IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff v. RELIANCE INSURANCE COMPANY, Defendant	:	No. 269 M.D. 2001

ORDER

AND NOW, this day of July, 2001, upon consideration of the Rehabilitator's Petition for Approval of a Secured Credit Facility it is hereby ORDERED as follows:

1. The Petition is GRANTED;

2. The Rehabilitator is authorized to negotiate, execute and perform a secured credit facility (the "Facility") on terms substantially similar to those set forth in paragraph 15 of the Petition.

3. During the pendency of this rehabilitation and in the event that this Court issues an order appointing the Insurance Commissioner of the Commonwealth of Pennsylvania liquidator of Reliance Insurance Company, all obligations due from Reliance to Bear Stearns Securities Corp. under the Facility will be treated as "costs and expenses of administration," pursuant to 40 P.S. §221.44(a).

4. During the pendency of this rehabilitation and in the event that this Court issues an order appointing the Insurance Commissioner of the Commonwealth of Pennsylvania liquidator of Reliance Insurance Company, Bear Stearns Securities Corp. shall be entitled to the value of the shares of Symbol Technologies, Inc. held by it to secure the obligations due under the Facility and to convert the same into money (and to credit such amount

against any obligations owed) according to the terms of the Facility and without further order of this Court.

5. For purposes of any plan of liquidation or rehabilitation that may hereafter be proposed or approved in these proceedings, the Facility is hereby recognized and confirmed a post-petition transaction and undertaking by the Rehabilitator that is required for the orderly, efficient and economic administration of the operations and affairs of Reliance Insurance Company. Accordingly, no plan of liquidation or rehabilitation hereafter adopted in these proceedings shall impair, diminish or compromise any of the rights or remedies held by Bear Stearns Securities Corp. under the Facility, or provide for less than payment in full of all amounts due Bear Stearns Securities Corp. under the Facility.

BY THE COURT:

____

JAMES GARDNER COLINS, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff v. RELIANCE INSURANCE COMPANY, Defendant	:	No. 269 M.D. 2001

RECEIVED AND FILED
PHILADELPHIA
COMMONWEALTH COURT
OF PENNSYLVANIA
AUG 8 3 27 PM '01

REHABILITATOR'S PETITION
TO APPROVE A SECURED CREDIT FACILITY

Plaintiff M. Diane Koken ("the Rehabilitator"), Insurance Commissioner of the Commonwealth of Pennsylvania, and Rehabilitator of Reliance Insurance Company ("Reliance"), by her undersigned counsel, respectfully petitions this Court to approve the negotiation, execution and performance of a one-year secured credit facility between Reliance and Bear Stearns Securities Corp. ("Bear Stearns") on terms substantially similar to those described below. In support of this petition, the Rehabilitator avers as follows:

1. By Order of this Court dated May 29, 2001, this Court granted the Insurance Commissioner's Petition for Rehabilitation of Reliance and appointed her Rehabilitator.

2. Under the Insurance Department Act, 40 P.S. §221.1 – 231 (the "Act"), the Rehabilitator has the "full power...to deal with the property and business of the insurer" 40 P.S. §221.16(b).

3. Pursuant to paragraph 3 of the Court's May 29 Order, the Rehabilitator was directed to take immediate possession of the property, business and affairs of Reliance, and to take such action as the nature of this case and the interests of the policyholders, certificateholders, creditors, or the public may require.

4. Under Paragraph 18 of the Court's May 29 Order, the Rehabilitator was expressly authorized, in her discretion, to pay claims for losses under policies and contracts of insurance and loss adjustment expenses as identified in Section 544(b) of the Act, 40 P.S. §221.44(b).

5. In accordance with the Act and with the authority granted by the Court's May 29 Order, the Rehabilitator has taken possession of the property, business and affairs of Reliance, and has continued to pay policyholder claims during the rehabilitation.

6. The two most significant funds from which Reliance can pay claims are the funds received from reinsurers and the sale of its invested assets.

7. One of Reliance's largest invested assets is its holding of common stock of Symbol Technologies, Inc. ("Symbol"), whose shares are traded on the New York Stock Exchange.

8. Symbol is engaged in the design, manufacture, marketing, and servicing of scanner integrated mobile and wireless information management systems. Symbol is a leader in the field of hand-held computers with barcode scanning capability, a market that is expected to grow by 20% per year over the next few years. Revenue for the second quarter is expected to be $340 million, level with last year but down from the $450 million realized during the first quarter of 2001.

9. As of July 24, 2001, Symbol had approximately 234 million shares outstanding (as reported by Salomon Smith Barney). Reliance currently owns approximately 11.3 million of these shares.

10. Over the past year, Symbol's common stock has traded between $11.60 and $37.33 per share, and the common stock closed at $14.40 per share on August 7, 2001. As recently as the first quarter of 2000, the common stock traded as high as $45 per share.

11. Of the twelve (12) analysts that follow the stock, two (2) rate the stock as a strong buy, five (5) as a moderate buy, and the remaining five (5) recommend that the stock be held.

12. Reliance may seek to sell a portion of its holdings in Symbol Technologies, Inc. to provide liquidity through intermittent sales of modest amounts over a period of time. Prevailing market conditions reflect a relatively depressed valuation for many technology stocks. Reliance is reviewing certain strategies in connection with this stock.

13. It is believed, and therefore averred, that it is in the best interests of Reliance's policyholders, certificateholders, creditors, and the public to borrow against the shares rather than to sell them at this time.

14. By this Petition, to provide liquidity to Reliance, the Rehabilitator is seeking the Court's approval of a secured credit facility (the "Proposed Facility"), in an amount of up to USD $75,000,000. As of August 7, 2001, the market value of Reliance's holdings in Symbol was approximately $162.7 million. The terms of the Proposed Facility are as described below and in the termsheet attached hereto as Exhibit A.

15. The material terms of the Proposed Facility are as follows:

A. The Proposed Facility would be provided by Bear Stearns.

B. Under the Proposed Facility, Reliance would be permitted to borrow up to USD $75,000,000 (the "Commitment Amount").

C. Interest on drawn amounts would accrue at the Federal Funds rate plus 100 basis points, compounded daily.

D. The borrowings would be secured by a pledge to Bear Stearns of shares of Symbol stock owned by Reliance. Inasmuch as Reliance owns approximately 11.3 million shares of Symbol stock, the maximum number of shares of Symbol stock that could be pledged under the Proposed Facility is approximately 11.3 million shares.

E. The maximum Loan-to-Value Ratio permitted by the Proposed Facility is 50%. If the Loan-to-Value Ratio increases above 50%, then the loan must be paid down to return the Loan-to-Value Ratio to not greater than 50%. No draw downs can be made when the Loan-to-Value Ratio is, or would be, above 50%. If the Loan-to-Value ratio would otherwise cause required repayment of the loan and the parties can agree on alternate collateral, then the agreed-upon form of collateral can be posted in the amount and on the terms agreed and the pay down of the loan obviated in whole or in part.

F. Under the Proposed Facility, for a term of one year, Reliance would be permitted to make draw downs as frequently as daily, in minimum increments of $1,000,000, with repayments due one year from the date of each draw down.

G. The fee to be paid to Bear Stearns for the Proposed Facility is $25,000 plus 25 basis points per annum (on a 360 day calendar period), payable monthly, on the average unused commitment amount for that month.

H. The effectiveness of the Proposed Facility is conditioned, among other things, upon: (1) approval of the Proposed Facility by this Court; (2) Bear Stearns being granted a security interest in the shares that is perfected and enforceable in this rehabilitation and, if at any time this rehabilitation is converted to a liquidation, in such a liquidation; (3) the amounts payable being accorded priority as a cost and expense of administration during the pendency of the rehabilitation and in the event of liquidation; and (4) assurance that no plan of liquidation or rehabilitation hereafter adopted in these proceedings shall impair, diminish or compromise any of the rights or remedies held by

Bear Stearns under the Proposed Facility or provide for less than payment in full of all amounts due Bear Stearns under the Proposed Facility.

16. The Rehabilitator believes, and therefore avers, that the terms of the Proposed Facility are commercially reasonable.

17. For the reasons set forth above, the Rehabilitator believes, and therefore avers, that the negotiation, execution and performance of the Proposed Facility will enhance Reliance's ability to facilitate the rehabilitation and Reliance's ability to meet its policyholder obligations, and increase the potential recovery for other creditors of Reliance. The Rehabilitator believes, and therefore avers, that the Proposed Facility is in the best interests of Reliance's policyholders, certificateholders, creditors, and the public.

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WHEREFORE, the Rehabilitator respectfully requests the entry of an order authorizing her to negotiate, execute and perform, on behalf of Reliance, a secured credit facility on terms substantially similar to those set forth above.

Respectfully submitted,

Jerome R. Richter

JEROME R. RICHTER
CHRISTOPHER A. LEWIS
ANN B. LAUPHEIMER
DANIEL H. WHEELER
BLANK ROME COMISKY & McCAULEY LLP
One Logan Square
Philadelphia, PA 19103
(215) 569-5500
Counsel for Petitioner

M. DIANE KOKEN, Insurance Commissioner of the Commonwealth of Pennsylvania and Rehabilitator of RELIANCE INSURANCE COMPANY

Of Counsel:

DAVID F. SIMON
Chief Counsel
INSURANCE DEPARTMENT OF
THE COMMONWEALTH OF PENNSYLVANIA
1321 Strawberry Square
Harrisburg, PA 17120
(717) 783-1975

Dated: August 8, 2001

CERTIFICATE OF SERVICE

I, Anthony Vidovich, hereby certify that on August 8, 2001, the foregoing was served via first class United States mail, postage prepaid on the persons listed in the attached Master Service List.

ANTHONY VIDOVICH

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Master Service List

M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania
v.
Reliance Insurance Company
No. 269 M.D. 2001 (Commonwealth Court of Pennsylvania)

Jerome R. Richter
Ann B. Laupheimer
Blank Rome Comisky & McCauley LLP
One Logan Square
Philadelphia, PA 19103
(215) 569-5500

David F. Simon
Chief Counsel
Insurance Department of the
Commonwealth of Pennsylvania
1321 Strawberry Square
Harrisburg, PA 17120
(717) 787-6009

Hillary C. Steinberg
Hangley Aronchick Segal & Pudlin, P. C.
One Logan Square 12th Floor
Philadelphia, PA 19103
(215) 496-7073

Jeffrey B. Rotwitt
Obermayer Rebmann Maxwell Hipple
1 Penn Center, 19th Floor
Philadelphia, PA 19103-1895

James Michael Matour
Hangley Aronchick Segal & Pudlin
27th Floor One Logan Square
Philadelphia, PA 19103
(215) 496-7001

Edward A. Perell
Debevoise & Plimpton
875 Third Avenue
New York, NY 10005

William Charles Bensley
George Whittaker Howard
Edward M. Nass
Howard Brenner & Nass, P.C.
1608 Walnut Street Suite 1700
Philadelphia, PA 19103
(215) 546-8200

Brad S. Karp
Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, NY 10019
(212) 373-3000

Robert H. Levin
Adelman Lavine Gold & Levin, P. C.
1900 Two Penn Center Plaza
Philadelphia, PA 19102
(215) 568-7515

Richard E. Poole
Potter Anderson & Corroon LLP
1313 North Market Street
P.O. Box 951
Wilmington, DE 19899-0951
(302) 984-6006

Richard P. Coe
Weir & Partners, LLP
1339 Chestnut Street Suite 500
Philadelphia, PA 19107
(215) 665-8181

Theodore E. Huenke
Huenke & Rodriguez
One Huntington Quadrangle, Suite 2S02
Melville, NY 11747
(631) 756-2024

EXHIBIT A

Transaction Summary:	Bear Stearns will make available to the Company a one-year secured credit facility in an amount expected to be up to USD 75,000,000. The maximum tenor of any draw under the facility will be one year. Draws may be made and repaid as frequently as daily, in minimum amounts of USD 1,000,000. Interest on drawn amounts under the facility will accrue at Fed Funds plus 100 basis points, compounded daily. Borrowings under the Facility will be secured by shares of Symbol Technologies. The maximum Loan-to-Value Ratio is 50%. If the Loan-to-Value Ratio increases to 50% or above, then either the loan must be paid down or additional collateral must be posted as necessary to return the Loan-to-Value Ratio to below 50%. No drawings can be made when the Loan-to-Value Ratio is, or would be, at 50% or above.
Bear Stearns:	Bear, Stearns Securities Corp.
Company:	Reliance Insurance Company, an insurance company currently under rehabilitation under Commonwealth of Pennsylvania Law
Loan:	Bear Stearns will agree to lend to the Company during the Committed Period an amount of up to the Committed Amount.
Committed Amount:	USD 75,000,000
Committed Period:	One year from execution of the Loan Agreement
Conditions to Commitment:	Conditions to the commitment will include: ▪ Approval of transaction by the Commonwealth court having jurisdiction ▪ Bear Stearns' security interest in shares perfected and amounts payable under loan having administrative priority (see "Priority") ▪ No litigation underway or threatened opposing the transaction ▪ Opinion of counsel to the Borrower regarding all of the foregoing addressed to Bear Stearns
Facility Fee:	USD 25,000
Unused Commitment Fee:	25 basis points *per annum* on an Actual/360 basis, payable monthly on the average unused Commitment Amount for that month
Draws Under Commitment:	Draws under the Commitment can be made at any time during the Committed Period in an aggregate amount of up to the Committed Amount. This may occur daily, in increments of at least USD 1,000,000. The Borrower will have the right to re-borrow amounts repaid (subject to the other terms hereof).
Maximum Tenor of Draws:	One year from date of draw. Thus, the last possible date of payment of any draw is two years from the date of the Loan Agreement (assuming a draw on the last day of the Committed Period not repaid until its maximum one-year tenor). In determining how long a draw has been outstanding, a FIFO

method will be used: any repayment will be applied in reduction of that draw which has been longest outstanding.

Repayment of Draws: The Company may repay any draw at any time. This may occur daily, in increments of at least USD 1,000,000.

Condition to Draw: Conditions to any draw will include:

- Certification of the borrower regarding continued effectiveness of approval of transaction by the Commonwealth court having jurisdiction, together with such supporting documentation as Bear Stearns may reasonably request from time to time
- Bear Stearns' security interest in shares perfected and amounts payable under loan having administrative priority
- No litigation underway or threatened opposing the transaction

Interest: Fed Funds plus the Spread (Actual/360), compounded daily and charged monthly

Spread: 100 basis points

Security: The loan will be secured by 7,840,880 shares of Symbol Technologies. In the event that, due to declines in value of the Symbol shares, the Company would otherwise be required to repay the loan, it may instead post additional collateral in form and amount acceptable to Bear Stearns

Loan-to-Value Ratio: The ratio of the total amount outstanding in respect of the loan (principal balance, accrued interest, accrued fees) to the current market value of the shares of Symbol Technologies (and, is applicable, any other collateral) posted as collateral for the loan.

Maintenance of Loan-to-Value Ratio: If the Loan-to-Value ratio increases to 50% or above, the Company will be required to either post additional shares of Symbol Technologies as collateral (up to the maximum specified above) and/or to pay down the loan such that the Loan-to-Value Ratio is less than 50%.

Priority: For purposes of any insolvency proceeding involving the Borrower (whether a liquidation or rehabilitation), Bear Stearns shall be deemed a secured creditor, to the extent of the collateral held by it under the secured credit facility, and shall have the right to liquidate the collateral, without further order of the Commonwealth Court, and apply the proceeds to the payment of any amounts owed and not timely repaid by the Borrower under the facility."

For purposes of any rehabilitation or liquidation proceeding involving the Borrower, the secured credit facility shall treated as a post-petition transaction, all amounts owed to Bear Stearns thereunder shall be classified as costs and expenses of administration pursuant to 40 P.S. § 221.44 (a), and the Rehabilitator (or Liquidator, as applicable) shall not propose, agree to or otherwise support any plan or arrangement that would provide for less than payment in full of all amounts due Bear Stearns under the secured credit facility.

Documentation: Bear Stearns Customer Agreement with a supplemental letter agreement

agreement

Additional Terms: This termsheet only provides a summary of the principal economic terms of the proposes structure. Full agreements containing appropriate representations, warranties, covenants and conditions would be negotiated between the parties.