheme Claim**" means any claim against the Company (other than a non-Insurance Claim) under or arising out of, or which may arise out of, any Insurance Contract;

"**Scheme Creditor**" means a creditor of the Company in respect of a Scheme Claim;

The Scheme helpline number is 0800 123 344 Option 2 (NZ free call)

"Scheme Meeting" means the meeting of Scheme Creditors to vote on the Scheme;

"Shareholders" means Ansvar Australia and EIO;

"Trigger Date" means the date on which the Trigger Event occurs;

"Trigger Event" when the Directors conclude that:

- (a) the Company is unable to pay its debts as they fall due; and/or
- (b) on a prudent basis, the value of the Company's assets is less than the value of its liabilities; and/or
- (c) some other event or circumstance has either occurred or is likely to occur,

and in any such case that, without the operation of the Scheme, there would be no reasonable prospect that the Company would avoid going into liquidation;

"Trustee" means Canterbury Earthquake Church and Heritage Trustee Limited.

EXPLANATORY STATEMENT

PART A: BACKGROUND TO PROPOSED SCHEME

1. INTRODUCTION

The Company proposes to enter into a scheme of arrangement pursuant to Part 15 of the New Zealand Companies Act 1993 with its Scheme Creditors.

This purpose of this Explanatory Statement is to:

- (i) Provide background information in relation to the Company and its business;
- (ii) Explain the main advantages of the Scheme; and
- (iii) Explain the main provisions of the Scheme,

in order to assist Scheme Creditors in reaching an informed decision on whether to vote in favour of the Scheme at a forthcoming meeting.

This document has been made available to those parties in respect of whom the Company's records indicate that the Company may be responsible for some or all of their insurance cover, or who might otherwise have a claim against the Company under an Insurance Contract. However, access to or receipt of this document does not necessarily mean that you are a creditor or potential creditor of the Company or that you will be affected by the Scheme.

2. COMPANY BACKGROUND

Brief history

The Company was established in August 1982 and became part of the EIO group in 1998. The Company was formerly known as Ansvar Insurance Limited but, to avoid any confusion with the company of the same name in Australia, changed its name to ACS (NZ) Limited on 1 February 2012. ACS is an acronym for "Ansvar Claims Services".

Ownership

The Company is owned by:

- (i) The Canterbury Earthquake Church and Heritage Trustee Limited, as trustee of the Canterbury Earthquake Church and Heritage Trust ("the Charitable Trust"). The Charitable Trust (which is not part of the EIO group) has been established by EIO for charitable purposes, in particular for those Christian charities and enterprises that are supporting those affected by the Christchurch earthquakes;
- (ii) EIO, which is owned by Allchurches Trust Limited, a registered charity established in 1972; and
- (iii) Ansvar Australia, which is owned by EIO.

Ansvar Australia and EIO are intending to transfer their ordinary shares in the Company to the Charitable Trust (other than a Special Share held by EIO which confers the right to appoint one director to the board of the Company). After all creditors of the Company have been paid, distributions of \$5m can be made for these charitable purposes by the Charitable Trust and/or the Company before EIO can receive back any of the funding loans which it will make to the Charitable Trust.

Nature of the Company's business

The Company provided motor, household, commercial property and commercial liability insurance products to a wide variety of customers but with a particular focus on faith and heritage organisations, educational institutions, care facilities, community groups and charitable organisations. In particular, the Company was a leading insurer of churches, as well as many other heritage buildings, in New Zealand.

The Company ceased writing new insurance business in late 2011 and cancelled all but a handful of policies (which did not have cancellation provisions) with effect from 31 December 2011. All policies have now been transferred to another insurer or cancelled. Hence, the Company is now operating as a claims run-off operation, committed to maintaining excellent claims management services during the claims run-off period.

The Company had approximately 11,000 policyholders and around 20,000 policies. Of these 20,000 policies, the vast majority are personal or retail policies; the rest are commercial. Commercial policies, however, account for the majority of outstanding and potential future claims, in terms of value. The Company had approximately 2,000 policies in Christchurch.

Significant reinsurance protections exist for the losses incurred by the Company. These include proportional and catastrophe reinsurances in respect of the Company's property liabilities and excess of loss reinsurance in respect of motor and liability risks. These reinsurances are important assets of the Company, although subject to various limits.

Financial summary

Set out below is a summary of the Company's recent financial information.

NZ\$m	2008	2009	2010	2011*
Gross Written Premium	20.0	23.8	25.6	15.9
Net profit / (loss) before tax	0.5	1.2	0.8	(9.9)
Net Assets	10.9	11.3	11.4	1.0
Reinsurance assets	9.6	13.8	145.6	700.3
Cash	3.9	4.5	2.4	6.0
Insurance reserves	19.6	24.3	156.6	709.9

*Unaudited

The summary above clearly reflects the impact of the catastrophic earthquake events of recent years on the level of insurance reserves and Net Assets and which led to the decision by the Company in late 2011 to cease writing new business and cancel insurance cover with effect from 31 December 2011. The Company's rating from AM Best was downgraded to a B++ rating in September 2011, and to B+ on 27 March 2012.

3. WHAT IS A SCHEME OF ARRANGEMENT ?

A scheme of arrangement, such as that proposed here, is an arrangement between a company and its creditors as prescribed by Part 15 of the New Zealand Companies Act 1993. The Company has prepared the proposed Scheme and has obtained from the Court directions as to how a meeting of Scheme Creditors (the "Scheme Meeting") is to be convened. A copy of those directions will be on the Company's website.

In accordance with those directions, the proposed Scheme will be approved at the Scheme Meeting if more than 50% in number, representing not less than 75% in value, of Scheme Creditors voting at the meeting (whether in person, by proxy or by post) vote in favour of the proposed Scheme.

The Scheme helpline number is 0800 123 344 Option 2 (NZ free call)

Having (a) considered the rights of Scheme Creditors in general; (b) considered the effect of the Scheme on these rights; and (c) taken legal advice, the Company intends to convene a single Scheme Meeting of all Scheme Creditors.

The proposed Scheme will become legally binding on the Company and the Scheme Creditors if the Court subsequently makes an order approving the proposed Scheme. The hearing at which the Company will ask the Court to approve the Scheme is to be held at the Court at Auckland on **19 June 2012**. If the Scheme is approved by the Court, the Scheme will bind all Scheme Creditors, whether notified of the Scheme and/or voting for the Scheme or not.

Scheme Creditors have the right to appear and be heard by the Court at the hearing to approve the Scheme. Any Scheme Creditor who wishes to appear and be heard must file a notice of appearance or notice of opposition (in either case containing an address for service) and, if they oppose the application for orders approving the Scheme, any affidavits and a memorandum of submissions on which they intend to rely, by 5:00pm on 1 June 2012 and on the same day serve a copy on ACS at its address for service. ACS will serve upon that Scheme Creditor, at their address for service, a copy of the affidavits in support of the application by 5:00pm on 14 June 2012. If the application is opposed, it will proceed for hearing at a date to be fixed by the Court.

4. WHY HAS A SCHEME BEEN PROPOSED ?

Introduction

The devastating series of earthquakes in New Zealand during the last 18 months has resulted in an unprecedented and unforeseeable level of losses for many of the Company's policyholders. Accordingly, the Company has received a significant number of claims which has inevitably had a material impact on its financial position. The extent and ultimate cost of these claims is still being established and because such claims are not expected to be fully determined for a number of years, there remains a high degree of uncertainty.

Based on current claims estimates, the Directors consider that the Company has sufficient assets to meet all of its liabilities as they fall due. The Company has in place significant and extensive reinsurance protections and the Directors' current belief is that the overall cost of claims will remain within the limits of the Company's reinsurance programme. The Directors have been advised that the implementation of the proposed Scheme will not prejudice potential recoveries from such reinsurance protections.

However, as a result of the series of earthquakes, the cost of reinsurance cover rose dramatically. This was a key factor in the Company's decision in September 2011 to cease providing earthquake cover and the subsequent decision to cancel insurance cover as far as possible with effect from 31 December 2011 and undertake a managed exit from the New Zealand market. As an interim measure, to provide sufficient time to arrange alternative insurance, all customers were provided with the opportunity to take up temporary cover, excluding earthquake (natural disasters) cover, from Ansvar Australia until the normal expiry date on their policy.

During this very difficult period, the Company has taken steps to bolster its claims handling support and resource, with assistance from both the wider EIO group as well as from a number of external service providers. This included the creation of a dedicated Catastrophe claims team and appropriate measures to ensure the retention of key claims handling staff.

Group support to date

In order to deal with the consequences of the New Zealand earthquakes on the group, ensure an orderly withdrawal from the New Zealand market, maintain a high quality claims service to affected customers and settle claims as fairly and quickly as possible, the EIO group has incurred significant operational and financial costs during the last 18 months, the value of which has exceeded NZ\$24m. This has included:

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- Funding additional reinsurance premium costs to ensure essential continuity of cover and providing assistance in proactively managing a wide network of reinsurers whose ongoing support is critical.
- Securing substantial additional resources in the form of internal and external loss adjusters, technical claims staff and broader claims management support.
- The appointment of a new Head of Claims together with senior claims resources re-allocated to support the Company's claims handling.
- Funding professional advice from lawyers, accountants and actuaries.

In addition, A\$20m and NZ\$20m short-term cash flow loan facilities to assist with the funding of claims payments in advance of related reinsurance recoveries were provided, secured over the relevant reinsurance recoveries.

Continuing uncertainties

In spite of the actions taken, the Company continues to face significant and continuing uncertainties. The claims situation is still developing, with continued seismic activity, and is subject to a high degree of complexity. Accordingly, it is likely to take a considerable amount of time for the loss position to stabilise and several years for all claims to be brought to a conclusion and the final level of claims to be established.

In particular, the Company faces a number of risks, including:

- The likelihood of further notifications from the EQC (Earthquake Commission), which has been inundated with notifications and which provides NZ\$100k building and NZ\$20k contents cover on domestic property. Any excess over these amounts will be met by the Company, where it is the insurer.
- Adverse development of claims, which have already been notified, particularly for some of the very largest claims.
- Uncertainty around the apportionment of losses between different events, which will affect the amount of reinsurance recoverable per event. In extreme circumstances, this could result in losses exceeding the reinsurance coverage in some cases.
- Significant reliance on reinsurers' continued support.

Additional EIO group support

In view of the material uncertainties facing the Company, the EIO group has, after careful consideration, agreed to provide additional support up to the following levels, to operate in conjunction with the Scheme:

- EIO group has agreed that it will fund the Company up to NZ\$24m, by 30 June 2012, as required by the Company to meet the RBNZ Solvency Standard for Non-Life Insurance Business in Run-off. NZ\$10m of the NZ\$24m has already been provided by EIO as share capital through a contribution to the Charitable Trust, with the Charitable Trust subscribing for 10m shares in the Company. The remaining NZ\$14m will be provided before 30 June 2012 by way of limited recourse loan to the Charitable Trust for application to the Company as share capital. Such limited recourse loan is repayable only after all the Company's creditors have been paid, so that there is a surplus in the Company and NZ\$5m has been distributed by the Charitable Trust and/or the Company to the Charitable Trust's charitable beneficiaries.

- Adverse Development Reinsurance Cover (“ADC”), for the February 2011 earthquake, that extends the reinsurance coverage to NZ\$570 million, should the ultimate claims costs from this event deteriorate to a level above that provided from the group’s external reinsurance programme (NZ\$548million at 31 December 2011). This Cover also removes substantial currency exposure from the Company, as part of the group’s programme provided reinsurance denominated in Sterling.
- Further share capital of NZ\$4.5 million (on top of that already provided), which enables the Adverse Development Cover premium to be paid.

This package of additional support means that the total costs and support provided by the EIO group could exceed approximately NZ\$70 million, a significant contribution towards meeting the losses sustained as a result of the major earthquakes in New Zealand.

Summary

The Directors have concluded that there are two basic options for the Company given its financial position; (i) carry on managing the claims as it has done to date, but not to plan for the possibility that the Company's liabilities deteriorate such that the Company becomes insolvent, or (ii) implement a scheme of arrangement so that claims continue to be managed in the ordinary course of business, as it has done to date, but so that there will be minimal disruption to the run-off of the Company's business should the Directors at some point in the future conclude either that the value of the Company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities, that the Company is unable to pay its debts as they fall due, or that some other event or circumstance either has occurred or is likely to occur and that, without the Scheme, there would be no reasonable prospect that the Company would avoid liquidation.

The Directors believe that the Scheme is the best way to ensure an orderly and equitable run-off of the Company’s business which, in conjunction with the additional EIO group support of up to NZ\$28.5 million and the Adverse Development Reinsurance Cover referred to above to be provided, improves the prospects of claims being paid in full. In any event, the Scheme provides for the fair and efficient handling and payment of claims whilst the Company remains solvent or should, at some point in the future, the Company be unable to meet its liabilities in full.

The main advantages of the Scheme are (i) an orderly, seamless and efficient run-off; (ii) minimal disruption; (iii) additional support from EIO; (iv) cost savings; (v) the constitution of a Creditors' Committee; and (vi) fairness. These advantages are explained further in section 5.

The Directors believe that the Scheme is in the best interests of Scheme Creditors as a whole and, accordingly, recommend that Scheme Creditors vote in favour of the Scheme.

The prospective Scheme Administrators have not undertaken any financial review of the Company. On the basis of the Directors’ statements above and the information in this document, the prospective Scheme Administrators have confirmed to the Directors that they believe the Scheme is in the interests of Scheme Creditors as a whole.

5. THE MAIN ADVANTAGES OF THE SCHEME

The main advantages of the Scheme for Scheme Creditors are as follows:

- Orderly, seamless and efficient run-off – the Scheme is designed and intended to ensure the continuation of an efficient claims handling operation whilst, at the same time, minimising the adverse effects which would arise from any disruption if the Company became insolvent;
- Minimal disruption - the Scheme ensures that the liabilities of the Company will continue to be established in the normal course with the prospect of payments being made to Scheme Creditors by the Company earlier than would otherwise be likely if the Company were to become insolvent. In an

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insolvent liquidation it is unlikely that interim dividends would be paid to creditors before substantially all claims were identified and quantified;

- (c) Additional support from EIO – the ADC cover has been provided by EIO in advance of the approval of the Scheme but it is cancellable if the Scheme does not become effective by 1 July 2012;
- (d) Cost savings - if the Company were to become insolvent and enter into liquidation, significant costs would be incurred. These costs could amount to several million NZ dollars and will be avoided by the Scheme; and
- (e) Creditors' Committee - it is not usual for a committee of creditors to be formed and provided with information when a company is solvent. However, a Creditors' Committee, which is required to act in the best interests of Scheme Creditors as a whole, will be appointed immediately upon the Scheme becoming effective. This should provide Scheme Creditors with an additional degree of comfort.

The Directors consider that the Scheme is also fair. If a Trigger Event occurs, the Company will deal with all Scheme Creditors in such a way as to be fair both to Scheme Creditors whose claims are established quickly and those whose claims may not be agreed for some time; the Scheme also ensures that any rights Scheme Creditors might have to Allocated Reinsurance Monies are not prejudiced.

6. HOW DOES THE SCHEME WORK ?

The main terms of the Scheme are explained in Part B of this Explanatory Statement, but the following is intended to provide an outline of how the Scheme would work in practice.

Continuation of an orderly run-off

The Scheme has been designed to ensure that the Company's business continues to be run-off in as orderly a manner as possible. It will be managed by the Directors or Scheme Administrators who will be supported by a Creditors' Committee whose members will represent the interests of Scheme Creditors.

During the Initial Scheme Period, claims will continue to be paid in full as and when they fall due and the Directors will continue to closely monitor the Company's financial position. During this period the Scheme Administrators do not become responsible for day-to-day management and control of the Company, which will remain with the Board. This is a distinctive feature of this type of Scheme. As a result, it should be noted that the Scheme Administrators have no responsibility for determining whether the Trigger Event has occurred.

If, at any point during the Initial Period, the Directors conclude that the Company's liabilities exceed assets, that the Company will no longer be able to pay its debts as they fall due or that some other event or circumstance either has occurred or is likely to occur, and that without the Scheme, there would be no reasonable prospect that the Company would avoid liquidation, then this will constitute a Trigger Event which will result in the end of the Initial Scheme Period and the commencement of the Reserving Period. It is the responsibility of the Directors to monitor the position of the Company in the Initial Period and decide if at any time the situation of the Company necessitates the declaration of a Trigger Event. However, the Scheme Administrators and the Creditors' Committee will be provided with information which the Directors consider relevant to any consideration of whether a Trigger Event might be declared, and will notify the Scheme Administrators and the Creditors' Committee of any matters which they consider are material in this respect.

Once the Reserving Period commences, although the powers of the Directors will lapse and the respective duties of the Directors and the Scheme Administrators will then change, it is anticipated that in practice the Scheme Administrators will work in close consultation with the Directors to ensure that the Scheme operates in the best interests of all Scheme Creditors. The respective roles of the Directors, Scheme Administrators and the Creditors' Committee are set out in Appendix 5.

Whether or not a Trigger Event occurs, to the extent that claims are agreed the run-off will continue as normal. Therefore, Scheme Creditors should continue to present their claims in the ordinary course, whether or not a Trigger Event occurs.

Setting the Payment Percentage(s)

During the Reserving Period, the payments made from time to time in respect of Established Scheme Liabilities will be a percentage of every Established Scheme Liability.

Different Payment Percentages may be set in respect of each event (or group of events, as relevant) giving rise to an obligation of the Company to pay under an Insurance Contract in relation to which it is entitled to recover under reinsurance ("Event"). This allows the Scheme to reflect any rights which Scheme Creditors would otherwise have over reinsurance recoveries under New Zealand law by way of statutory charges over such recoveries. Rather than having to enforce any such statutory charge, during the Reserving Period Scheme Creditors will be entitled to payments under the Scheme at a percentage intended to reflect their rights. Accordingly, they will not be permitted to enforce their statutory charges.

The Payment Percentage for each Event will be applied to the Established Scheme Liabilities which relate to that Event. This means, for example, that a Scheme Creditor with Established Scheme Liabilities in respect of an Event which has a greater proportion of reinsurance coverage may be paid at a higher payment percentage than those in respect of an Event which has a lower proportion of reinsurance coverage.

For more information about the setting of Payment Percentages during the Reserving Period, please see Appendix 2.

7. CAUSES OF ACTION IN A LIQUIDATION

Certain causes of action are available to a liquidator which are not available (or not readily available) under a scheme of arrangement outside liquidation. In particular, a liquidator may be able to recover monies for the benefit of a company where there has been reckless trading in respect of which the Company's past or present directors or others may be liable to contribute to its assets, or where it has given any voidable preferences or been party to any voidable transaction at an undervalue.

If a Trigger Event occurs the Scheme Administrators or, if they have exercised powers of management and control during the Initial Scheme Period, an independent party, will be required to conduct a review. If deemed necessary, and after consultation with the Creditors' Committee, the Company may be put into liquidation so that such causes of action can be readily pursued. The Scheme will, however, survive the Company being put into liquidation, unless the Scheme is challenged in Court by a shareholder, Scheme Creditor, receiver or liquidator under the provisions of sections 233 and 239 of the Companies Act 1993.

8. CREDITORS' COMMITTEE

The main function of the Creditors' Committee is to monitor the implementation of the Scheme and, in particular, to provide the Directors or, if appropriate, the Scheme Administrators, with the Creditors' Committee's views on important issues relating to the Scheme. The Creditors' Committee must act bona fide and in the interests of Scheme Creditors as a whole.

The Creditors' Committee is able to meet at any time it chooses.

During the Initial Scheme Period, the Creditors' Committee is entitled to receive reports from the Directors on the affairs of the Company.

During the Reserving Period, the Creditors' Committee has the power to request from the Scheme Administrators specific information concerning the operation of the Scheme. The Scheme Administrators are obliged to give to the Creditors' Committee reasonable information concerning the affairs of the Company and the operation of the Scheme, except where they determine that to divulge such information

would be detrimental to the Company or to Scheme Creditors as a whole. The Creditors' Committee must keep information which is provided to them concerning the Scheme strictly private and confidential, unless they have received the prior written consent of the Scheme Administrators.

The Creditors' Committee may consist of up to nine members but must have at least three members. The procedure for the appointment of the members of the initial Creditors' Committee is set out in Part B paragraph 13.

When filling any vacancy and appointing additional Creditors' Committee members, the Creditors' Committee must ensure that the composition of the Creditors' Committee is such as to secure a proper balance of the interests of Scheme Creditors as a whole.

A member of the Creditors' Committee may be removed from office by a resolution passed by Scheme Creditors.

Each member of the Creditors' Committee will be entitled to reimbursement by the Company of its reasonable expenses in attending Creditors' Committee meetings.

9. RESERVE BANK OF NEW ZEALAND

In accordance with the Insurance (Prudential Supervision) Act 2010, the Directors have kept the RBNZ informed of their proposals. A copy of this document has been provided to the RBNZ. It is anticipated that the Company will continue to be a licensed insurer regulated by the RBNZ in accordance with the Insurance (Prudential Supervision) Act 2010 once the Scheme becomes effective.

10. DIRECTORS

The current directors of the Company are:

- (a) David Harrison
- (b) Andrew Moon
- (c) Michael Tripp
- (d) Brent Pattison
- (e) Bruce Harris

Their curricula vitae are set out in Appendix 3. The Directors will continue to have the statutory responsibilities of directors.

None of the current directors has any beneficial interest in the shares of the Company (all the shares in the Company being owned by the Trustee and currently the Shareholders) nor are they creditors of the Company, save that in the ordinary course of business they may be insured by the Company.

The Scheme provides for the Directors to manage and control the business and affairs of the Company during the Initial Scheme Period.

One of the main functions of the Directors is to determine whether a Trigger Event has occurred. In deciding on this issue it is likely that, in practice, they will consult with the Creditors' Committee and the Scheme Administrators. If a Trigger Event occurs, the Directors' powers will lapse. The respective duties of the Directors and the Scheme Administrators will then change, but it is anticipated that in practice the Directors will retain day-to-day management of the run-off and that they will work in close co-operation with the Scheme Administrators to ensure that the Scheme operates in the best interests of all Scheme Creditors.

The Scheme helpline number is 0800 123 344 Option 2 (NZ free call)

In the Initial Scheme Period, the Directors may be appointed or dismissed in accordance with the Company's constitution.

During the Reserving Period, the Directors may be removed from office by the Scheme Administrators, subject to rights of the holder of the Special Share to appoint and remove one Director. The Scheme Administrators will be also be able to appoint new Directors.

11. PROPOSED SCHEME ADMINISTRATORS

During the Initial Scheme Period, the Scheme Administrators are available to provide advice and assistance to the Directors and Creditors' Committee as appropriate and are entitled to attend and be heard at meetings of the Creditors' Committee. If, during the Initial Scheme Period, there are less than three Directors then the Scheme Administrators will have all the powers of management and control otherwise conferred on the Directors until the number of Directors is restored to three; otherwise the Scheme Administrators have no powers in respect of the management and control of the Company, which will remain with the Directors.

During the Reserving Period, the Scheme Administrators will be responsible for the day-to-day management and control of the Company and for administering the Scheme. The Scheme grants wide powers to the Scheme Administrators in order to enable them to carry the Scheme into effect. The Scheme Administrators are to have general powers of management and control over the affairs of the Company and are also granted specific powers. One of the main functions of the Scheme Administrators is to set the Payment Percentage(s).

In carrying out their functions under the Scheme, the Scheme Administrators must act bona fide and with reasonable care in the interests of Scheme Creditors as a whole.

A Scheme Administrator may resign his appointment by giving not less than six months' notice in writing to the Company and to the Creditors' Committee, or such shorter period as may be agreed with the Creditor's Committee.

The Scheme Administrators may be removed from office by a resolution passed by Scheme Creditors at a meeting convened by Scheme Creditors (approved by a majority in number, representing at least 75% in value, of Scheme Creditors voting at the meeting). If any of the Scheme Administrators are so removed, the Scheme Creditors are entitled to appoint one or more (as applicable) persons who are qualified to act in such capacity as new Scheme Administrators at the same meeting. If the Scheme Creditors do not appoint new Scheme Administrators and in any other case where the office of Scheme Administrator is vacated for one of the reasons set out in the Scheme, the Creditors' Committee will be able to appoint persons who are qualified to act in such capacity as new Scheme Administrators.

It is proposed that Dan Schwarzmann, a partner in the United Kingdom firm of PricewaterhouseCoopers LLP, and Colin McCloy, a partner in the firm of PricewaterhouseCoopers New Zealand, be appointed to act as the first Scheme Administrators. Their curricula vitae are set out in Appendix 4.

12. RECOMMENDATION

The main advantages of the Scheme can be summarised as follows:

- **Orderly, seamless and efficient run-off** – the Scheme is designed and intended to ensure the continuation of an efficient claims handling operation.
- **Minimal disruption** – if ACS becomes insolvent, payments will be made more quickly than may otherwise be the case in a liquidation.
- **Additional support from EIO** – the ADC cover has been provided by EIO in advance of the approval of the Scheme but it is cancellable if the Scheme does not become effective by 1 July 2012.

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- **Cost savings** – the Scheme would avoid a costly and disruptive insolvency process if claims liabilities deteriorate to an unsustainable level.
- **Creditors' Committee** - a Creditors' Committee will be appointed immediately and should provide Scheme Creditors with additional comfort.

The Directors consider that the Scheme is also fair and that the Scheme will deal with all Scheme Creditors fairly in relation to their existing rights, irrespective of whether their claims have already been notified to ACS or whether they will be brought in the future.

If the proposed Scheme is not approved, the Company will continue its run-off, but will remain vulnerable to claims deterioration and other factors which may endanger its solvency in the future. If, at some point in the future, the Directors conclude that the Company is insolvent, they will consider the most appropriate action for the benefit of the Company's creditors as a whole. This would most likely result in a formal insolvency procedure and the appointment of voluntary administrators or liquidators.

The likely course of action in either a voluntary administration or a liquidation would be the implementation of an insolvent scheme of arrangement, probably based upon a similar structure to the Scheme currently being proposed. However, this process as a whole would result in **significant disruption** to the run-off, **delays in payments** to Scheme Creditors and **additional costs**.

For the above reasons all Scheme Creditors who are entitled to vote are encouraged to vote in favour of the Scheme.

13. WHAT ARE YOU REQUIRED TO DO NOW ?

All Scheme Creditors are entitled to vote on the Scheme. Any obligations of ACS not arising under an Insurance Contract will not be covered by the Scheme and the relevant rights will be unaffected by the Scheme.

You will be sent Voting/Proxy forms for the Scheme Meeting. An explanation of how your claim against the Company is to be valued for voting purposes and guidance notes and instructions for completion of the Voting/Proxy forms will also be sent to you.

If you are a Scheme Creditor, you are entitled to vote at the Scheme Meeting either in person (or, in the case of corporations, by a duly authorised representative), by proxy or by postal vote. If you wish to appoint a proxy, please complete the appropriate Voting/Proxy form. This will not prevent you from attending in person at the Scheme Meeting.

The Voting/Proxy form should be returned to ACS:

C/- PricewaterhouseCoopers, Private Bag 92162, Auckland, New Zealand or PricewaterhouseCoopers at Level 8, 188 Quay Street, Auckland or 5 Sir Gil Simpson Drive, Canterbury Technology Park, Burnside, Christchurch

Facsimile + 64 9 355 8013

Every Scheme Creditor who wishes to vote (whether in person, by proxy or by postal vote) must complete and return the Voting/Proxy form by 5.00pm on 5 June 2012.

You are required to complete the claims form in the Voting/Proxy form if you wish to vote. The total value of your claims (whether agreed and unpaid, not yet agreed or not yet reported) must be stated in the claims table for voting purposes only. Account will be taken of any set-off or cross-claim or deduction in respect of amounts claimed by you.

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The admission of a claim for voting purposes does not constitute an admission of the existence or amount of any liability of the Company and will not bind the Scheme Administrators, the Company or any Scheme Creditor. Estimates of claims, whether by Scheme Creditors or by the Chairperson of the Meeting, will not be taken into account in calculating payments under the Scheme, but will be used for voting purposes only.

Information submitted to the Company will be dealt with in accordance with the Privacy Act 1993.

You should consult your own legal adviser as to the consequences for you of furnishing such particulars in the event you may be, or may become, involved in any litigation.

14. THE SCHEME MEETING

The Scheme Meeting will be held on 12 June 2012 commencing at 11.00am.

After the Scheme Meeting the votes will be checked and verified.

15. SANCTION BY THE COURT

Following the Scheme Meeting, Court approval of the Scheme will be sought at the approval hearing on 19 June 2012. During the course of the approval hearing, the Company may consent on behalf of all those concerned to any modification of the terms of the Scheme, provided that any such modification would not directly or indirectly have a materially adverse effect on the interest of any Scheme Creditor under the Scheme. The Scheme will become effective on the date specified in the final order of the Court approving the Scheme. Notification to this effect will appear in The New Zealand Herald, The Waikato Times, The Dominion Post, The Press, The Otago Daily Times and The New Zealand Gazette.

16. EFFECTIVE DATE OF THE SCHEME

It is anticipated that if the Scheme is sanctioned by the Court it will become effective on 20 June 2012.

17. FURTHER INFORMATION AND DOCUMENTS

Further information and copy documents, including the Company's application to the Court, may be obtained from the Company's website:

www.acsclaimsservices.co.nz

Or will be available at the offices of Chapman Tripp at:

*23 Albert Street
PO Box 2206
Auckland 1140
New Zealand*

*Contact: Tim Williams / Michael Arthur
Email: Tim.Williams@chapmantripp.com /
Michael.Arthur@chapmantripp.com
Tel: +64 9 358 9840 / +64 9 357 9296*

*245 Blenheim Road
PO Box 2510
Christchurch 8041
New Zealand*

*10 Customhouse Quay
PO Box 993
Wellington 6140
New Zealand*

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PART B: SUMMARY OF MAIN SCHEME TERMS

1. INTRODUCTION

The main provisions of the Scheme are summarised below to help Scheme Creditors understand how the Scheme will operate. A capitalised term used in this Part B has the meaning given to it in Part A of the Scheme. This summary should not be relied upon as a substitute for reading the Scheme itself in its entirety.

The objective of the Scheme is to ensure an orderly and equitable run-off of the Company's business and provide for the continuation of fair and efficient handling and payment of claims whilst the Company is solvent and also if, at some point in the future, the Company is unable to meet its liabilities in full.

2. SCOPE OF THE SCHEME

Who is a Scheme Creditor ?

A Scheme Creditor is any person who has, or may in the future have, a claim against the Company under an Insurance Contract. If you have no actual or potential claim against the Company under an Insurance Contract, you will not be entitled to attend or vote at the Scheme Creditors' meeting.

The Scheme does not affect any right that any person may have to take any appropriate action to enforce any letter of credit, trust or security by way of mortgage, charge, lien, or other security interest (other than any statutory charges over reinsurance monies), which was in existence at the Trigger Date. If you are, or you believe you may be, a Scheme Creditor and you have the benefit of a letter of credit, trust or other security interest (other than any statutory charges over reinsurance monies), or a right of set-off arises, any balance of your claim which remains thereafter will be affected by the Scheme. Accordingly, you will be entitled to vote at the Scheme Creditors' meeting in respect of any such balance.

If you are bankrupt, in liquidation or are subject to any similar insolvency proceedings, anybody making a claim against you (in respect of which you are covered by the Company) may have rights under the Law Reform Act 1936. This may mean that such a third party is a Scheme Creditor in your place.

Any claim not arising under an Insurance Contract is not covered by the Scheme and will therefore be paid by the Company in full as and when it falls due.

To the extent that any debts are due from the Company to Ansva Australia and/or EIO from time to time, such debts shall be treated as Non-Insurance Claims and Ansva Australia and/or EIO shall not be Scheme Creditors for the purposes of the Scheme and will not be entitled to vote at the Scheme Creditors' meeting. As at the Effective Date, it is not intended that there will be any sums due to either company under the short term cash loan facilities which have been made available to the Company. However, if any such debts in respect of loan facilities made available to the Company to fund payment of Scheme Claims are due from the Company from time to time after the Trigger Event, repayments would be reduced by reference to the Payment Percentages that apply to the relevant Scheme Claims. It is intended that the additional EIO group support of up to NZ\$28.5 million described in Section 4 of Part A would be provided to the Company as share capital and EIO would not receive a payment in respect of any part of this until all claims have been paid and NZ\$5 million has been distributed for charitable purposes. Scheme Costs, being those costs relating to the operation of the Scheme such as remuneration and expenses of the Scheme Administrators and the Trustee, will also be paid in full from time to time both before and after the Trigger Event. This is because these costs are necessary to allow the Scheme to function and payments to be made to the Scheme Creditors. These will also include fees charged under a management services agreement to be entered into between the Company, Ansva Australia and EIO. This will be a commercial arms length agreement to provide essential claim and other management services to the Company to ensure the continuance of an orderly run off.

3. INITIAL SCHEME PERIOD

During the Initial Scheme Period, the Directors will retain management and control of the business and affairs of the Company and the run-off will continue uninterrupted. In particular, claims will continue to be paid in full as and when they fall due.

4. RESERVING PERIOD

During the Initial Scheme Period, the Directors will continue to assess the Company's financial position. A Trigger Event occurs when the Directors have concluded that the Company's liabilities exceed assets, taking into account its contingent and prospective liabilities, that the Company is no longer be able to pay its debts as they fall due or that some other event or circumstance either has occurred or is likely to occur, and that, without the Scheme, there would be no reasonable prospect that the Company would avoid liquidation.

If a Trigger Event occurs, known Scheme Creditors will be notified by letter and advertisements will be placed in The New Zealand Herald, The Waikato Times, The Dominion Post, The Press, and the Otago Daily Times. Notice will also be given to the Shareholders, the Trustee, the Creditors' Committee, the RBNZ and the Scheme Administrators.

If a Trigger Event occurs, the Reserving Period will commence. During this period the Company will make payments in respect of claims based on the Payment Percentage(s). Day-to-day management and control of the business and affairs of the Company will vest with the Scheme Administrators. However, in accordance with their power to delegate functions, where appropriate, to the Directors, the Scheme Administrators will work in close consultation with the Directors to ensure that the Company's business and affairs are managed in the most cost effective and efficient manner. The Scheme Administrators will also be obliged to consult with the Creditors' Committee on all material matters, including the setting of the Payment Percentages.

5. CLAIMS HANDLING ARRANGEMENTS

The Company will continue to manage claims and the day-to-day run-off of the business. Accordingly appropriate staff with the requisite expertise will be retained to ensure that all claims are appropriately dealt with.

In addition, EIO and Ansvr Australia will continue to provide the Company with general and claims management support services.

6. PAYMENTS TO SCHEME CREDITORS

Initial Scheme Period

During the Initial Scheme Period, the payment of claims will continue in full. If a Trigger Event occurs, there may be a period when claims' settlements are temporarily suspended whilst the initial Payment Percentages are established. Scheme Creditors who have unpaid Established Scheme Liabilities on the Trigger Date will be paid the initial Payment Percentages of their Established Scheme Liabilities as soon as practicable thereafter. It is anticipated that the Company will be in a position to commence payment within 60 days of a Trigger Date.

Reserving Period

During the Reserving Period, Scheme Creditors will be paid, in respect of their Established Scheme Liabilities, an amount equal to the relevant Payment Percentage. Payment should occur within 60 days of their claim being established.

Setting and review of the Payment Percentages

The initial Payment Percentages will be set out in the manner described in Section 6 and Appendix 2.

During the Reserving Period the Payment Percentages will be reviewed at least quarterly in the first 2 years and annually thereafter and may be reset by the Scheme Administrators, who will act in consultation with the Directors and the Creditors' Committee. The review will normally take place as soon as practicable following the actuarial review which is necessary to produce the figures on which the review will be made.

The Scheme Administrators have the power to set revised Payment Percentages whenever they believe that the Payment Percentages are at a level which is not in the best interests of Scheme Creditors as a whole. If information comes to light concerning the financial position of the Company as a result of which the Scheme Administrators are required to consider whether or not to set reduced Payment Percentages, the Scheme Administrators can suspend payments to Scheme Creditors for up to six months to allow them to reassess the Company's financial position and the level of the Payment Percentages.

Changes in Payment Percentages

If, as a result of a review of the Payment Percentages, Payment Percentages are increased, those Scheme Creditors who have already received payments in respect of their Established Scheme Liabilities at lower Payment Percentages will receive an additional payment, up to the level of the higher Payment Percentage(s), plus a compensatory payment calculated by reference to a notional rate of interest on the difference between the lower and higher Payment Percentage(s) (an "Adjusting Payment" as defined in the Scheme). This provision is designed to put Scheme Creditors in the position they would have been in had they originally received payments at the higher Payment Percentage(s) on their Established Scheme Liabilities.

In the unlikely event that Payment Percentages are reduced, Scheme Creditors whose claims have been paid at the higher level will not be required to make any repayment of sums received in respect of their Established Scheme Liabilities, because repayment would be impractical and would create uncertainty and Scheme Creditors' obligations to repay would be difficult to enforce. Nevertheless, they will have to wait until the relevant Payment Percentage(s) are increased to a level beyond that at which they have already been paid (or until further Established Scheme Liabilities have been determined in their favour) before they receive any further payments.

Further explanation of setting the Payment Percentages in the Reserving Period can be found in Appendix 2.

7. ENFORCEMENT OF RIGHTS OUTSIDE THE SCHEME

During the Reserving Period a Scheme Creditor is prohibited from taking any proceedings, subject to the provisions set out in paragraph 8 below, against the Company or its assets for the purpose of enforcing payment of a Scheme Claim (including by way of enforcing any statutory charge over reinsurance monies). If a Scheme Creditor does take such proceedings and as a result obtains any money, property or advantage at the expense of the Company, then without prejudice to any other remedy which the Company may have, the Scheme Creditor will be treated in any such case as having received an advance payment under the Scheme equal to the amount of any money, property or advantage obtained by the Scheme Creditor at the expense of the Company and the extent, if any, to which the Scheme Creditor is entitled to be paid any payment by way of Payment Percentage under the Scheme will be reduced.

8. RIGHTS IN RELATION TO SECURITY INTERESTS, TRUSTS AND LETTERS OF CREDIT AND SET-OFF

If a person has a security interest (other than any statutory charge over reinsurance monies) or is the beneficiary of a letter of credit or trust at the Trigger Date, nothing in the Scheme affects the proper enforcement of the letter of credit, trust or other security interest. The balance, if any, of a Scheme Claim, after any letter of credit, trust or security interest (other than any statutory charges over reinsurance

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monies) has been enforced or right of set-off has been exercised (subject to certain restrictions) may be an Established Scheme Liability. A Scheme Creditor is entitled to receive the relevant payment in respect of any such balance.

A Scheme Creditor who is under any liability to the Company may rely on any set-off upon which he could have relied if the Company were being liquidated and if the Trigger Date was deemed to be the date on which the Company went into liquidation.

9. COMMUTATIONS AND OTHER ARRANGEMENTS

During the Reserving Period the Scheme enables the Company to enter into contractual arrangements (known as commutations) with Scheme Creditors whereby all or part of the liability of the Company to a Scheme Creditor either:

- (a) is discharged in full in consideration for a payment; or
- (b) becomes an Established Scheme Liability otherwise than by the agreement of the claim in the normal course, and on the basis that no other claim or claims may be made in respect of such liability or part of such liability.

Such commutations can only be entered into with the consent of the Scheme Administrators if they are satisfied that the arrangements are in the best interests of the Scheme Creditors as a whole. In particular, the Scheme Administrators must be satisfied that the arrangements will not adversely affect or prejudice rights under any reinsurance contract.

It is likely that commutations of the kind referred to in (a) above will be difficult if the Trigger Event occurs, as payments will then be restricted to a level around the Payment Percentages and this will necessarily be conservative.

If Scheme Creditors wish to enter into a commutation or other arrangement with the Company at any time they should contact the Directors during the Initial Period, or the Scheme Administrators during the Reserving Period, in writing with details of their proposals.

The Scheme also allows the Company to enter into arrangements with any reinsurer for the discharge of its obligations to the Company for a cash payment. Such arrangements can only be entered into with the consent of the Scheme Administrators if they are satisfied that the arrangements are in the best interests of the Scheme Creditors as a whole.

10. INTEREST ON SCHEME CLAIMS

In relation to interest on judgment debts or contractual interest, Scheme Creditors will receive payments in respect of interest as part of an Established Scheme Liability only where such interest has accrued and is payable in respect of a period or periods ending on or before the Trigger Date. Accordingly, if a Trigger Event occurs, any interest which accrues after the Trigger Date will not be payable whether it is payable by virtue of any contract, policy, judgment or otherwise.

11. THE LAW REFORM ACT 1936

Section 9(2) of the Law Reform Act 1936 provides that, in certain circumstances, a third party claimant has directly enforceable rights against the insurer of an insolvent insured. These provisions apply where:

- (a) in the case of an individual insured, he becomes bankrupt or makes a composition or arrangement with his creditors; or
- (b) if the insured is a company, a winding-up or administration order is made, a resolution is passed for a voluntary winding up, a receiver or manager of the company's business or undertaking is appointed,

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possession is taken by or on behalf of the holders of any debentures secured by a floating charge over any property comprised in or subject to the charge or a company voluntary arrangement is approved.

Please notify the Company immediately if you are bankrupt, in liquidation or subject to any insolvency procedures and provide them with the name of any such third party. You should also inform any such third party of the Scheme.

12. ASSIGNED CLAIMS

Some parties may have, with or without the Company's knowledge, made payments to Scheme Creditors in respect of claims against the Company. The Scheme does not envisage that any such parties who have engaged in such funding will automatically become Scheme Creditors in respect of the amounts so paid. The Company will need to be provided with evidence of a written assignment or other authority to pay the relevant Scheme Liability to such parties, or be satisfied that any payment by such parties was made under pre-existing contractual obligations with the Company or at the request of the Company or pursuant to a statutory or other legal obligation. Notwithstanding that Scheme Liabilities claimed by any such parties in respect of such funding may be disputed, such parties may be entitled to vote at the Scheme Meeting at the absolute discretion of the chairman of the meeting.

13. APPOINTMENT OF THE CREDITORS' COMMITTEE

The procedure set out below will be followed in determining the composition of the initial Creditors' Committee. The Creditors' Committee will be made up of not less than three nor more than nine members.

In addition, Scheme Creditors are invited to submit nominations for members of the initial Creditors' Committee. A Proposed Member will only be eligible for nomination to the initial Creditors' Committee if:

- (a) the Proposed Member is a Scheme Creditor, a person holding a general power of attorney from one or more Scheme Creditors, or an authorised representative of one or more Scheme Creditors; and
- (b) the Proposed Member is nominated in a nomination paper which is returned to the Company in accordance with the provisions of the Scheme at clause 35.1. The nomination paper is included in the voting/proxy form which is to be returned to ACS.

If the total number of Proposed Members and Default Members does not exceed seven, then the Proposed Members and the Default Members (being representatives of any Scheme Creditors who may have agreed to act in advance) will form the initial Creditors' Committee.

If the total number of Proposed Members and Default Members is greater than seven, Scheme Creditors will vote on the initial Creditors' Committee.

If a vote is required on the composition of the initial Creditors' Committee:

- (a) the appointment of all Default Members and Proposed Members shall be subject to that vote;
- (b) that vote shall take place at the Scheme meeting on 12 June 2012;
- (c) each Scheme Creditor shall be entitled to vote for up to seven members, but shall only be entitled to cast one vote in relation to each member;
- (d) all Scheme Creditors shall be entitled to vote, notwithstanding whether they voted for or against the Scheme or abstained; and
- (e) the seven members who receive the greatest aggregate value of votes cast in their favour shall, together with any additional members appointed pursuant to the Scheme, become the initial Creditors' Committee.

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If a Scheme Creditor votes for a Proposed Member, the value attributed to such vote will be the Scheme Creditor's claim.

Whether or not a vote takes place in relation to the initial Creditors' Committee, the Directors may (in consultation with the Scheme Administrators) appoint up to four further members of the Creditors' Committee (provided the total number of members of the Committee does not exceed nine and each person so appointed is a Scheme Creditor or an attorney or authorised representative of one or more Scheme Creditors). The Directors must take into account the need to maintain a proper balance of the interests of the Scheme Creditors as a whole when appointing any additional members.

In addition to the members described above, each of the Company (by one Director), the Scheme Administrators and the RBNZ will be entitled to attend as an observer at meetings of the Creditors' Committee.

14. MEETINGS OF SCHEME CREDITORS

The Scheme provides for meetings of Scheme Creditors to be held. Meetings will be held when convened by the Directors or the Scheme Administrators or when a certain value or number of Scheme Creditors request that meetings be held.

A resolution may only be passed at a meeting of Scheme Creditors if it is passed by a majority in number, representing at least 75% in value, of the Scheme Creditors voting at the meeting (whether in person, by proxy or by post).

It is unlikely that meetings of Scheme Creditors will be convened except in the most exceptional circumstances.

15. RESPONSIBILITY AND INDEMNITY OF THE DIRECTORS, THE SCHEME ADMINISTRATORS AND THE CREDITORS' COMMITTEE

The Scheme provides that acts done or omitted to be done in good faith and with reasonable care by any Director, any of the Scheme Administrators, their respective employees or agents or any member of the Creditors' Committee (or its nominated representative or alternate) in carrying out their duties or exercising their powers under the Scheme may not be challenged by any Scheme Creditor, and that no such person will be liable for any loss caused by such acts done or omitted to be done, unless such loss is attributable to his own negligence, default, breach of duty, breach of trust, fraud or dishonesty.

Such persons are entitled to an indemnity out of the assets of the Company in accordance with the Scheme.

16. THE SHAREHOLDERS

It is intended that the Trustee will hold the entire issued share capital of the Company in trust, other than one share to be retained by EIO to enable EIO to nominate one director to the board of the Company. A copy of the trust deed is available for inspection at the places specified in Appendix 6.

The Trustee will not exercise any of its powers as shareholder of the Company other than for the purposes of carrying out the Scheme and, during the Reserving Period, at the direction of the Scheme Administrators. In addition, the Trustee will not sell, transfer or dispose of, or create any interest in, the shares it holds or take any measures to place the Company into liquidation unless the Scheme Administrators consent.

The board of directors of the Company would be appointed and removed by the Trustee, at the direction of the Scheme Administrators during the Reserving Period, subject to the right of EIO to nominate one director to the Company's board.

17. INVESTMENT POLICY

During the Reserving Period the Scheme Administrators will invest any monies held by the Company in accordance with the investment policy that will be formulated by them from time to time in consultation with the Directors and the Creditors' Committee. In the absence of an investment policy the Scheme Administrators will only invest any monies held by the Company in cash and sovereign debt as defined in the RBNZ Solvency Standard for Non-life Insurance Business in Run-Off issued under section 55 of the Insurance (Prudential Supervision) Act 2010.

18. TAXATION

The Directors are advised that the Scheme should not materially affect the current tax status of the Company.

Each Scheme Creditor who receives this document is strongly advised to consult his professional advisers as to his own tax position.

19. DURATION OF THE SCHEME

It is anticipated that the Scheme could continue for 5-7 years, since claims on some Insurance Contracts may be made at any time, provided the loss giving rise to the claim occurred or is deemed to have occurred during the contract period. It is not possible to set a precise termination date for the Scheme because the Directors are not able to determine when all claims will have arisen.

However, the Scheme will terminate if, inter alia:

- (a) a statutory manager is appointed in respect of the Company; or
- (b) all the liabilities of the Company have been discharged in full; or
- (c) the Scheme Administrators, with the agreement of the Creditors' Committee, give notice in writing to the Company that they have concluded that the Scheme is no longer in the interests of Scheme Creditors and the Company should be wound up; or
- (d) a resolution that the Scheme should be terminated (whether or not such resolution also provides that the Company should be wound up) is passed at a meeting of Scheme Creditors.

It is likely that the Scheme will continue until all the liabilities of the Company have been paid in full or, if a Trigger Event has occurred, all assets have been realised and all payments have been made to Scheme Creditors in accordance with the terms of the Scheme.

In the unlikely event of the Company being put into liquidation before the Scheme has terminated, the Scheme will continue unless successfully challenged in Court. Payments to Scheme Creditors in respect of Established Scheme Liabilities will continue to be made in accordance with the terms of the Scheme.

APPENDIX 1

1. PART 15 OF THE NEW ZEALAND COMPANIES ACT 1993

235 Interpretation

In this Part of this Act, unless the context otherwise requires,—

Arrangement includes a reorganisation of the share capital of a company by the consolidation of shares of different classes, or by the division of shares into shares of different classes, or by both those methods:

Company means—

- (a) A company within the meaning of section 2 of this Act:
- (b) An overseas company that is registered on the overseas register:
- (c) An association that may be put into liquidation under section 17A of the Judicature Act 1908:

Creditor includes—

- (a) A person who, in a liquidation, would be entitled to claim in accordance with section 303 of this Act that a debt is owing to that person by the company; and
- (b) A secured creditor.

236 Approval of arrangements, amalgamations, and compromises

- (1) Notwithstanding the provisions of this Act or the constitution of a company, the Court may, on the application of a company or any shareholder or creditor of a company, order that an arrangement or amalgamation or compromise shall be binding on the company and on such other persons or classes of persons as the Court may specify and any such order may be made on such terms and conditions as the Court thinks fit.
- (2) Before making an order under subsection (1) of this section, the Court may, on the application of the company or any shareholder or creditor or other person who appears to the Court to be interested, or of its own motion, make any one or more of the following orders:
 - (a) An order that notice of the application, together with such information relating to it as the Court thinks fit, be given in such form and in such manner and to such persons or classes of persons as the Court may specify:
 - (b) An order directing the holding of a meeting or meetings of shareholders or any class of shareholders or creditors or any class of creditors of a company to consider and, if thought fit, to approve, in such manner as the Court may specify, the proposed arrangement or amalgamation or compromise and, for that purpose, may determine the shareholders or creditors that constitute a class of shareholders or creditors of a company:
 - (c) An order requiring that a report on the proposed arrangement or amalgamation or compromise be prepared for the Court by a person specified by the Court and, if the Court thinks fit, be supplied to the shareholders or any class of shareholders or creditors or any class of creditors of a company or to any other person who appears to the Court to be interested:
 - (d) An order as to the payment of the costs incurred in the preparation of any such report:

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- (e) An order specifying the persons who shall be entitled to appear and be heard on the application to approve the arrangement or amalgamation or compromise.
- (2A) If the arrangement or amalgamation or compromise involves a transfer or amalgamation that requires the written approval of the Reserve Bank of New Zealand under section 44 of the Insurance (Prudential Supervision) Act 2010, the Court may not make an order under this section unless that approval has been given.
- (3) An order made under this section has effect on and from the date specified in the order.
- (4) Within 10 working days of an order being made by the Court, the board of the company must ensure that a copy of the order is delivered to the Registrar for registration.
- (5) If the board of a company fails to comply with subsection (4) of this section, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2) of this Act.

237 Court may make additional orders

- (1) Without limiting section 236 of this Act, the Court may, for the purpose of giving effect to any arrangement or amalgamation or compromise approved under that section, either by the order approving the arrangement or amalgamation or compromise, or by any subsequent order, provide for, and prescribe terms and conditions relating to,—
 - (a) The transfer or vesting of real or personal property, assets, rights, powers, interests, liabilities, contracts, and engagements:
 - (b) The issue of shares, securities, or policies of any kind:
 - (c) The continuation of legal proceedings:
 - (d) The liquidation of any company:
 - (e) The provisions to be made for persons who voted against the arrangement or amalgamation or compromise at any meeting called in accordance with any order made under subsection (2)(b) of that section or who appeared before the Court in opposition to the application to approve the arrangement or amalgamation or compromise:
 - (f) Such other matters that are necessary or desirable to give effect to the arrangement or amalgamation or compromise.
- (2) Within 10 working days of an order being made by the Court, the board of the company must ensure that a copy of the order is delivered to the Registrar for registration.
- (3) If the board of a company fails to comply with subsection (2) of this section, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2) of this Act.

238 Parts 13 and 14 not affected

The Court may—

- (a) Approve an amalgamation under section 236 of this Act even though the amalgamation could be effected under Part 13 of this Act:

- (b) Approve a compromise under section 236 of this Act even though the compromise could be approved under Part 14 of this Act.

239 Application of section 233

The provisions of section 233 of this Act shall apply with such modifications as may be necessary in relation to any compromise approved under section 236 of this Act.

Section 233 reads as follows:

- (1) Where a compromise is approved under section 230 of this Act, the Court may, on the application of:

- (a) the company; or
- (b) a receiver appointed in relation to property of the company; or
- (c) with the leave of the Court, any creditor or shareholder of the company,

make such order as the Court thinks fit with respect to the extent, if any, to which the compromise will, if the company is put into liquidation, continue in effect and be binding on the liquidator of the company.

- (2) Where a compromise is approved under section 230 of this Act and the company is subsequently put into liquidation, the Court may, on the application of:

- (a) the liquidator; or
- (b) a receiver appointed in relation to the property of the company; or
- (c) with the leave of the Court, any creditor or shareholder of the company,

make such order as the Court thinks fit with respect to the extent, if any, to which the compromise will continue in effect and be binding on the liquidator of the company.

APPENDIX 2

2. SETTING THE PAYMENT PERCENTAGES IN THE RESERVING PERIOD

The Payment Percentage applying to a particular Established Scheme Liability may depend on the event (or group of events, as relevant) which gave rise to the Company's obligation under the relevant Insurance Contract and the reinsurance recoveries in respect of that event ("Event").

Section 9 of the New Zealand Law Reform Act 1936¹ would apply in the absence of a Scheme. Under that section, reinsurance monies which are, or may be, payable to the Company in relation to a specific Event may be subject to charges in favour of the Scheme Creditors whose claims relate to that specific Event and which triggered the obligation to pay under the relevant reinsurance contract.

In the Reserving Period, Scheme Creditors will not be permitted to enforce any such charge. Instead, subject to payment of Scheme Costs, the Scheme provides for charged reinsurance monies received by the Company from time to time to be allocated to Scheme Creditors whose claims relate to a specific Event, and which triggered the obligation to pay under the relevant reinsurance contract, until their claims have been settled ("Allocated Reinsurance Monies"). Allocated Reinsurance Monies cannot be used to pay other Scheme Creditors. This means, for example, that in the event any Payment Percentage is less than 100% a Scheme Creditor with Established Scheme Liabilities in respect of an Event which has a greater proportion of reinsurance coverage may be paid at a higher Payment Percentage than those in respect of an Event which has a lower proportion of reinsurance coverage.

The Scheme applies an approach to the setting of Payment Percentages that is intended to reflect the rights Scheme Creditors would otherwise have under New Zealand law. Accordingly, in the Reserving Period, Payment Percentages would be set by the Scheme Administrators, in consultation with the Creditors' Committee, on the basis of the following approach:

1. The amount of the Company's total Scheme Liabilities will be estimated on a prudent basis.
2. The extent to which Scheme Liabilities cannot be met from Allocated Reinsurance Monies (after allocation to the relevant Event as set out in 5. below) will be estimated on the same basis ("Unallocated Liabilities").
3. The amount of the Company's total Unallocated Assets will then be estimated, having made appropriate provision for estimated Scheme Costs and expenses net of estimated investment income and other non-insurance liabilities. Unallocated Assets are the assets of the Company excluding Allocated Reinsurance Monies.
4. The amount of the Unallocated Assets will be divided by the amount of the Unallocated Liabilities to determine the percentage of Unallocated Assets that would be allocated pro-rata to Unallocated Liabilities which have become Established Scheme Liabilities ("Base Percentage").
5. For each Event the following will be estimated:
 - a. The total Scheme Liabilities (including Unallocated Liabilities) comprised of claims, or potential claims, in relation to that Event;

¹ Section 9(1) of the Law Reform Act 1936 provides that, where a person is indemnified against a liability to pay damages or compensation, the amount of the liability shall be a charge on all insurance money that is, or may become, payable in respect of that liability. The recent High Court decision in *Re Western Pacific Insurance Limited* (December 2011) held that section 9 extends to the proceeds of reinsurance treaties and creates a statutory charge over the reinsurance monies which are, or may be, payable to the reinsured in favour of the policyholder.

- b. The amount of Unallocated Assets allocated to that Event, equal to the Base Percentage applied against the Unallocated Liabilities allocated to that Event; and
 - c. The Allocated Reinsurance Monies attributable to that Event.
6. The aggregate amount of Unallocated Assets and Allocated Reinsurance Monies allocated to each Event will be divided by the aggregate amount of Scheme Liabilities allocated to that Event to determine the percentage of such assets and monies that would be allocated pro-rata to Established Scheme Liabilities for that Event (“Event Percentage”).
7. The Payment Percentages will then be set as follows:
 - a. For Established Scheme Liabilities which have been allocated to an Event, the relevant Event Percentage; and
 - b. For all other Established Scheme Liabilities, the Base Percentage.

The following example is intended to illustrate the approach to setting the Payment Percentages during the Reserving Period.

For the purposes of this illustration, it is assumed that the Company’s:

1. Total assets amount to NZ\$100, comprising Allocated Reinsurance Monies of NZ\$80 and Unallocated Assets of NZ\$20; and
2. Total Scheme Liabilities amount to NZ\$120, comprising claims relating to:
 - a. Events resulting in NZ\$80 of Allocated Reinsurance Monies; and
 - b. Events resulting in Unallocated Liabilities of NZ\$40.

Based on these assumptions, the Base Percentage would be 50% (that is, Unallocated Assets of NZ\$20 divided by Unallocated Liabilities of NZ\$40).

To illustrate how the Payment Percentage for an Event would be set during the Reserving Period, let us now assume that there are several Events resulting in the total Scheme Liabilities of NZ\$120, two of which are as follows:

1. Event A, which has resulted in Scheme Liabilities of NZ\$10 that are fully covered by Allocated Reinsurance Monies; and
2. Event B, which has also resulted in Scheme Liabilities of NZ\$10 but that is only partially covered, say 80%, by Allocated Reinsurance Monies.

In these circumstances, the Payment Percentage for Event A would be 100%; for Event B, the Payment Percentage would amount to 90%, which is calculated by adding (i) the Allocated Reinsurance Monies of NZ\$8 to (ii) the 50% Base Percentage of the NZ\$2 Unallocated Liabilities, which gives an aggregate total of NZ\$9, and then dividing that aggregate total of NZ\$9 by the total Scheme Liabilities of NZ\$10 attributable to Event B.

Scheme Costs will normally be met out of Unallocated Assets. However, if the amount of Unallocated Assets is insufficient to cover Scheme Costs, any shortfall will be met out of the Allocated Reinsurance Monies. Payment of the Scheme Costs will help to ensure reinsurance recoveries continue to be maximised and facilitate the use of those recoveries to make payments to Scheme Creditors. The Scheme Costs will be allocated as nearly as possible between each Event in proportion to the amount of the Allocated Reinsurance Monies attributable to that Event, and then between the Scheme Creditors receiving payments

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in relation to the Event in proportion to the amount of those monies that they will each receive. This pro-rata deduction will mean that such Scheme Costs will be borne by those Scheme Creditors actually receiving payments at that time in proportion to the payments they receive. However, if in the opinion of the Scheme Administrators the proportion in which Scheme Creditors bear such costs as a result is not fair as between the Scheme Creditors as a whole, they will in consultation with the Creditors' Committee adjust the proportions accordingly.

In setting the Payment Percentages, the Scheme Administrators will seek to ensure that similar proportions of claims are paid to all Scheme Creditors with Established Scheme Liabilities arising from the same Event, irrespective of whether their claims are agreed earlier or later in the run-off. This allows the Company to fulfil its obligations, albeit in part only, to Scheme Creditors in such a way as to be fair both to Scheme Creditors whose claims are established quickly and to those whose claims may not be agreed for some time. The position of Scheme Creditors will differ according to the nature of their claims. Earlier payment may be a disadvantage to Scheme Creditors with "longer-tail" claims (which could take some years to become established) if too much cash is paid to Scheme Creditors with "shorter-tail" claims. The Scheme is intended, so far as possible, to ensure the equitable treatment of both types of claim by requiring that sufficient assets are retained to enable an equal percentage of claims to be paid as they are established in the future. **It is important to note that there can be no guarantee that the amount of Scheme Assets retained will be sufficient to do this, which is a risk Scheme Creditors should consider carefully. However, any such risk should be greatly reduced by the prudent setting of the Payment Percentages by the Scheme Administrators.**

The Payment Percentages will only be increased when it is considered appropriate to do so, such as when estimated liabilities become Established Scheme Liabilities.

If there is any change in law which affects the rights that Scheme Creditors would otherwise have in respect of Allocated Reinsurance Monies, or which otherwise changes the principles on which the payment mechanism under the Scheme has been based, the Company or, during the Reserving Period, the Scheme Administrators may (having consulted with the Creditors' Committee) seek approval of the Court to modify the Scheme accordingly.

APPENDIX 3

3. CURRICULA VITAE OF THE CURRENT DIRECTORS

David Harrison was appointed Chairman in 2000, and has been on the board since 1997. He retired from the Ansva Australia board on 1 May 2012. David has wide experience in the insurance industry. He is a former Chairman and Chief Executive of Marsh Ltd in New Zealand and an elected Life Member of the Corporation of Insurance Brokers in New Zealand and has chaired several industry committees. He is presently also Chairman of Aviation Co-operating Underwriters Pacific Limited.

Andrew Moon is the CEO of Ansva Insurance Ltd in Australia and ACS (NZ) Ltd in New Zealand and joined those boards in August 2010. Prior to commencing with Ansva Insurance, Andrew held leadership roles in financial and corporate services in Australia and overseas. He is an accomplished senior executive working at CEO and GM level in a number of organisations including Tower Life's Australian operations, Colonial State Bank, First Chicago's Australian operations and Wardley Hong Kong. Andrew's has also held the position of President of the Parkinson's Association of Australia.

Michael Tripp - since 2007. Michael is the Ecclesiastical Group Chief Executive and is based in Gloucester, UK. Prior to commencing with Ecclesiastical, Michael was a partner with the global professional services practice, Ernst & Young. A qualified actuary, he has more than 30 years' experience in the insurance industry.

Brent Pattison - since 2009. Brent has over 15 years of relevant financial and investment banking experience. Prior to establishing Ecko Capital, Brent held senior executive and CFO roles with leading New Zealand corporations, including Telecom NZ, Financial Services, Banking and Insurance. He has successfully led numerous M&A transactions in New Zealand and Australia. Brent also holds a number of Independent Board positions, most recently as Director of Investment Banking at Forsyth Barr, and is a qualified Chartered Accountant and a member of ICANZ.

Bruce Harris joined the New Zealand Board in July 2011 and has been a member of the Australian Board since 2005. Bruce is a former insurance executive director with experience in financial management, strategy, governance, compliance and risk management. He is also the Executive Officer of Ridley Melbourne Mission & Ministry College and the Chair of the Audit Committee for the Anglican Diocese of Melbourne.

APPENDIX 4

4. CURRICULA VITAE OF THE PROSPECTIVE SCHEME ADMINISTRATORS

Dan Schwarzmann is a partner in the London office of PricewaterhouseCoopers LLP, where he has been involved in corporate recovery work since 1990. He is a specialist in insolvency and reorganisations within the financial services sector and leads the PricewaterhouseCoopers LLP Business Recovery Services practice.

In recent years Dan's assignments have included a number of substantial insurance companies in the London market. In particular, he has acted as an administrator, provisional liquidator or scheme administrator for a number of insurance companies, including:

- AA Mutual International Insurance Company Limited;
- BAI (Run-off) Limited;
- Black Sea and Baltic General Insurance Company Limited;
- Chester Street Insurance Holdings Limited (Formerly Iron Trades Holdings Limited);
- Folksam International Insurance Company (UK) Limited;
- Highlands Insurance Company (U.K.) Limited;
- Independent Insurance Company Limited;
- OIC Run-Off Limited (formerly The Orion Insurance Company plc) and The London and Overseas Insurance Company Limited; and
- Stirling Cooke Brown Insurance Brokers Limited.

Dan has also acted as scheme advisor for several solvent schemes of arrangement including:

- Arig Insurance Company Limited
- Aviation & General Insurance Company Limited
- City General Insurance Company Limited
- Dunedin Pool of Companies (Tower Insurance Limited, Continental Management Services Limited, Cornhill Insurance Public Limited Company and Dowa Insurance Company (Europe) Limited in relation to their underwriting through Dunedin Underwriters (HMT) Limited)
- FIGRE Limited
- Hassneh Insurance Company (UK) Limited
- La Metropole S.A.
- Lakewood Insurance Company Limited
- Ludgate Insurance Company Limited
- Marlon Insurance Company Limited

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- Minster Insurance Company Limited, Malvern Insurance Company Limited, The Contingency Insurance Company Limited, Progress Insurance Company Limited, Gan Assurances, QBE Insurance (Europe) Limited and The Reliance Fire and Accident Insurance Corporation Limited
- St Helen's Business written by The Prudential Assurance Company Limited, Pearl Assurance PLC, Elders Insurance Company Limited, Hiscox Insurance Company Limited and The World Marine & General Insurance PLC
- Various subsidiaries of the ING Group ("The Seven Provinces" Insurance Company Limited, "Transatlantica" Herverzekering Maatschappij NV, Nationale-Nederlanden Schadeverzekering Maatschappij NV, Nationale-Nederlanden Internationale Schadeverzekering NV and Mercantile Mutual Insurance (Australia) Limited)

In addition to handling assignments in the insurance industry, Dan has also been involved with a number of other cases in the financial sector.

Dan is a member of the Association of Business Recovery Professionals, the Institute of Chartered Accountants in England and Wales and the International Association of Insurance Receivers. He is also a licensed Insolvency Practitioner. He has a masters degree in Business Administration.

Colin McCloy is a partner in the Auckland office of PricewaterhouseCoopers New Zealand. Colin is a chartered accountant and a member of the New Zealand Institute of Chartered Accounts, the ICAI Institute of Chartered Accountants Ireland and INSOL New Zealand. He holds a Bachelor of Social Sciences degree from Queens University, Belfast and is a former co-author of *Brookers Insolvency Law*.

Colin has specialised in corporate recovery assignments in New Zealand since the late 1980s. Colin has worked on numerous assignments for under-performing businesses, including debt/capital restructuring, independent business appraisals, restructuring and turnaround assignments monitoring and governance support, creditor compromises, receiverships, liquidations and statutory managements.

His experience covers a broad range of business sectors including property and construction, retail, finance, transport and manufacturing.

In recent years, Colin has been appointed receiver of a number of large finance companies and is acting in a monitoring role for a number of finance company moratoriums. Recent high profile assignments include:

- Bridgecorp receivership (a NZ\$460m finance company)
- Nathans Finance receivership (a NZ\$175m finance company)
- Dorchester Finance moratorium
- Structured Finance moratorium
- OPI Pacific Finance receivership (a NZ\$250m finance company)
- National Finance 2000 receivership

APPENDIX 5

5. ROLES AND RESPONSIBILITIES

	Initial Scheme period (i.e. pre Trigger Event)	Reserving period (i.e. post Trigger Event)
Directors	<ul style="list-style-type: none"> • Manage and control the business and affairs of the Company • Determine whether a Trigger Event has occurred (in consultation with the Scheme Administrators and the Creditors' Committee) 	<ul style="list-style-type: none"> • Provide technical expertise and support to the Scheme Administrators • Deal with the day to day affairs of the Company, as delegated to them by the Scheme Administrators
Scheme Administrators	<ul style="list-style-type: none"> • Will have no powers of management and control • Provide advice and assistance to the Directors and the Creditors' Committee as appropriate • Entitled to attend and be heard at Creditors' Committee meetings 	<ul style="list-style-type: none"> • Manage and control the business and affairs of the Company • Set and review the Payment Percentage in the Scheme in consultation with the Creditors' Committee
Creditors' Committee	<ul style="list-style-type: none"> • Will have no powers of management and control • Oversee implementation of the Scheme – by providing the Directors and Scheme Administrators with their views on important issues • Entitled to receive reports from the Directors on the affairs of the Company 	<ul style="list-style-type: none"> • Will have no powers of management and control • Scheme Administrators obliged to provide Creditors' Committee with reasonable information concerning the affairs of the Company and the operation of the Scheme • Power to request specific information concerning the operation of the Scheme from the Scheme Administrators or Directors

The Scheme helpline number is 0800 123 344 Option 2 (NZ free call)

APPENDIX 6

6. LIST OF DOCUMENTS AVAILABLE FOR INSPECTION

- (a) *Previous constitution of the Company;*
- (b) *New constitution of the Company;*
- (c) *Audited financial statements of the Company for the year ended 31 December 2011;*
- (d) *Letters of consent to act in relation to the Scheme from Dan Schwarzmann and Colin McCloy, prospective Scheme Administrators;*
- (e) *Letters agreeing to support the Scheme from the Shareholders and the Trustee;*
- (f) *Trust deed between the Company, the Shareholders and the Trustee.*

The above documents or copy documents will be placed on the website and available for inspection on reasonable notice by Scheme Creditors (until the close of the Scheme Creditors' meeting) at the following locations during ordinary business hours on weekdays:

*Chapman Tripp
23 Albert Street
PO Box 2206
Auckland 1140
New Zealand*

*Contact: Tim Williams / Michael Arthur
Email: Tim.Williams@chapmantripp.com /
Michael.Arthur@chapmantripp.com
Tel: +64 9 358 9840 / +64 9 357 9296*

*Chapman Tripp
245 Blenheim Road
PO Box 2510
Christchurch 8041
New Zealand*

*Chapman Tripp
10 Customhouse Quay
PO Box 993
Wellington 6140
New Zealand*

The Scheme helpline number is 0800 123 344 Option 2 (NZ free call)