



Middlesea Insurance p.l.c.

Registered address:
Middle Sea House, Floriana FRN 1442, Malta.

Postal address:
P.O. Box 337 Marsa, GPO 01, Malta.

Telephone: (+356) 2124 6262
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Website: www.middlesea.com
Registration Number: C5553

MSI/CF/MSE15809

3 November 2009

Company Announcement pursuant to the Listing Rules of the Malta Financial Services Authority

The following is a Company Announcement issued by Middlesea Insurance p.l.c., pursuant to the Listing Rules of the Malta Financial Services Authority.

Quote:

The financial results of the Italian subsidiary have placed an unprecedented strain on the capital resources of the Middlesea Group. The impact of the results was explained to shareholders during the Annual General Meeting held on the 26 June 2009 and Company announcements issued during 2009. In order to re-establish the capital position of the Group, and to satisfy its regulatory obligations in terms of the law, an increase in the authorised and issued share capital of the Company is deemed necessary.

The following resolutions are being presented for consideration at the Extraordinary General Meeting of Middlesea Insurance p.l.c., which is scheduled to be held on Friday 20 November 2009, at 11:00 a.m. at the Portomaso Suite, Hilton Malta, St. Julians, Malta.

Extraordinary Resolutions

Resolution 1: Increase in Authorised Share Capital – Clause 4 (1)

Change to the Memorandum of Association

Proposed text of resolution:-

To delete the current text of Clause 4 (1) of the Memorandum of Association of the Company and replace it by the following text so that Clause 4 (1) will now read:

4(1) The Authorised Share Capital of the Company is sixty million euro (€60,000,000) divided into one hundred million (100,000,000) Ordinary Shares of a nominal value of sixty euro cents (€0.60) each.



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Resolution 2: Allotment Period – Article 7 (2)

Change to the Articles of Association

Proposed text of resolution:-

To delete the current text of Article 7 (2) of the Articles of Association of the Company and replace it in its entirety by the following text so that Article 7 (2) will now read:

- 7(2) *The Directors in issuing and allotting Equity Securities shall not without the prior approval through Ordinary Resolution of the Company in General Meeting:*
- (a) *Issue and allot any of the Equity Securities on any terms to any person unless an offer has first been made to each Member to issue and allot to him at least on the same terms, a proportion of those Securities which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate of shares in the Company; and*
 - (b) *Issue and allot any of Equity Securities to any person before the expiration of any period of offer made to Members (being a period of not less than 14 days) in terms of the above paragraph or before a negative or positive reply from all such Members is given.*

Resolution 3: Shareholding Limitation – Article 30

Deletion to the Articles of Association

Proposed text of resolution:-

To delete in its entirety the existing Article 30 that stipulates:

30. (1) *No person may at any time and whether directly or indirectly, through another person, subsidiary company or in any other manner, hold such number of shares in the Company as would in the aggregate be in excess of twenty one per cent (21%) of the issued share capital of the Company carrying voting rights:*

PROVIDED that a person including a Member, may acquire shares in excess of the limit aforesaid in consequence of an agreement with the Company to underwrite or sub-underwrite any share issue; but any shares so held in excess of the paid limit shall not carry voting rights while they are so held.



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PROVIDED FURTHER that one Member, but at any one time not more than one Member, holding shares in the Company amounting to not less than twenty-one per cent (21%) of the issued share capital of the Company carrying voting rights may acquire further shares in the Company, so however that the total number of shares held by such Member, whether directly or indirectly, through another person, subsidiary company or in any other manner, does not exceed twenty-five per cent (25%) of the issued share-capital of the company carrying voting rights and if at any time such Member disposes of any shares in the Company carrying voting rights, such member may not again acquire similar shares in the Company except where by so doing the shares held by such Member as aforesaid do not exceed twenty-one per cent (21%) of the issued share capital of the company carrying voting rights.

- (2) *Where shares are acquired, whether by transfer or by way of transmission, in excess of the shareholding limitation aforesaid the Directors shall refuse to register the shares in the name of the Member acquiring or purporting to acquire such shares until such shares are disposed of in favour of a person capable of holding such shares.*

Resolution 4: Notice of General Meetings – Article 54 (5)

Change to the Articles of Association

Proposed text of resolution:-

To amend Article 54 of the Articles of Association of the Company through the addition of a new sub-article 54 (5) that will read:

54(5) A notice of a General Meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

Resolution 5: Disqualification of Directors – Article 92

Change to the Articles of Association

Proposed text of resolution:-

To delete the current text of Article 92 of the Articles of Association of the Company in its entirety and replace it by the following text so that Article 92 will now read:

92. The office of a Director shall be vacated in any of the following events, namely:-



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- (1) *if he ceases to be a Director by virtue of the Act;*
- (2) *if he becomes of unsound mind, is convicted of any crime involving public trust or of any crime punishable by imprisonment, or is declared bankrupt;*
- (3) *if he becomes prohibited by Law from acting as a Director;*
- (4) *if he resigns his office by notice in writing under his hand to the Company or offers in writing under his hand to resign and the Directors resolve to accept such offer;*
- (5) *if not having leave of absence from the Directors, he fails to attend the Meetings of the Directors on three consecutive occasions, unless prevented by illness, unavoidable accident or other unavoidable cause which may seem to the Directors to be sufficient, and the Directors resolve that his office be vacated.*

Resolution 6: Appointment of Directors – Article 95 (1)

Change to the Articles of Association

Proposed text of resolution:-

To delete the current text of Article 95 (1) of the Articles of Association of the Company in its entirety and replace it by the following text so that Article 95 (1) will now read:

95(1) The Company shall make a call for nominations for election to the office of Director by notice published as an advertisement in at least two (2) daily newspapers. The Company shall grant a period of at least fourteen (14) days for nominations to be submitted. A nomination for election to the office of Director, as well as the latter's acceptance to be nominated as Director, shall be given to the Company not less than fourteen (14) days prior to the date of the General Meeting convened for such election. All such nominations shall, on pain of nullity, contain notice in writing signed by a member duly qualified to attend and vote at such Meeting of his intention to propose such person for election.



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RESOLUTION 7: Dividends – Article 119

Change to the Articles of Association

Proposed text of resolution:-

To delete the current text of Article 119 of the Articles of Association in its entirety and replace it by the following text so that Article 119 will read:

119. Subject to the rights of persons, if any, entitled to shares with any priority, preference or special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purpose of this Article as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as if paid up in full or in part from a particular date, whether past or future, such share shall rank for dividend accordingly. Any amount paid up in advance of calls on any Share may carry interest if so resolved by the directors.

Ordinary Resolution

Proposed text of resolution

That the Board of Directors be authorised to issue up to a maximum of sixty seven million (67,000,000) Ordinary Shares of a nominal value of sixty euro cents (€0.60) each and that such authorisation be valid for a maximum period of three (3) months.

Pricing and cut-off date – admission to Listing

The pricing and cut-off date for eligible shareholders that can participate in the rights issue are currently being discussed with the underwriter/s and will be communicated through a Company Announcement as soon as these are finalised. A prospectus for the rights issue will be issued subject to the necessary approval of the Listing Authority.

An application will be made for the Admission to Listing of the new Ordinary Shares. The new Ordinary Shares are expected to be admitted to Listing during the last week of December 2009. The new Ordinary Shares will be ordinary shares and will rank *pari passu* with the existing ordinary shares in respect of all voting, dividend and/or interest rights. The proposed date of the opening of applications of the Ordinary Shares is the 25 November 2009 and is subject to the approval by shareholders at the Extraordinary General Meeting scheduled for



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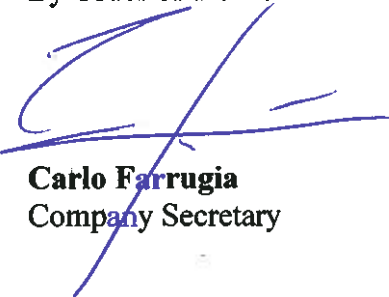
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the 20 November 2009. The securities will be traded on the Malta Stock Exchange and held in an uncertificated format.

Unquote:

By Order of the Board



Carlo Farrugia
Company Secretary