

DEUTSCHE RÜCK UK
REINSURANCE COMPANY LIMITED

TELEPHONE:
0207 621 6333

HOLLAND HOUSE, 1-4 BURY STREET
LONDON EC3A 5AW

FACSIMILE:
020 7621 6344

11th February 2008

Dear Sir/Madam

PROPOSED SCHEME OF ARRANGEMENT FOR DEUTSCHE RÜCK UK REINSURANCE COMPANY LIMITED

Why have you received this letter?

Following the notification of a transfer of reinsurance business sent to you and dated 2 November 2007, we are writing to you because we believe that you or those you represent could be affected by a scheme of arrangement which is being considered in order to finalise the liabilities of Deutsche Rück UK Reinsurance Company Limited ("**DRUK**").

This scheme of arrangement, if implemented, will result in a valuation and final payment to you in respect of any and all claims arising under your reinsurance contracts with Deutsche Rück.

We are writing to you to:

- give you early notice about the proposed scheme;
- establish a dialogue with you and ensure we have your correct contact details;
- suggest actions which you may wish to consider taking at this stage.

Background information regarding DRUK

DRUK is authorised by the FSA to effect and carry on reinsurance business. The business originally written by DRUK consists of reinsurance of largely UK and European cedants, which was written by DRUK in London (the "**Original Business**"). The company ceased writing new business after 1992, when it entered run-off.

DRUK's parent company is Deutsche Rückversicherung AG ("**DRAG**"), domiciled in Germany and regulated by BaFin. In October 2007, pursuant to a transfer approved by BaFin, DRUK assumed two blocks of discontinued reinsurance business from DRAG (both of which were unrelated to DRAG's core business of providing reinsurance to the German Provinzial insurance companies).

The blocks of business transferred to DRUK (the "**Transferred Business**") consist of the following:

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1. DRAG's participation in the Inter Community ("**ICRA**") pool which has been in run-off since 1980. DRAG was one of the lead pool members in ICRA and has custody in London of the original records. The ICRA business consists of UK and international reinsurance, with the majority being accepted through London market brokers. The business was written by ICRA in the Netherlands.
2. DRAG's discontinued reinsurance business (underwritten for cedants unrelated to DRAG's core cedants, the German Provinzial insurance companies), which has been in run-off since 1993. This business consists of UK and international reinsurance underwritten either through brokers or directly. This business was written by DRAG from its head office in Germany.

Prior to the transfer, Chiltington International Limited ("**Chiltington**") managed both DRUK and the ICRA portfolio in London. Following the transfer Chiltington has continued to manage DRUK, including all of the Transferred Business.

DRUK now intends to propose a scheme of arrangement pursuant to section 425 of the Companies Act 1985, in relation to both the Original Business and the Transferred Business (collectively the "**Scheme Business**").

Brief outline of purpose and effect of Scheme

If DRUK goes ahead with the scheme proposal, and it is approved by the relevant majorities of creditors and sanctioned by the court, it would become binding on DRUK and all creditors with claims against DRUK in respect of the Scheme Business ("**Scheme Creditors**"). The purpose of the scheme would be to finalise all DRUK's liabilities in respect of the Scheme Business and make payments to Scheme Creditors in a shorter time frame than would be possible if the Scheme Business were left to run-off in the normal course.

The scheme would establish a mechanism to agree the value of each Scheme Creditor's claim in respect of the Scheme Business, including agreeing an estimated value for any outstanding or incurred but not reported claims. The scheme would include procedures for adjudication of claims where agreement could not be reached between DRUK and the relevant Scheme Creditor. Following the application of set-off to agreed or adjudicated claim values, this would result in each Scheme Creditor's net claim against DRUK (or net debt, if the amount is a negative value) in respect of the Scheme Business being determined under the scheme. Each net claim determined pursuant to the scheme procedures would be binding on DRUK and the relevant Scheme Creditor, and the Scheme Creditor would then receive payment in full, subject to a possible time value discount from DRUK in respect of its net claim.

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Suggested Actions

Our records suggest that you or those that you represent may have a claim against DRUK in respect of the Scheme Business.

Please take this early opportunity to identify Scheme Business from your records. You are invited to commence the process of policy review and reconciliation with Chiltington from now onwards.

If we have used an incomplete or incorrect address on this letter, or if you would like us to correspond with someone else in your organisation about DRUK, please inform Chiltington, who will amend DRUK's records accordingly. If you would like us to communicate with you by e-mail in future, please provide Chiltington with the appropriate e-mail address.

If you require any further information regarding your reinsurance policies or contracts with DRUK, or regarding the proposed Scheme, or if you have any concerns about the proposed Scheme, please contact:

Chiltington International Limited

Holland House
1-4 Bury Street
London EC3A 5AW
England

Attention: Alec MacMillan

Fax: (44) (0) 207 621 6344

Email: druk@chiltington.co.uk

If you know of any others who may be affected by the DRUK scheme and believe that they may not have received this letter, please let Chiltington know so that we can send a copy to them and add them to our mailing list as appropriate.

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Once we have taken the final decision to begin the formal process of proposing a scheme, a letter will be sent outlining the scheme proposal and detailing the proposed classes for voting purposes.

Yours faithfully

For and on behalf of

Deutsche Rück UK Insurance Company Limited



Ian Marshall

Chiltington International Ltd

Company Secretary and Manager