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BERMUDA CORPORATE VEHICLES

A BRIEF INTRODUCTION

Bermuda Exempted Companies

Exempted companies may be formed by foreign corporations, foreign domiciled trusts or individual non-residents who wish to operate business from Bermuda or hold assets outside their home jurisdiction. Exempted companies can carry out a broad range of businesses globally. They are free from taxation of all kinds, stamp duty and exchange control in Bermuda. An application to incorporate an exempted company normally takes around five business days. The Bermuda Monetary Authority requires bank references of the ultimate beneficial owners, or a copy of their latest Annual Report. Exempted companies are governed by The Companies Act, 1981, which largely follows the U.K. companies' legislation.

Bermuda Special Purpose Trusts

Special Purpose Trusts were created by the Trusts (Special Provisions) Act 1989. They are a unique vehicle in that the trust is created for a specific purpose as opposed to being for the benefit of specific beneficiaries. The purpose of the Trust need not be charitable. The purposes of the Trust must be specific, reasonable, possible and not immoral, contrary to public policy or law. A Bermuda protector for the Trust must be appointed, to ensure that the terms of the Trust are adhered to. If required, the Trustee of a Special Purpose Trust can be a Bermuda company created for that role, called a Private Trustee Company. Such a company can be controlled by related individuals or entities of the Settlor. Special Purpose Trusts are widely used in Bermuda for asset protection, both by banks and corporations.

Bermuda Foreign Sales Corporations

Bermuda is designated as an authorised jurisdiction for the incorporation by United States Companies of foreign sales corporations, pursuant to the U.S./Bermuda Taxation Convention brought into force in 1988. The driving force for such a structure is the special treatment which an offshore subsidiary of a U.S. equity source can receive under U.S. tax laws through the FSC's promotion of U.S. manufactured equipment for export. The two main types of FSC structures are Commission FSC's (where the U.S. parent receives the income directly and pays the FSC a commission on sales) and the Ownership FSC, where the FSC acquires the relevant assets in its own right and leases or sells those assets. In both cases a Federal tax exemption of 15% to 30% of export net profits is available to the U.S. parent and the FSC, together with deductions for depreciation on the assets held.

Bermuda Limited Partnerships

Bermuda Limited Partnerships are governed by the Limited Partnerships Act. Limited Partnerships can be used for a broad range of commercial purposes and are often used for Joint Ventures or investment syndicates. Only the General Partner can take part in the management or control of the business. A Limited Partner is not liable for the debts of the Partnership beyond the amounts contributed by it as capital. A unit in a Bermuda Limited Partnership can be listed and traded on the Bermuda Exchange or on an Appointed Stock Exchange. Bermuda Limited Partnerships are free from all taxation, stamp duty and exchange controls in Bermuda.

Bermuda Mutual Funds

Bermuda has been chosen by a number of highly reputable financial institutions, stockbrokers, investment and fund managers located in major financial markets as the domicile of choice for various types of mutual funds in an environment in which there are no taxes or stamp duty on the fund or its members and no exchange control restrictions. Mutual funds may be closed-ended and can be privately-held or publicly traded. Whether a money market funds, securities or commodity-based fund, a Bermuda mutual fund is required to be managed by a Bermuda incorporated management company which, in most cases, is formed by the promoters or investment managers. Bermuda, as a jurisdiction, has been approved as a Designated Territory under the U.K. Financial Services Act for certain collective investment schemes.

Bermuda Insurance and Reinsurance Companies

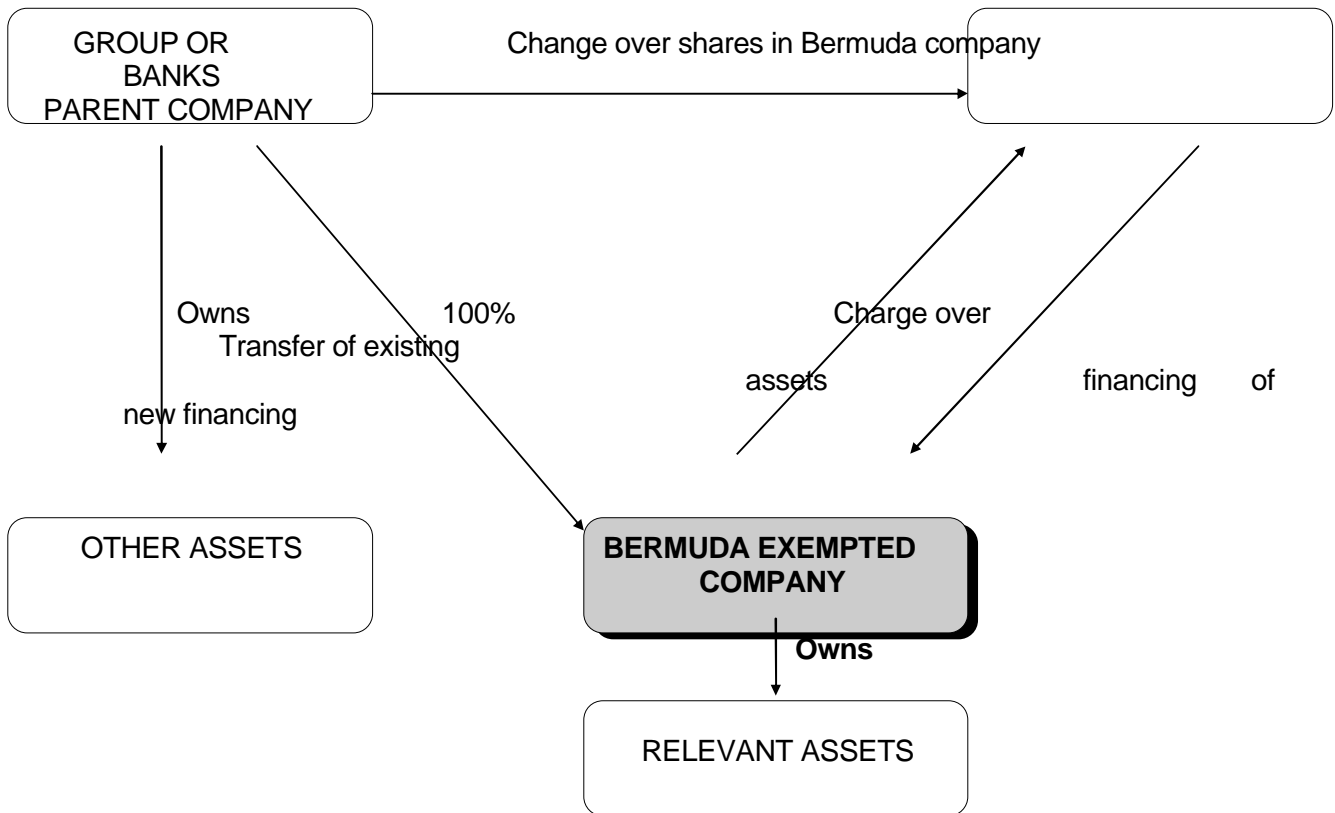
Bermuda has been chosen as the domicile of choice for over 1,400 registered insurance and reinsurance companies, the majority of which are "pure captives" which are wholly-owned subsidiaries of some of the largest corporations in the world. These insurance or reinsurance companies were designed initially to underwrite risks of their parents and subsidiaries but have evolved into underwriting a substantial but selective portion of unrelated third party risks, which could take the form of risks of the parent company's customers, distributors, borrowers, licensees or suppliers. Such companies may also participate in the reinsurance of other Bermuda captives and in general reinsurance treaties. Recently, Bermuda has seen a surge of reinsurance companies providing excess liability coverage to the insurance and reinsurance markets. Several unaffiliated companies within an industry may join together to form an insurance company to underwrite the risks of the members. Such organizations take the form of mutual insurance companies, association captives, industry captives or pools. Such entities may write directly or provide reinsurance.

EXAMPLES OF STRUCTURES USING BERMUDA VEHICLES

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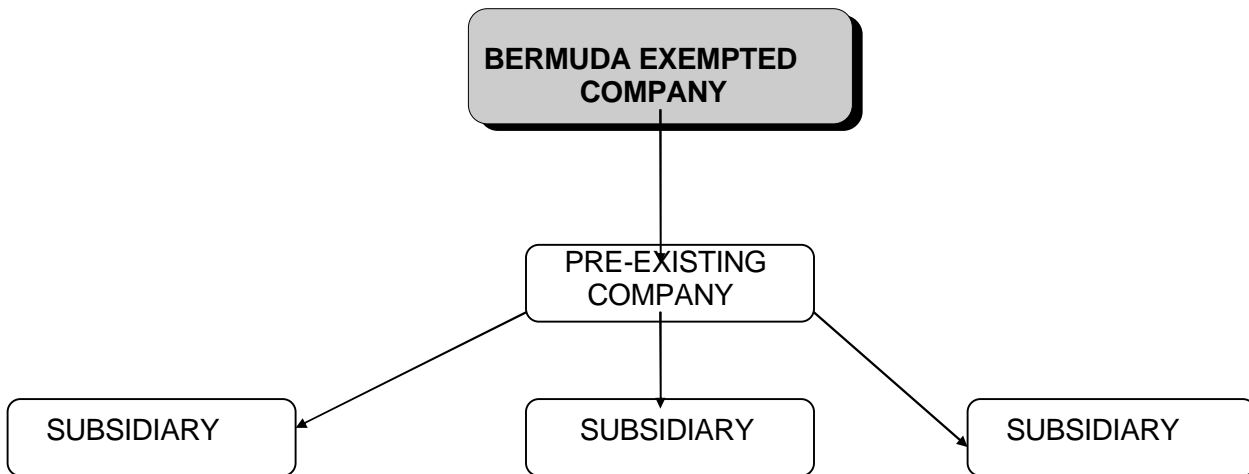
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CORPORATE RESTRUCTURINGS WITH BERMUDA COMPANIES



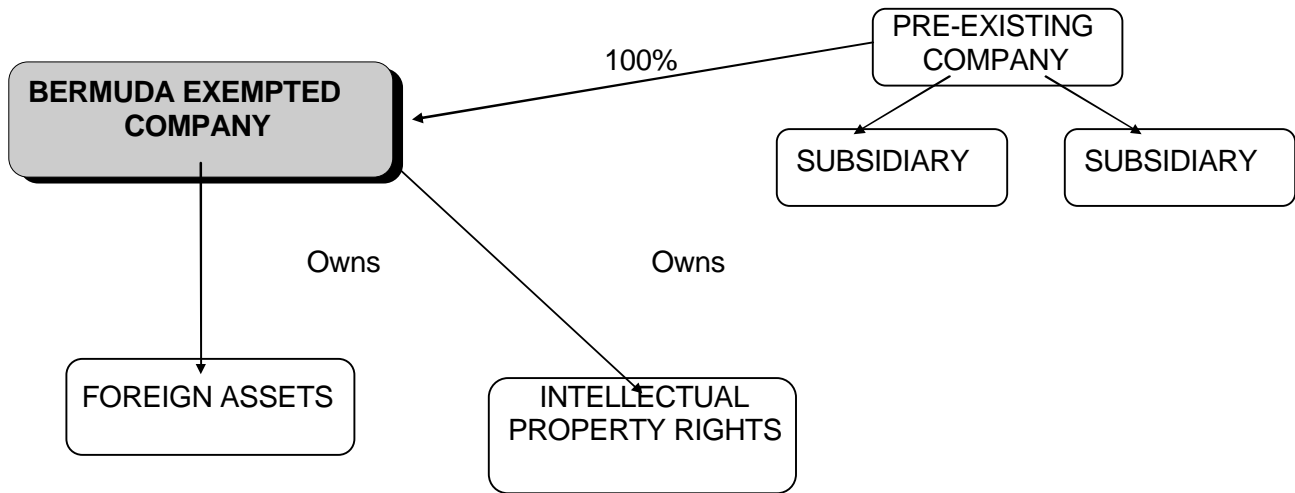
- * Assets and liabilities transferred to Bermuda company are effectively isolated from the remainder of the Group.
- * Can be used in restructuring existing debt or in putting into place new financing.
- * High risk acquisitions can be housed in Bermuda company to limit the exposure of the group and the recourse of Banks lending for that acquisition.
- * Conversely, Banks lending to Bermuda vehicle have sole claim on the shares of that Company and assets held by it.
- * A Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

BERMUDA COMPANIES AS GROUP HOLDING COMPANIES



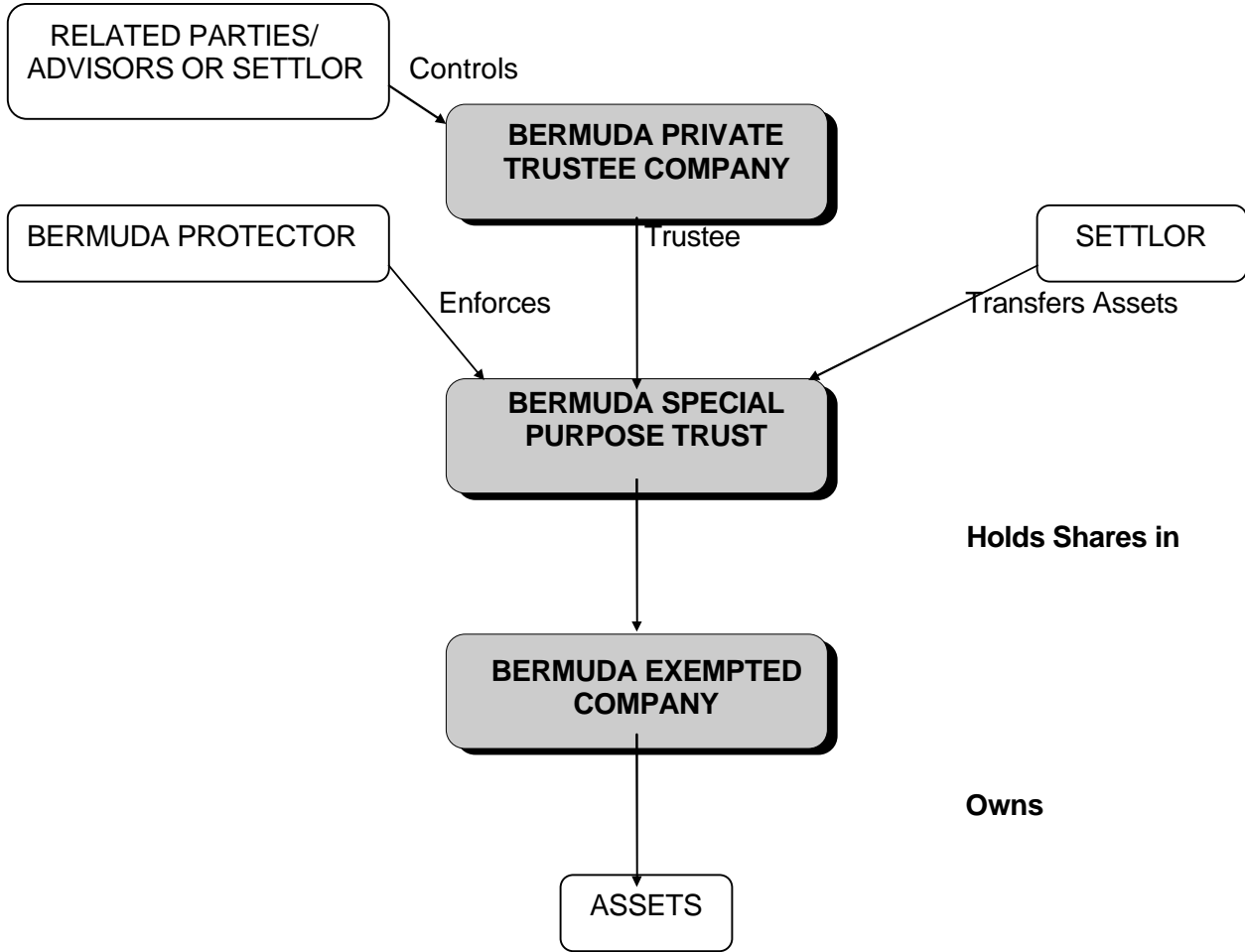
- * The addition of Bermuda exempted company as holding company allows pre-existing company structure to locate its assets offshore.
- * Bermuda holding companies have featured significantly in corporate restructurings.
- * Bermuda law now allows discontinuation in Bermuda and continuation in another jurisdiction to increase flexibility in changing domicile.
- * Bermuda holding companies are particularly of importance to Hong Kong companies - over 50% of the companies listed in Hong Kong now have Bermuda holding companies.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

**BERMUDA HOLDING COMPANIES
FOR OWNERSHIP OF GLOBAL ASSETS OF
MULTINATIONALS/INTELLECTUAL
PROPERTY RIGHTS**



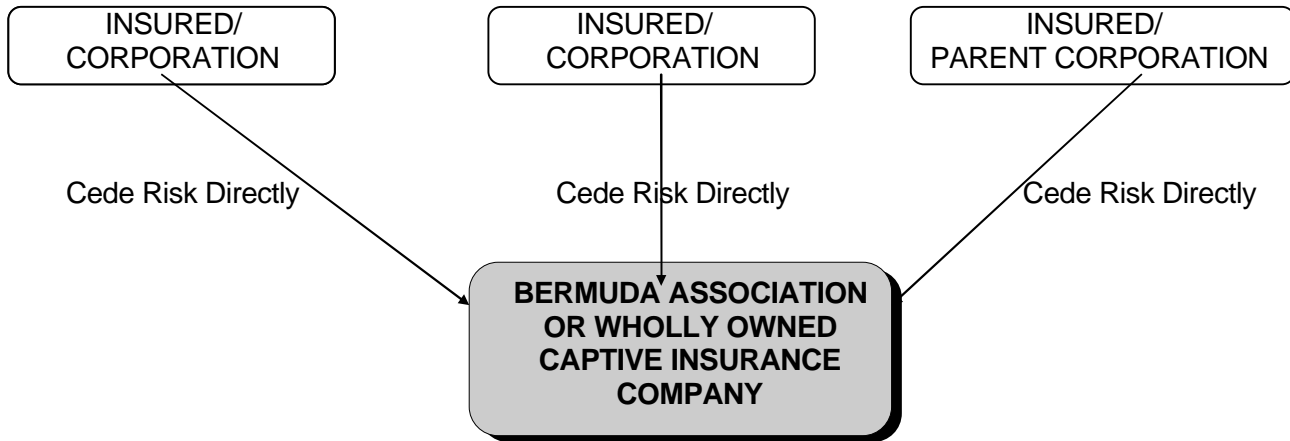
- * Bermuda holding companies figure significantly in corporate restructurings.
- * Wide range of activities possible for Bermuda holding company, including management control and co-ordination of subsidiaries, holding intellectual property rights for facilitating use by subsidiaries, and as finance vehicles.
- * Bermuda affords international copyright, patent and trademark protection similar to U.K. protection.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

ASSET PROTECTION WITH BERMUDA SPECIAL PURPOSE TRUSTS



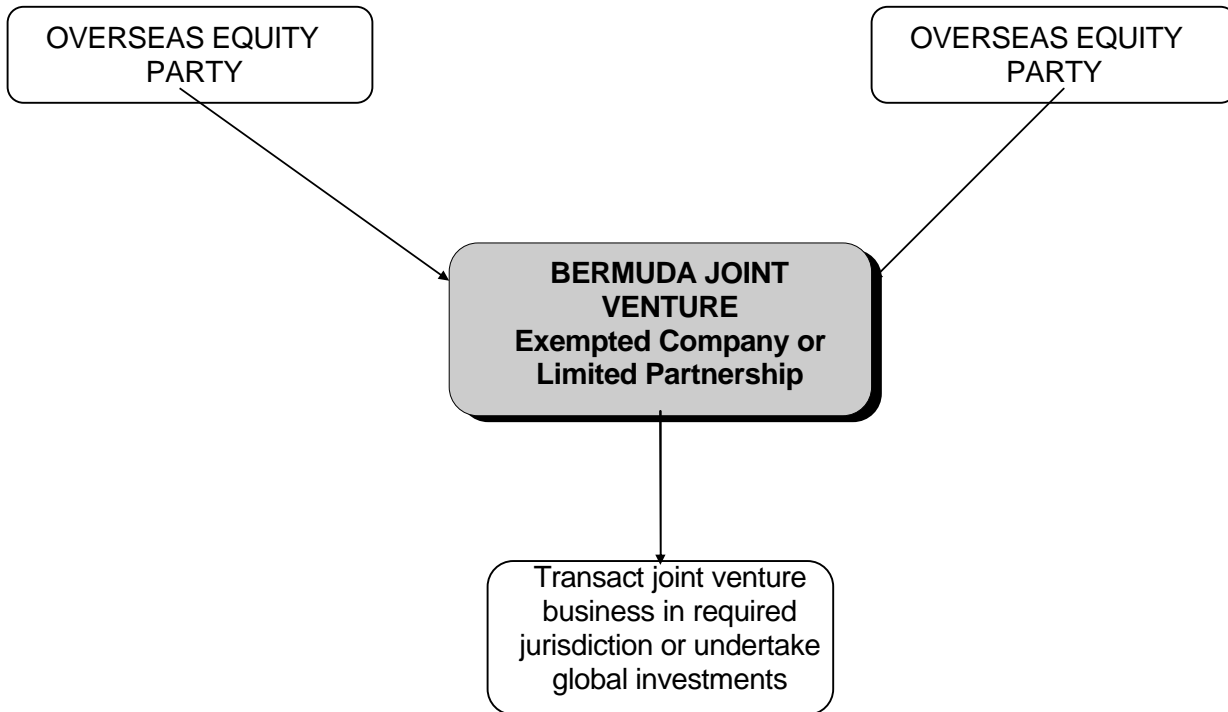
- * Combination of Private Trustee Company and Special Purpose Trust means very high degree of control over asset achieved despite Settlor divesting itself totally of legal and beneficial interest in assets.
- * Special Purpose Trust is created for a specified purpose (to hold shares in Bermuda Vehicle) and has no beneficiaries.
- * Private Trustee Company can be owned and/or controlled by related persons of the Settlor.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

BERMUDA INSURANCE/REINSURANCE COMPANY



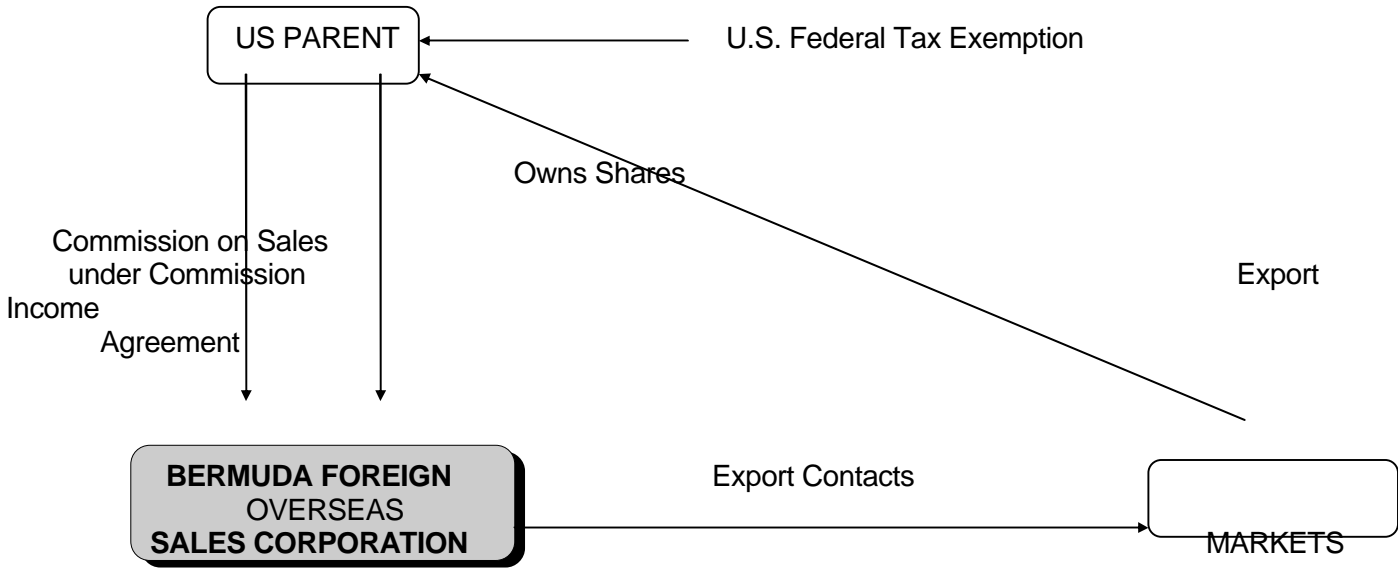
- * Bermuda is the chosen domicile for over 1,300 registered insurance and reinsurance companies.
- * Bermuda Association captives can be formed by a number of corporations wishing to self-insure or to reinsure.
- * Income earned by a Bermuda captive can accumulate in Bermuda and is not taxable in the U.S. until actually paid to shareholders.
- * Bermuda captive is free of all taxation, stamp duty and exchange controls in Bermuda.

BERMUDA COMPANIES FOR INTERNATIONAL JOINT VENTURES



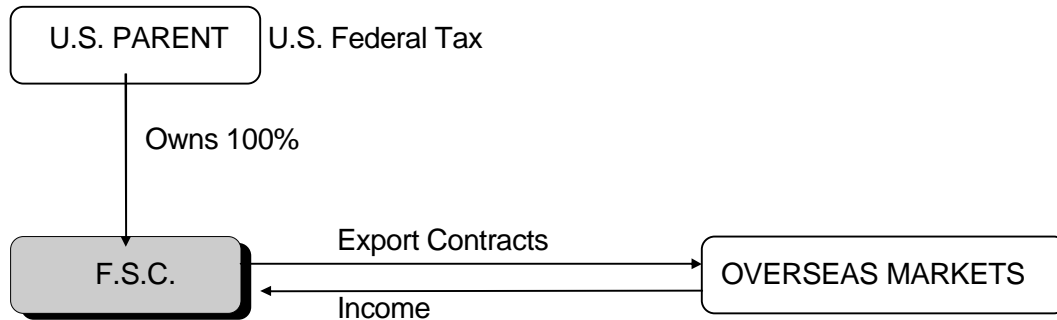
- * Useful structure for joint investment programmes or other joint venture businesses.
- * Agreement between Joint Venture parties can be contained in Bye-Laws or in a separate Joint Venture Agreement.
- * Bermuda vehicle can qualify as a Foreign Sales Corporation and receive consequent US Federal Tax Exemption.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

BERMUDA COMMISSION FOREIGN SALES CORPORATIONS ("FSC")



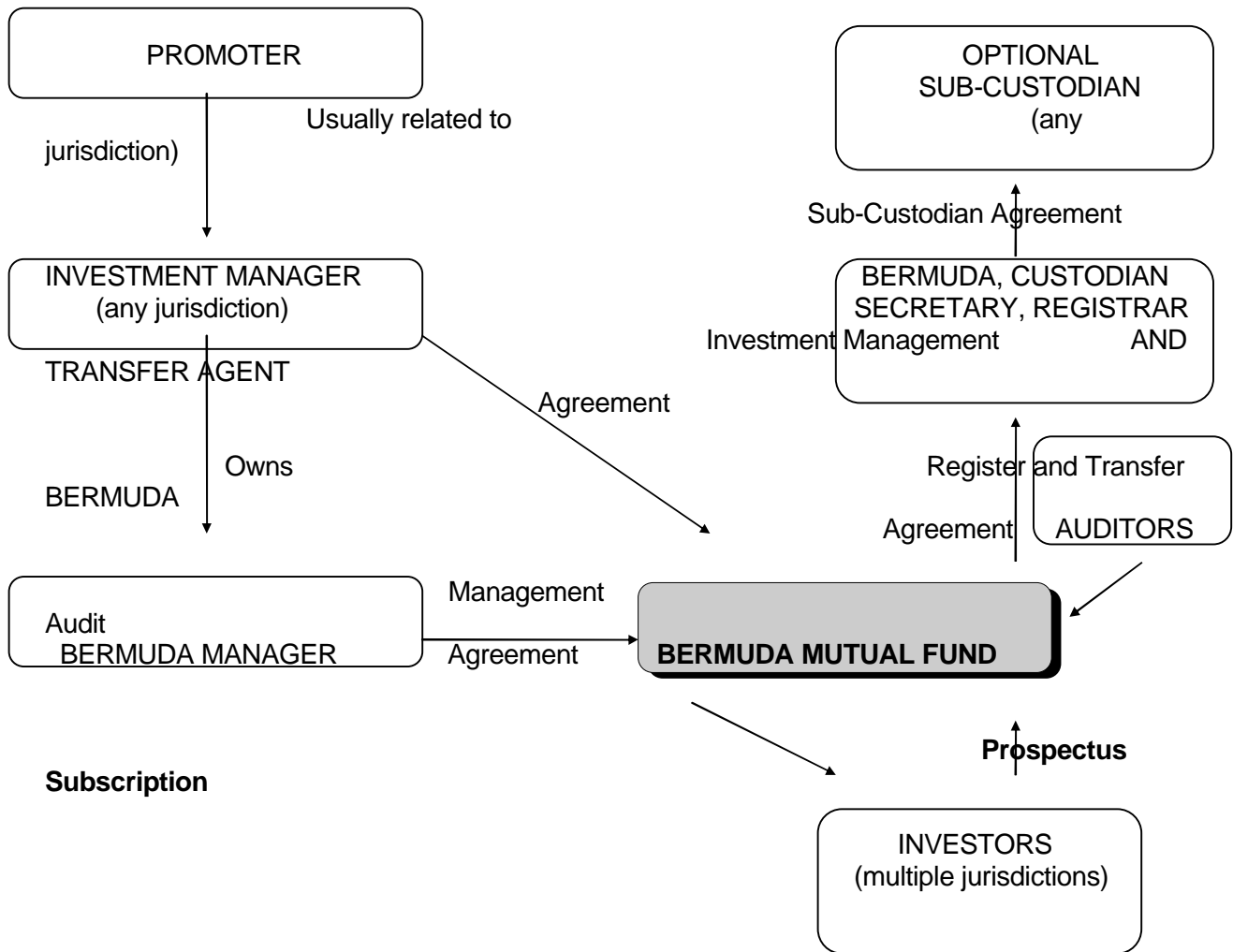
- * Pursuant to USA/Bermuda Tax Convention in 1988, Bermuda is an approved jurisdiction for the establishment of Foreign Sales Corporations ("FSCs").
- * Bermuda FSC receives a commission on sales from U.S. Parent.
- * Bermuda exempted company must elect to be a FSC for US tax purposes and comply with US requirements.
- * US Parent and FSC receive a federal tax exemption of 15-30% of export net profits.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

BERMUDA OWNERSHIP FOREIGN SALES CORPORATIONS ("FSC")



- * Pursuant to USA/Bermuda Tax Convention in 1988, Bermuda is an approved jurisdiction for the establishment of Foreign Sales Corporations ("FSCs").
- * Bermuda FSC owns asset and leases or exports it.
- * Bermuda exempted company must elect to be a FSC for US tax purposes and comply with US requirements.
- * US Parent and FSC receive a federal tax exemption of 15-30% of export net profits.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

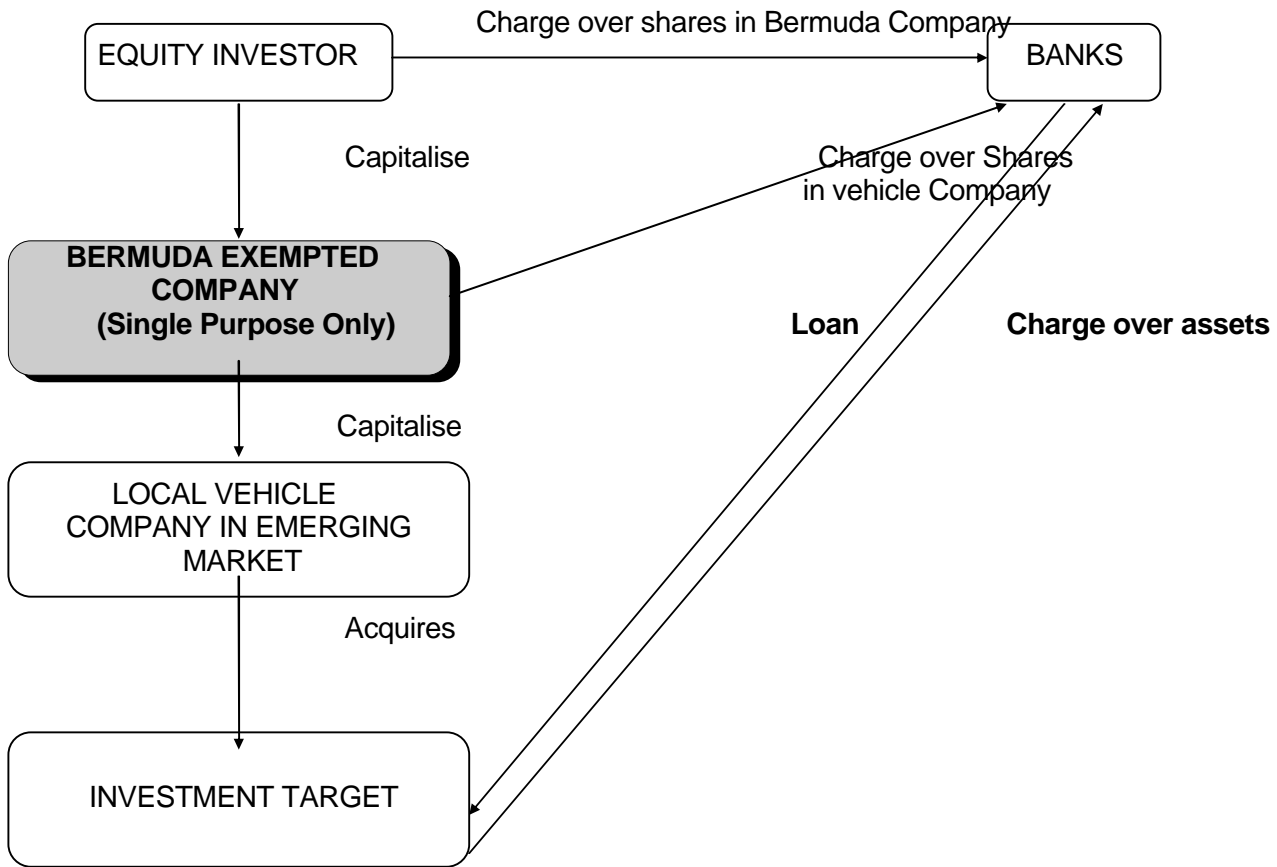
BERMUDA MUTUAL FUNDS



Subscription

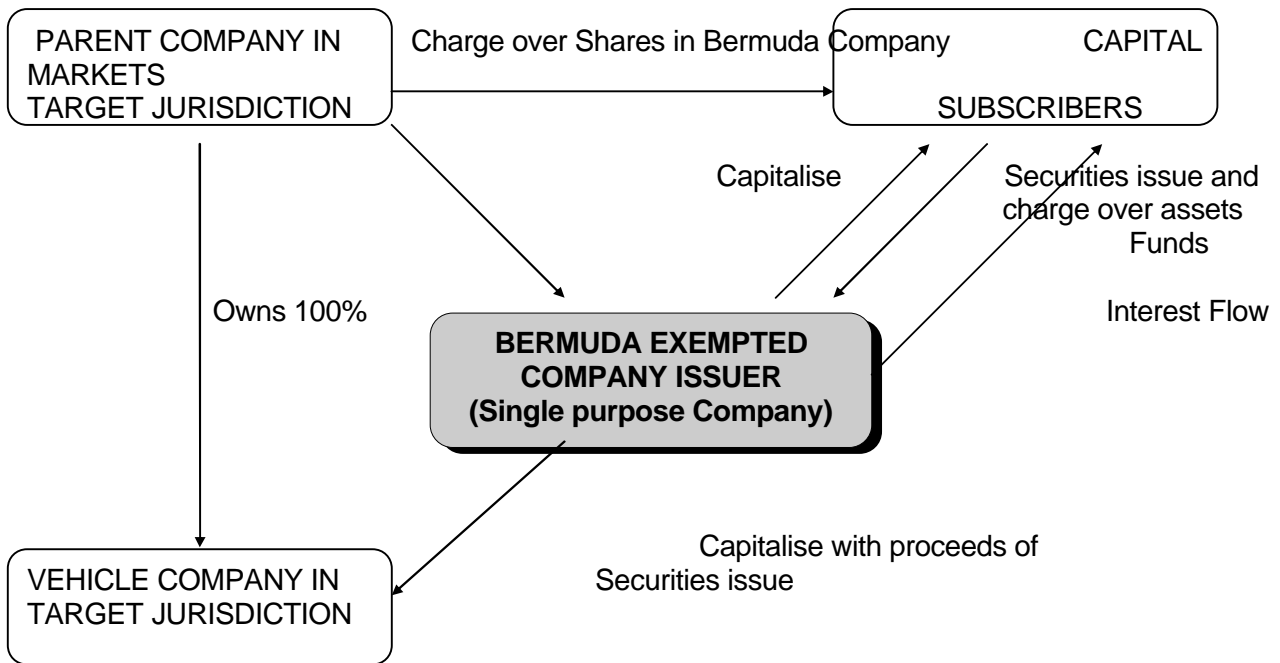
- * Promoter of Fund is required to be approved by Bermuda Monetary Authority; investors do not need approval.
- * Bermuda has been approved as a "Designated Territory" under the U.K. Financial Services Act, allowing Bermuda Mutual Funds in compliance to be marketed in the U.K.
- * Bermuda Mutual Funds may be closed-ended or open-ended and can be privately held or publicly traded.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

FINANCINGS INTO EMERGING MARKETS WITH BERMUDA VEHICLES



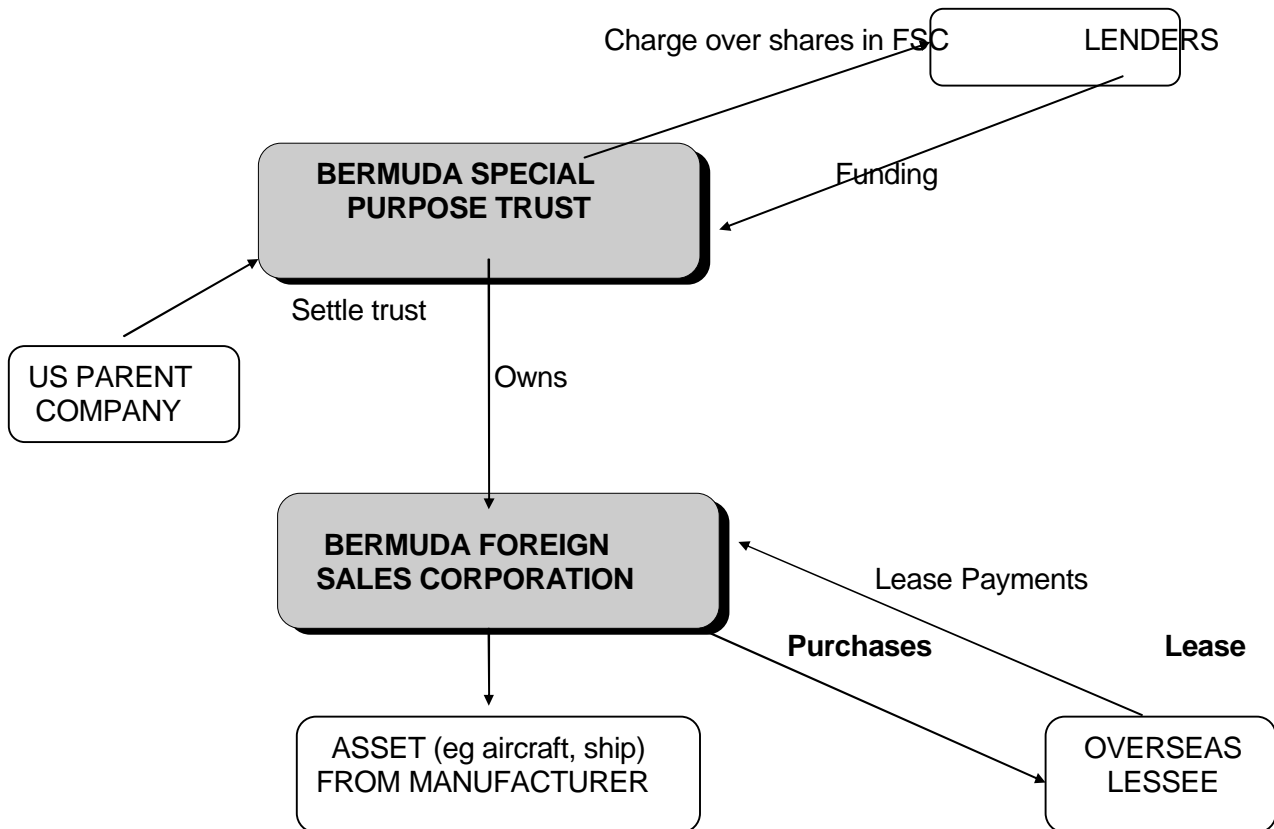
- * Security given to Banks at all levels. At Bermuda level, security is easily enforced to acquire control of investment target.
- * Changes in shareholding of Bermuda exempted company usually requires only notification to (and not approval of) Governmental authorities in emerging market, thus this structure can stay in place for long periods without the need for complicated and sometimes difficult negotiations and discussions with such authorities.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

**BERMUDA VEHICLES AS ISSUERS
TO ALLEVIATE WITHHOLDING TAX PROBLEMS**



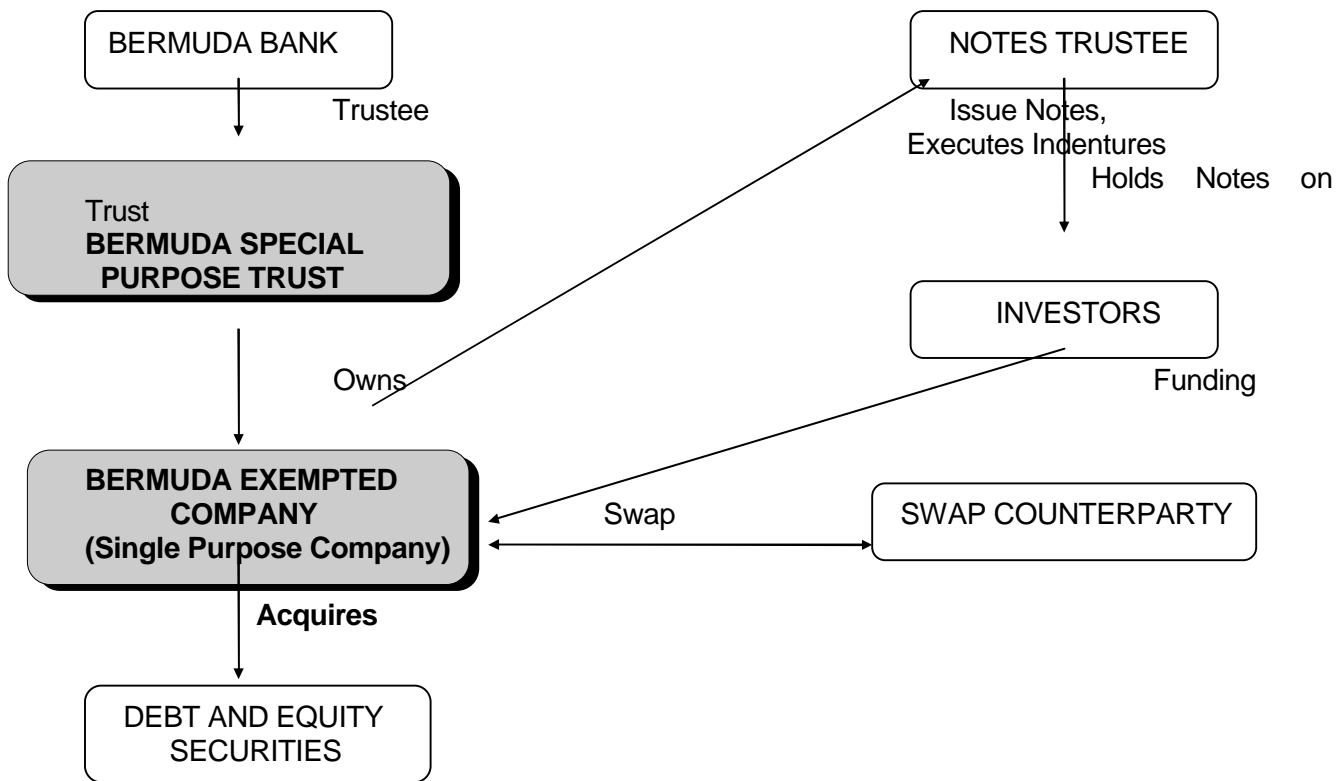
- * Withholding tax provisions of each separate target jurisdiction may require adjustments to structure.
- * Bermuda exempted company is free from all taxation (including withholding tax) and free from stamp duty and exchange controls in Bermuda.

**AIRCRAFT/SHIP FINANCINGS
USING BERMUDA FOREIGN SALES CORPORATIONS
AND BERMUDA SPECIAL PURPOSE TRUSTS**



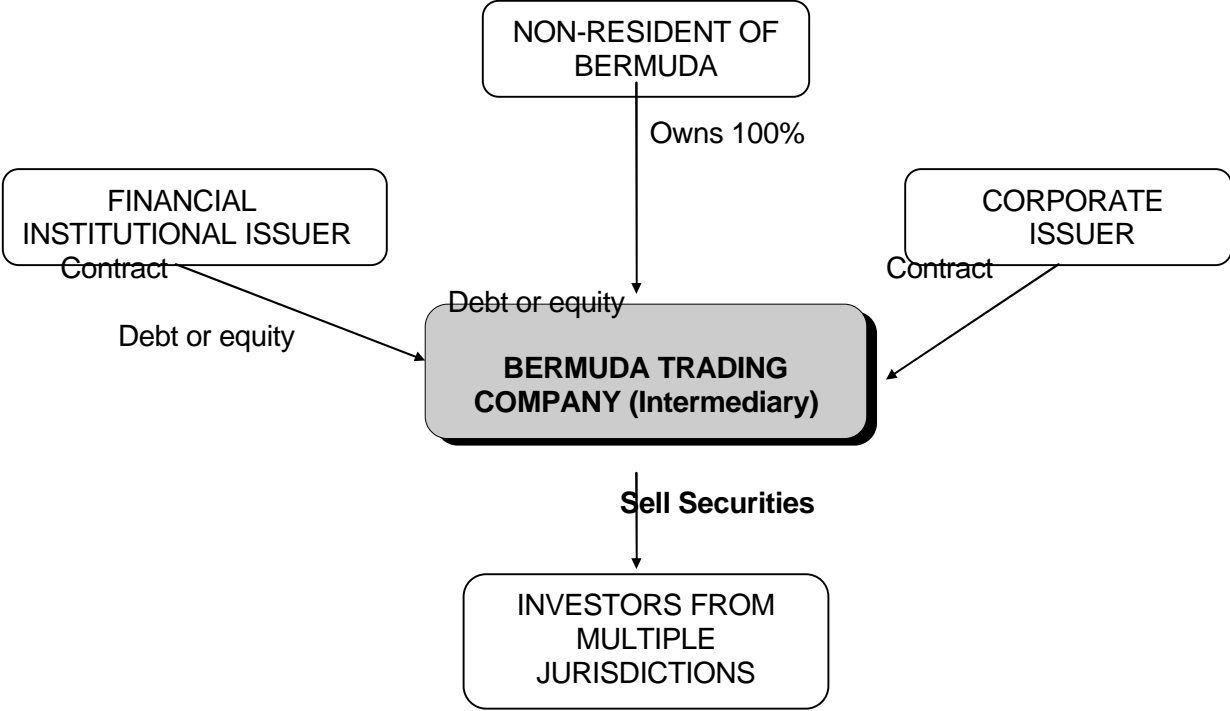
- * Lenders are secured both at Trustee and FSC level.
- * Lenders have high degree of control over asset, and comfort that US Parent Company cannot make any claim on asset.
- * Bermuda exempted company must elect to be an FSC for US tax purposes and comply with U.S. requirements.
- * U.S. parent company and FSC receive US Federal Tax Exemption pursuant to USA/Bermuda Tax Convention.
- * FSC is free from all taxation, stamp duty and exchange controls in Bermuda.

REPACKAGING SECURITIES THROUGH BERMUDA COMPANIES



- * Investor receives repackaged security and charge over Bermuda Issuer.
- * Security granted by Bermuda company is easily enforceable in accordance with principles of English law.
- * Bermuda exempted company is free from all taxation, stamp duty and exchange controls in Bermuda.

**GLOBAL TRADING
WITH BERMUDA COMPANIES**



- * Bermuda Trading Company acts as intermediary between issuers and investors.
- * Bermuda company is free from all taxation, stamp duty and exchange controls in Bermuda.