

# Recommended Tender Offer to the shareholders of Codan A/S

## Offer Advertisement

RSA Overseas Holdings B.V. (the "Offeror"), which is a wholly owned indirect subsidiary of Royal & Sun Alliance Insurance Group plc ("R&SA plc"), hereby makes a voluntary conditional public tender offer (the "Tender Offer"), to the shareholders of: Codan A/S, CVR No. 56771212, Gl. Kongevej 60, 1790 København V, Denmark pursuant to the offer document dated 24 May 2007 (the "Offer Document").

In accordance with a decision reached by the FSA on 14 May 2007 the Tender Offer contained in this Offer Document is not subject to the takeover provisions of the Danish Securities Trading Act (Consolidated Act No. 479 of 1 June 2006, as subsequently amended) and the Executive Order on Tender Offers (the Executive Order No. 416 of 8 May 2006 on Tender Offers and Shareholder Disclosure Requirements) as the Tender Offer in the opinion of the FSA is not made with a view to acquiring a controlling shareholding in Codan and therefore the FSA does not believe it has the authority to review and verify that the Offer Document complies with the provision of the Executive Order on Tender Offers. Irrespective of the fact that in accordance with the decision of the FSA the Tender Offer is not subject to the Danish Securities Trading Act and the Executive Order on Tender Offers, the Offeror has chosen to prepare the Offer Document in accordance with the guidelines in these sets of rules, however, the Offer Document has not been reviewed by the Danish Financial Supervisory Authority. Furthermore, the Offeror has decided to abide by these rules as if they had applied to the Tender Offer and any reference in this Offer Document to "applicable rules" shall be construed accordingly. The Tender Offer as well as acceptance thereof shall be subject to Danish law. Terms defined in the Offer Advertisement shall have the same meaning as set out in the Offer Document.

R&SA is submitting the Tender Offer for the purpose of obtaining any additional shares in Codan which it does not already own. As Codan is core to the R&SA Group's business in a geographic area which the R&SA Group believes has strong long-term prospects, the Offeror welcomes any additional shares it can obtain through this Tender Offer. Consequently, this Tender Offer is not subject to a specific acceptance level.

As at the date of publication of the Offer Document, the Offeror holds 32,396,430 Codan Shares, corresponding to nominally DKK 647,928,600 which represents 71.66% of the Share Capital. On 13 March 2007, Codan announced that it held 2,212,825 Codan Shares in treasury, corresponding to nominally DKK 44,456,500 which represents 4.89% of the Share Capital (the "Treasury Shares"). The Offeror's holding of Codan Shares represents 75.34% of the Share Capital excluding the Treasury Shares.

The Offeror has discussed the Offer Price and the other terms with the Board of Directors of Codan. These discussions resulted in the Offeror having made the Tender Offer at DKK 605 per Codan Share of a nominal value of DKK 20 and such offer price has been recommended by the Board of Directors of Codan (see Codan Board announcement).

The Board of Directors of Codan announced on 24 May 2007 that it recommends acceptance of the Tender Offer by Codan shareholders.

The Offeror is submitting the Tender Offer in order to acquire all of the Share Capital of Codan; however, at the time of the making of the Tender Offer the Offeror already possesses a controlling shareholding in Codan. Therefore, the Offeror is not required to make a mandatory tender offer pursuant to Section 31 of the Danish Securities Trading Act following completion of this Tender Offer.

If, upon settlement of the Tender Offer, the Offeror owns more than 90% of the Share Capital (excluding any treasury shares then held by Codan), the Offeror intends to:

- a) request that an extraordinary general meeting of Codan is convened to elect new members to the board of directors of Codan;
- b) request an authorisation from the shareholders at a general meeting of Codan to apply for a delisting of the Codan Shares from the Copenhagen Stock Exchange; and
- c) initiate a compulsory acquisition procedure with a view to acquire the remaining Codan Shares not owned by the Offeror.

If upon settlement of the Tender Offer, the Offeror does not own more than 90% of the Share Capital (excluding any treasury shares then held by Codan), the Offeror will not, for as long as it does not own more than 90% of the Codan Shares, seek to have the Codan Shares de-listed from the CSE. Codan shareholders should be aware that the trading liquidity of the Codan Shares may be significantly reduced following completion of the Tender Offer.

**Extract of the terms and conditions of the Tender Offer:**

Offeror:	RSA Overseas Holdings B.V. (Registration No 33291495) 30 Fenchurch Street 9th Floor London EC3M 3BD United Kingdom
Offer Price	<p>The Codan Shareholders are offered DKK 605 in cash for each Codan Share of a nominal value of DKK 20 (ISIN code DK0010288638).</p> <p>If Codan declares and pays dividends or makes any other distributions to its shareholders prior to settlement of the Tender Offer, the Offer Price will be reduced by the aggregate amount of such dividend(s) or other distribution(s) paid in respect of each Codan Share (DKK for DKK). For the avoidance of doubt the cancellation of the Treasury Shares shall not be deemed to constitute a distribution by Codan.</p> <p>Any brokerage fees and other selling expenses shall be paid by the tendering Codan shareholders.</p>
Offer Period	<p>The offer period commences on 24 May 2007 and expires on 21 June 2007, at 20.00 CET or at the expiration of any extension of the offer period as described in the section "Other Terms" below (the "Offer Period"). Acceptances of the Tender Offer must be received by ABN AMRO Bank N.V., Copenhagen Branch ("ABN AMRO") through the tendering Codan shareholders' own custodian bank or stockbroker prior to the expiry of the Offer Period.</p>
Acceptance Procedure	<p>Codan shareholders wishing to accept the Tender Offer subject to the terms and conditions of the Offer Document are encouraged to contact their own custodian bank or stockbroker, requesting that acceptance of the Tender Offer be communicated to ABN AMRO.</p> <p>Shareholders wishing to accept the Tender Offer are requested to use the acceptance form attached to this Offer Document.</p> <p>Codan shareholders should note that acceptance must be notified to their own custodian bank or stockbroker in due time in order to allow the custodian bank or stockbroker to process and communicate the acceptance to ABN AMRO before the Offer Period expires.</p>
Settlement	<p>Settlement for Codan shareholders who have agreed to sell their Codan Shares pursuant to the Tender Offer will take place through the shareholders' own custodian banks or stockbrokers no later than three Stock Exchange Days after the Offeror's announcement through the CSE that the conditions for completion of the Tender Offer have been met or waived. At the same time, the final settlement date will be announced, which is expected to take place on 29 June 2007. Settlement will be made in cash by the Offeror. Any brokerage and other selling expenses charged by the tendering Codan shareholder's custodian banks or stockbrokers shall be paid by the tendering Codan shareholders.</p>
Conditions	<p>The Tender Offer is subject to the following conditions:</p>

- a) completion of the Tender Offer has not been precluded or materially obstructed by new legislation (actual or proposed), court decisions, or decisions by public authorities;
- b) there have been no events, matters or circumstances that have occurred during the period up to completion of the Tender Offer, which may have a material adverse effect on the Codan Group as a whole, its operations and business activities, its financial position and prospects, and/or that Codan does not, during such period, publish information about matters that may have such a material adverse impact on the Codan Group as a whole. For this purpose, any event or circumstance affecting the Offeror or any member of the R&SA Group (other than any member of the Codan Group) will not give rise to a material adverse effect;
- c) in the period until completion of this Tender Offer, Codan does not sell or in any other way (except for the cancellation procedures) dispose of the Treasury Shares; and
- d) the board of directors of Codan does not withdraw its recommendation of the Tender Offer.

The Offeror is entitled to withdraw the Tender Offer if one or more of the abovementioned conditions have not been satisfied at the expiry of the Offer Period. Any withdrawal of the Tender Offer will be announced through the CSE and by means of a press release, if and to the extent required under applicable laws, rules and regulations.

The Offeror has no obligation to acquire any shares in Codan and shall not be deemed to have acquired any Codan Shares pursuant to this Tender Offer unless and until the Offeror has published a notification to the effect that all of the preceding conditions have been satisfied or waived by the Offeror.

The Offeror reserves the right in its sole discretion to waive in whole or in part one or more of the conditions set forth above, purchase the Codan Shares tendered and complete the Tender Offer even though one or more of the above conditions is not satisfied, in whole or in part.

#### Other Terms

The Offeror reserves the right to extend the Offer Period on one or more occasion in accordance with applicable rules. Notification of any such extension will be announced by the Offeror through the CSE prior to the expiry of the Offer Period. The announcement will specify the number of Codan Shares that the Offeror has received acceptances in respect of, together with the duration of the revised Offer Period, which will then be referred to as the "Offer Period". Any extension of the Offer Period and/or any increase of the Offer Price will not constitute a new Tender Offer. Shareholders who have accepted the Tender Offer will continue to be bound by their acceptances if the Offer Period is extended and/or the Offer Price is increased. If the Offer Price is increased, shareholders who have accepted the Tender Offer at a lower Offer Price will automatically be entitled to such increased Offer Price if the Tender Offer is completed. The Offer Period will be a maximum of 10 weeks.

The Offeror reserves the right to purchase Codan Shares during the Offer Period outside the Tender Offer in the open market at prevailing prices or in private transactions at negotiated prices, as described above. Any such purchase will be made in accordance with applicable rules.

The above is a summary of the Offer Document that contains the terms and conditions of the Tender Offer and reference are made thereto.

The Offeror will ask Codan to send by mail a copy of the offer advertisement together with this Offer Document at the Offeror's expense to registered Codan shareholders, except to those Codan shareholders in such jurisdictions in which the distribution of the Offer Document would be contrary to the law or otherwise restricted, including Canada, Australia and Japan.

Additional copies of this Offer Document are available on request from ABN AMRO, tel. +45 3396 1200, and will also be available on [www.royalsunalliance.com](http://www.royalsunalliance.com).

**Copenhagen, 24 May 2007**  
**R&SA Overseas Holdings B.V.**  
**(Registration No 33291495)**