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Further copies of this document and other related documentation can be obtained from the proposed Scheme Manager, Chilton International Limited, whose contact details are on page iv.

**PROPOSAL IN RELATION TO A  
SCHEME OF ARRANGEMENT  
PURSUANT TO PART 26 OF THE COMPANIES ACT 2006  
BETWEEN  
**DEUTSCHE RÜCK UK REINSURANCE COMPANY  
LIMITED**  
(incorporated and registered in England and Wales with number 00995292)  
AND ITS  
**SCHEME CREDITORS**  
(AS DEFINED IN THE SCHEME)**

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**For details of the business included in the Scheme and the company names under which the business included in the Scheme was written, please see Appendix A to the Scheme at pages 103 to 104, the description at page 9 of the Explanatory Statement and the Website at [www.deutscherueckuk.com](http://www.deutscherueckuk.com).**

**Scheme Website : [www.deutscherueckuk.com](http://www.deutscherueckuk.com)**

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## IMPORTANT NOTICE TO SCHEME CREDITORS

This document has been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 between Deutsche Rück UK Reinsurance Company Limited ("**Deutsche Rück**") and its Scheme Creditors (as defined in the Scheme of Arrangement) (the "**Scheme**").

**Part I of this document is the Explanatory Statement which contains a summary of the main provisions of the Scheme. Part II contains the Scheme.**

Unless otherwise indicated, the statements, opinions and information contained in this document are made, held or given respectively as at the date of this document and reflect the circumstances existing and the information of which Deutsche Rück was aware at that time.

The summary of the principal provisions of the Scheme and related matters in the Explanatory Statement is qualified in its entirety by reference to the Scheme itself, the full text of which is set out at pages 47 to 134 of this document. Each Scheme Creditor is advised to read and consider carefully the text of the Explanatory Statement and the Scheme. Reading individual sections in isolation may be misleading. In the event of any conflict between the terms of the Explanatory Statement and the terms of the Scheme, the terms of the Scheme will prevail.

Nothing contained in this document shall constitute any admission of fact or liability on the part of Deutsche Rück or any person with respect to any right or asset to which it may be entitled or any claim against it. No estimate of the amount of any claim against Deutsche Rück provided to it or taken into account for the purposes of voting on the Scheme shall be binding on Deutsche Rück or any other party for the purposes of the Scheme or for any other purpose.

No person has been authorised by Deutsche Rück to make any representations concerning the Scheme which are inconsistent with the statements contained herein and, if made, such representations may not be relied upon as having been so authorised.

None of the contents of this document are intended to constitute legal, tax or financial advice to Scheme Creditors. Scheme Creditors should take advice from their own professional advisers before taking any action in connection with the Scheme.

**The same defined terms have been used in both the Scheme and the Explanatory Statement. These terms begin with a capital letter. A list of those defined terms is shown on pages 49 to 55.**

## KEY DATES

Court hearing to seek permission to convene a Meeting of Scheme Creditors to vote on the Scheme	12 February 2009
Voting and Proxy Forms to be returned by 5pm London time	8 May 2009
Meeting of Scheme Creditors in London	18 May 2009
Court hearing in London to sanction the Scheme *	16 June 2009
Effective Date of the Scheme *	17 June 2009
Claims Submission Date, the date by which Scheme Claims must be submitted *	16 December 2009

\* The date of the Court hearing to sanction the Scheme has not yet been settled, although it is expected to take place on the date indicated. If this date changes, the Effective Date and the other dates following the Effective Date set out above will be affected.

## CONTACT DETAILS

**Website:**  
[www.deutscherueckuk.com](http://www.deutscherueckuk.com)

**Scheme e-mail address:**  
[druk@chiltington.co.uk](mailto:druk@chiltington.co.uk)

<b>Scheme Manager</b>	<b>Scheme Advisers</b>
<p><b>Chiltington International Limited</b> Holland House 1-4 Bury Street London EC3A 5AW United Kingdom</p> <p>Tel: +44 (0)20 7621 6354 Fax: +44 (0)20 7621 6344 E-mail: <a href="mailto:druk@chiltington.co.uk">druk@chiltington.co.uk</a> Contacts: David Burns and Alec MacMillan</p>	<p><b>John Wardrop and Mike Walker</b> KPMG LLP 8 Salisbury Square London EC4Y 8BB United Kingdom</p> <p>Tel: +44 (0)20 7694 1856 Fax: +44 (0)20 7694 3126 E-mail: <a href="mailto:james.bolton@kpmg.co.uk">james.bolton@kpmg.co.uk</a> Contact: James Bolton</p>
<b>Scheme Adjudicator</b>	<b>UK Legal Advisers</b>
<p><b>George Maher</b> Tillinghast 71 High Holborn London WC1V 6TH United Kingdom</p> <p>Tel: +44 (0)20 7170 2000 Fax: +44 (0)20 7170 2265 E-mail: <a href="mailto:george.maher@towersperrin.com">george.maher@towersperrin.com</a> Contract: George Maher</p>	<p><b>Sidley Austin LLP</b> Woolgate Exchange 25 Basinghall Street London EC2V 5HA United Kingdom</p> <p>Tel: +44 20 7360 2580 Fax: +44 207 626 7937 E-mail: <a href="mailto:nmontgomery@sidley.com">nmontgomery@sidley.com</a> Contact: Nigel Montgomery</p>

# **PART I: EXPLANATORY STATEMENT**

(in compliance with Section 897 of the Companies Act 2006)

for the

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**DEUTSCHE RÜCK UK REINSURANCE COMPANY**

**AND ITS**

**SCHEME CREDITORS**

(as defined in the Scheme)

**For details of the business included in the Scheme and the company names under which the business included in the Scheme was written, please see Appendix A to the Scheme at pages 103 to 104, the description at page 9 of the Explanatory Statement, and the Website at [www.deutscherueckuk.com](http://www.deutscherueckuk.com).**

## SECTION 1: LETTER TO SCHEME CREDITORS

FROM

### DEUTSCHE RÜCK UK REINSURANCE COMPANY

(incorporated and registered in England and Wales with number 00995292)

19<sup>th</sup> March 2009

To all Scheme Creditors

#### Introduction

Deutsche Rück is proposing a solvent scheme of arrangement pursuant to Part 26 of the Companies Act 2006 of England and Wales (the "**Scheme**") in order to finalise the run-off of its scheme business.

Deutsche Rück considers that it is in its interests, and in the interests of Scheme Creditors, to try to finalise the liabilities arising out of the business subject to the Scheme in a much shorter time frame than would be possible in a normal run-off.

We believe that you or someone you represent is or may be a Scheme Creditor of Deutsche Rück and is accordingly entitled to vote on the Scheme at the forthcoming meeting of Scheme Creditors (the "**Meeting**") when the Scheme proposals will be formally submitted to Scheme Creditors for their approval. Notice of the Meeting is set out on pages 44 to 46. The Meeting is scheduled to take place on 18 May 2009 at the offices of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom at 11.00 am London time. Having regard to all of the circumstances, including the business to which the Scheme relates, and noting in particular, that it is reinsurance business only, it is considered that the rights of Scheme Creditors are not so dissimilar that they would be unable to consult together in their common interest as a single class. Deutsche Rück is therefore convening a single meeting of Scheme Creditors to vote on the Scheme.

This letter, and the Explanatory Statement of which it forms part, contains background information in relation to Deutsche Rück and the business to be included in the Scheme. It also contains a summary of the terms of the Scheme and an explanation of why it has been proposed.

The Scheme itself is set out in full on pages 47 to 134 of this document. Unless otherwise indicated, capitalised terms defined in the Scheme have the same meaning when used in this letter and the Explanatory Statement. **Please note that the Explanatory Statement is intended merely as a guide and should not be relied on in place of reading the Scheme itself.**

### **What is a scheme of arrangement?**

A scheme of arrangement, such as that proposed here, is a compromise or arrangement between a company and its creditors (or any class of them). It is governed by Part 26 of the Companies Act 2006 which provides that a scheme does not become legally binding on a company and its creditors (or any class of them), until:

- a majority in number representing not less than 75% in value of creditors (or any class of them), present and voting in person or by proxy, vote in favour of the Scheme at a meeting convened with the permission of the court;
- the court subsequently makes an order sanctioning the scheme; and
- a copy of the sanction order is delivered to the Registrar of Companies in England and Wales.

Once Deutsche Rück's Scheme becomes effective, it will bind Deutsche Rück's Scheme Creditors irrespective of whether and how they voted at the Meeting.

### **Business included in the Scheme**

The Scheme is proposed between Deutsche Rück and its Scheme Creditors. A "**Scheme Creditor**" is, broadly, any creditor of Deutsche Rück in respect of any Liability arising out of a Scheme Reinsurance Contract as at the Effective Date. "**Scheme Reinsurance Contracts**" are the contracts or policies of reinsurance or retrocession written by Deutsche Rück and those it assumed by portfolio transfer as described in Appendix A of the Scheme at pages 103 to 104 of this document. These transferred reinsurance contracts are listed on the Website at [www.deutscherueckuk.com](http://www.deutscherueckuk.com).

## Key features of the Scheme

Deutsche Rück considers that the following key features of the Scheme are among those which Scheme Creditors should take into account:

- **Early payment:** The Scheme should enable Scheme Creditors to receive payment of their Net Ascertained Claims earlier than if their claims arose and were paid in the normal course of the run-off;
- **Finality:** The Scheme should enable Scheme Creditors to achieve certainty and finality with respect to the business included in the Scheme;
- **Administrative cost savings:** Payment in full through the estimation process would allow Scheme Creditors to avoid incurring future costs involved in processing and submitting claims against Deutsche Rück in the normal course;
- **Payment of Unpaid Agreed Claims:** Irrespective of whether a Claim Form is submitted, Deutsche Rück will pay Unpaid Agreed Claims listed by the Scheme Manager on a Claim Form. **Scheme Creditors will not be required to submit a Claim Form if only claiming in respect of Unpaid Agreed Claims listed by the Scheme Manager on the Claim Form;**
- **No requirement to file claim at selected ascertainment date:** The date on which claims are valued in schemes of arrangement of the type contemplated here may be selected by the company proposing the scheme. This date is sometimes known as the "ascertainment date". However, the Deutsche Rück Scheme does not specify any such ascertainment date. Instead, Scheme Creditors are free to select the most appropriate recent date up to which they have current claim records and which is convenient for them in order to calculate their Scheme Claim, rather than working with a date selected by Deutsche Rück. Scheme Claims may be updated up to the Claims Submission Date - see clause 2.3.1.2 and below;
- **Claims Submission Date:** The Scheme provides that Scheme Creditors are required to make claims submissions and provide supporting documentation within the claim submission period of 182 days following the Effective Date of the Scheme. The Claims Submission Date is critical to the process of valuing and paying Scheme

Claims. The Claims Submission Date does not extinguish the right to receive payment of Unpaid Agreed Claims but failure to submit any other Scheme Claims by that date would have the consequence that their value would be extinguished;

- **Incentive to Scheme Creditors:** Scheme Claims in respect of outstanding claims and IBNR claims will be discounted to reflect the time value of money. However, in order to provide an additional sum to Scheme Creditors, the interest rates used to calculate this net present value will be calculated from the risk free interest rates. The discount rates will be calculated by reducing these rates by 1.5% (subject to the resultant discount rate being at least 1%). The interest rates will be derived from Bloomberg zero coupon yield curves for Pounds Sterling, US Dollars and the Euro. In addition, non APH claims which have an actual mean payment period greater than four years will nevertheless be discounted over the mean four year period. Both these factors will have the effect of paying Scheme Creditors a sum additional to the economic value of their Scheme Claims;
- **Estimation:** A flexible methodology for the valuation of claims has been designed (the "**Claims Valuation Methodology**"). The Scheme Manager will endeavour to agree Scheme Claims with Scheme Creditors. Failing such agreement, Scheme Creditors may appeal to the independent Scheme Adjudicator. Some Scheme Creditors will receive a different amount in respect of their Scheme Claims for outstanding and IBNR amounts than would have been the case had Deutsche Rück continued a normal course run-off of the business included in the Scheme. That different sum may be more, or less than the amounts which they would otherwise receive in the fullness of time in respect of their current outstanding and/or IBNR claims;
- **Stay of Proceedings:** The Scheme prohibits Proceedings to establish the existence or amount of a Scheme Claim and Scheme Creditors are subject to the processes set out in the Scheme for determining the value of Scheme Claims. However, the Scheme does not prevent a Scheme Creditor from taking Proceedings during the Scheme period where Deutsche Rück has failed to perform its obligations to make a payment to a Scheme Creditor under the Scheme;

- **Letters of Credit and Security:** The Scheme does not affect a Scheme Creditor's rights to enforce any Letter of Credit or Security provided it is done in accordance with the terms on which the Letter of Credit or Security was established.

## **The Meeting**

A notice of the Meeting to be held on 18 May 2009 is included on pages 44 to 46 of this document. All Scheme Creditors are entitled to attend and vote at the Meeting and may attend the Meeting in person (or, if a corporation, by a duly authorised representative) or may vote by proxy. Appointment of a proxy holder will not prevent any Scheme Creditor from attending and voting in person should they wish to do so.

Together with this document, Scheme Creditors have been sent a Voting and Proxy Form to be used for voting at the Meeting, which has been pre-populated with details of Scheme Reinsurance Contracts which, in the reasonable opinion of the Scheme Manager might give rise to a Scheme Claim, and any Unpaid Agreed Claims in relation to such Scheme Reinsurance Contracts. Whether or not Scheme Creditors intend to be present in person at the Meeting, they are requested to complete and sign the Voting and Proxy Form in accordance with the accompanying guidance notes. All Voting and Proxy Forms must be completed in English.

**Completed Voting and Proxy Forms should be returned as soon as possible, and in any event, so that they are received by 5pm London time on 8 May 2009 by the proposed Scheme Manager, Chilton International Limited, Holland House, 1-4 Bury Street, London EC3A 5AW, United Kingdom, marked for the attention of David Burns. Alternatively, Scheme Creditors may also send their completed Forms by facsimile to +44(0)20 7621 6344 or by e-mail to [druk@chilton.co.uk](mailto:druk@chilton.co.uk) by 5pm London time on 8 May 2009, provided that they are legible. Voting and Proxy Forms may also be handed in at the registration desk prior to the commencement of the Meeting on 18 May 2009.**

The Chairman will consider completed Voting and Proxy Forms in order to determine the value of each Scheme Creditor's vote at the Meeting. Set-off will be applied in respect of, and only in respect of amounts which are established as being due from Scheme Creditors to Deutsche Rück at the date of the Meeting. The Chairman has absolute discretion and the power to reject a vote or determine what he considers to be a fair and reasonable assessment of the Scheme Creditor's vote value.

If the Chairman, with the assistance of the proposed Scheme Manager, is unable to agree the value of the Scheme Creditor's vote with the Scheme Creditor, there will be power for the vote to be referred to the Vote Assessor (who is the proposed Scheme Adjudicator) to provide an independent assessment of the vote value. The Vote Assessor will not be advised by the Chairman as to whether the vote being assessed is for or against the Scheme. Guidance as to the type of supporting information that may be suitable can be found in the Claims Valuation Methodology at Appendix B of the Scheme.

The Chairman may accept or reject the Vote Assessor's vote valuation or assess a different value for the Scheme Creditor's vote.

Where a vote is rejected or valued at a different amount than originally asserted, the Scheme Creditor will be notified of this decision by the Chairman as soon as possible, and, in any event, prior to the court hearing to sanction the Scheme. This rejection or revision of the Scheme Creditor's vote value will be reported to the Court at the sanction hearing.

The amount of a Scheme Claim admitted for voting purposes will not constitute an admission of the existence or amount of any liability in the event that the Scheme becomes effective.

A sample Voting and Proxy Form is at Schedule I, at pages 24 to 37.

Each Scheme Creditor will be notified of the value attributed to their vote by the Chairman as soon as possible, and in any event prior to the Court hearing to sanction the Scheme.

Estimates of Scheme Claims provided on Voting and Proxy Forms or admitted for voting purposes will not be used for the purpose of establishing or settling Scheme Claims under the Scheme. The amount of a Scheme Claim admitted for voting purposes will not constitute an admission of the existence or amount of any liability of Deutsche Rück by the Scheme Manager, Deutsche Rück, the Scheme Creditor, the Scheme Adjudicator or the Scheme Advisers.

As Scheme Claims are denominated in various currencies, any Scheme Claims which are not denominated in Pounds Sterling will be converted into Pounds Sterling for the purpose of vote valuation at the Meeting. The conversion rate used will be the relevant closing mid-market rate of exchange on 8 May 2009, as published in the Financial Times or, if no such rate is published at such rate as may reasonably be selected by the Chairman.

**If you have any questions concerning the action you are required to take, please contact Chilton International Limited, the proposed Scheme Manager whose contact details are at page iii of this document.**

**Recommendation**

Deutsche Rück would urge Scheme Creditors to read the Scheme and supporting information contained in this document carefully. All Scheme Creditors are encouraged to vote in favour of the proposed Scheme.

Yours faithfully,



**J Rehmann**

**Director**

**Deutsche Rück UK Reinsurance Company**

## **SECTION 2: BACKGROUND TO AND BUSINESS INCLUDED IN THE SCHEME**

### **1. COMPANY HISTORY**

Deutsche Rück was incorporated in November 1970 as the Doric Reinsurance Company Limited. It changed its name to its present style with effect from 15 November 1983. On 13 July 1993, Deutsche Rück ceased underwriting new business and entered run-off. Deutsche Rück focuses solely on the run-off of its reinsurance business.

In 2007, Deutsche Rück accepted a transfer of two portfolios of assumed reinsurance business from its parent company in Germany, Deutsche Rückversicherung Aktiengesellschaft ("**DRAG**"). Deutsche Rück is a wholly owned subsidiary of DRAG. This transfer was made following approval in October 2007 by DRAG's regulator in Germany, BaFin. The business was transferred in accordance with the German Insurance Supervisory Act. The business transferred is also being run-off. **A list of the policies transferred by DRAG to Deutsche Rück is contained on the Website at [www.deutscherueckuk.com](http://www.deutscherueckuk.com).**

### **2. BUSINESS INCLUDED IN THE SCHEME**

The Scheme applies to all business written or assumed by Deutsche Rück as described at Appendix A. The business is all reinsurance business and includes all the reinsurance business transferred to Deutsche Rück in 2007 by DRAG as detailed in Appendix A.

### **3. BUSINESS EXCLUDED FROM THE SCHEME**

Any Deutsche Rück liability in respect of UK compulsory insurance, such as employers' liability is excluded from the Scheme. The directors of Deutsche Rück do not believe that Deutsche Rück wrote any UK compulsory insurance.

Appendix A to the Scheme gives further details of the business included in and excluded from the Scheme.

## **SECTION 3: SUMMARY OF THE TERMS OF THE SCHEME**

The Scheme is set out in full in Part II of this document at pages 47 to 134. Its key features are explained below. Defined terms used herein are the same as those used in the Scheme and are set out on pages 49 to 55 of this document.

### **1. APPLICATION OF THE SCHEME**

The Scheme will apply to all Liabilities arising out of Scheme Reinsurance Contracts, as described in Appendix A to the Scheme at pages 103 to 104.

The Scheme will not apply to any Deutsche Rück liability in respect of UK compulsory insurance.

### **2. DISTRIBUTION AND COMPLETION OF CLAIM FORMS**

As soon as reasonably practicable and, in any event, within 21 days of the Effective Date, the Scheme Manager will send notices by Post or e-mail advising that the Scheme is effective and distribute Claim Forms to all Scheme Creditors of whom it is aware and for which it has a current contact address. The Claim Form, together with the Scheme Document, will also be available to download from the Website. On each Claim Form, the Scheme Manager will include details of each known Scheme Reinsurance Contract which, in the Scheme Manager's reasonable opinion, may give rise to the Scheme Creditor having a Scheme Claim, together with details of all known Unpaid Agreed Claims of that Scheme Creditor in relation to such Scheme Reinsurance Contracts.

Each Scheme Creditor is requested to complete its Claim Form in accordance with the instructions accompanying the Claim Form and return it so as to reach the Scheme Manager prior to the Claims Submission Date. To the extent that it wishes to assert Scheme Claims in addition to the Unpaid Agreed Claims, each Scheme Creditor must:

- (a) identify each Scheme Reinsurance Contract under or in relation to which its Scheme Claim arises;
- (b) specify the amount of the Scheme Claim arising under or in relation to each Scheme Reinsurance Contract;

- (c) provide, if requested, appropriate supporting information and documentation for each Scheme Claim (see page 12 of the Explanatory Statement); and
- (d) follow all instructions on the Claim Form.

Where Scheme Creditors submit estimates in relation to future or contingent amounts they need to provide full details of the basis of the calculation, together with, if requested, documentary evidence to support the reasonableness of the claim. The Claims Valuation Methodology at Appendix B to the Scheme includes general guidance on the evidence that Scheme Creditors should provide to support such Scheme Claims.

Scheme Creditors should note that any estimates of the value of their Scheme Claim made on a Claim Form may not be protected by privilege under English law and may be discoverable at the instigation of a third party with a claim against the Scheme Creditor in any action or Proceedings to which the Scheme Creditor may be party. Scheme Creditors should consult their own professional advisers as to the consequences of furnishing such particulars in the event that they are, or may become, involved in any litigation with third parties.

**The Claims Submission Date, the last date by which Claim Forms (and supporting evidence) may be submitted, will be 5pm London time in England, on the first Business Day falling 182 days after (and not including) the Effective Date.**

Each Scheme Creditor will be entitled to submit further or revised data on its Claim Form and to provide revised or further information to the Scheme Manager in respect of its Scheme Claims at any time prior to the Claims Submission Date. In the event that a Scheme Creditor submits more than one Claim Form in relation to the same Scheme Claim, the last to be received by the Scheme Manager prior to the Claims Submission Date will prevail. No Scheme Creditor will have any right after the Claims Submission Date to submit a new or revised Claim Form or to provide revised or further information in respect of a Scheme Claim except in response to a request from the Scheme Manager or the Scheme Adjudicator. Neither the Scheme Manager nor the Scheme Adjudicator will be obliged to have regard to, or take account of any information relating to Scheme Claims supplied by Scheme Creditors after the Claims

Submission Date, other than information supplied in response to a request by the Scheme Manager or Scheme Adjudicator. If supporting evidence requested by the Scheme Manager or Scheme Adjudicator is not provided within the time periods stipulated, they shall be entitled to disregard such supporting evidence provided after the relevant deadline for the provision of such evidence.

Unpaid Agreed Claims included on a Scheme Creditor's Claim Form by the Scheme Manager will be deemed to have been submitted in accordance with the Scheme whether or not the Scheme Creditor actually submits a Claim Form in relation to such claims. A Scheme Creditor will receive payment of such Unpaid Agreed Claims within 28 days of the Effective Date provided that the Scheme Manager does not believe that there is likely to be any amount to be applied in offset. This will apply even if the Scheme Creditor does not complete and return a Claim Form in respect of such Unpaid Agreed Claim.

Claim Forms must be submitted in the currency of the original contract. A Scheme Creditor may elect on its Claim Form for its Net Ascertained Claim or Net Debt to be denominated and paid in a single Scheme Currency.

### **3. SUPPORTING EVIDENCE**

Each Scheme Creditor which wishes to assert Scheme Claims in addition to Unpaid Agreed Claims must, if required, provide evidence to support such Scheme Claims to enable the Scheme Manager (in liaison with the Scheme Creditor) to agree the claim.

Failure to provide requested supporting evidence may result in the Scheme Creditor's Scheme Claim being rejected or valued at a lower amount by the Scheme Manager or Scheme Adjudicator.

#### 4. **DETERMINATION OF SCHEME CLAIMS**

Scheme Creditors are not obliged to use the Claims Valuation Methodology when estimating their future and contingent claims on their Claim Form if they believe that they have a methodology for making such estimates that is more accurate. The Claims Valuation Methodology provides that the method used by the Scheme Creditor in whole or part may be adopted if that method is to be more appropriate to the Scheme Creditor's circumstances than the methods set out in the Claims Valuation Methodology.

The Scheme Manager will endeavour to agree and establish all notified Scheme Claims within 180 days of the Claims Submission Date. If a Scheme Claim cannot be agreed within this period, the Scheme Manager will advise the Scheme Creditor of the value which it is prepared to accept. If the Scheme Creditor does not agree with the value advised by the Scheme Manager, it may request the valuation of its Scheme Claim to be referred to the Scheme Adjudicator as a Disputed Claim. If the Scheme Creditor does not make such a request within 42 days of receipt of the Scheme Manager's notification, the value advised by the Scheme Manager will constitute the Scheme Creditor's Determined Claim.

#### 5. **ADJUDICATION PROCEDURE**

The Scheme Adjudicator will adjudicate upon and finally determine any Disputed Claims referred to him within 63 days from the later of: (i) the date on which he received notice of such Disputed Claim by the Scheme Manager; or (ii) the expiry of the time period within which he has requested that the Scheme Manager, Scheme Advisers, Deutsche Rück and/or a Scheme Creditor provide him with further supporting evidence.

The valuation of a Scheme Claim by the Scheme Manager and/or Scheme Adjudicator will not result in its value exceeding the aggregate amount asserted in relation to it by the Scheme Creditor in its Claim Form.

Where the Claims Valuation Methodology has been applied in whole or in part by the Scheme Manager in relation to the Disputed Claim, the Scheme Adjudicator will determine whether the Claims Valuation Methodology was applied in accordance

with its terms and, if it was not so applied, amend the valuation to the amount which would derive from the proper application thereof.

Where a Disputed Claim falls, in whole or part, within the Claims Valuation Methodology or requires actuarial input, then to the extent that it has not already been applied, the Scheme Adjudicator will apply the Claims Valuation Methodology to that Disputed Claim.

The Scheme Adjudicator's determination will, in the absence of Manifest Error, be final and binding on Deutsche Rück, the Scheme Manager and the Scheme Creditor insofar as the law allows. A Manifest Error is a clear typographical or mathematical error which is either apparent on the face of the document concerned or by reference to the information which has been or should have been inserted in the document concerned and has been incorrectly transcribed.

The Scheme Adjudicator may direct that any or all of his remuneration, costs and expenses (including the costs and fees of any experts and advisers consulted by him in connection with the Disputed Claim) be paid by Deutsche Rück or by the relevant Scheme Creditor. **In the absence of reasonable mitigating circumstances, the Scheme Adjudicator may direct that his remuneration, costs and expenses be paid by Deutsche Rück in consequence of any unreasonable failure by it to submit adequate supporting information pursuant to a request by the Scheme Adjudicator or by the Scheme Creditor in respect of whose Scheme Claim the dispute has arisen if that Scheme Creditor has unreasonably failed to submit adequate supporting evidence or produced material evidence which should reasonably have been provided with the Claim Form or pursuant to a request by the Scheme Manager.** If he makes no order for payment either by Deutsche Rück or the Scheme Creditor, Deutsche Rück and the Scheme Creditor will each be responsible for paying half of the remuneration and reasonable expenses of the Scheme Adjudicator.

## 6. VALUATION STATEMENTS

The Valuation Statement will be sent to each Scheme Creditor after the agreement or Adjudication of that Scheme Creditor's Scheme Claim and will set out:

- (a) the total of a Scheme Creditor's Determined Claims;
- (b) the amount of adjustments reflecting payments by or to Deutsche Rück or transactions effecting netting off or set-off in respect of a Scheme Creditor's Determined Claims and/or Scheme Debts prior to the date of the Valuation Statement;
- (c) the amount of any Scheme Debt owed by the Scheme Creditor to Deutsche Rück;
- (d) any part of a Scheme Claim that has been, or is to be, satisfied by drawdown of Security or Letter of Credit, and the amount of any Security or Letter of Credit to be deducted from the total Determined Claim. Scheme Creditors may therefore call on, or draw down, the requisite amount from the Security or Letter of Credit in respect of their Determined Claims and it will be assumed that they will do so;
- (e) any deductions in respect of the Scheme Adjudicator's costs;
- (f) amounts treated as having been obtained by a Scheme Creditor in breach of the Scheme;
- (g) any adjustments required to provide a net present value discount pursuant to the Claims Valuation Methodology, to reflect the time value of money between the last Business day of the month preceding the date of the Valuation Statement and the anticipated date of payment of the Scheme Claim in the normal course of business. The relevant discounting provisions are set out at Section 6 of the Claims Valuation Methodology at Appendix B.
- (h) withholding tax, if applicable; and
- (i) any other amounts in relation to Scheme Claims or Scheme Debts that ought in the opinion of the Scheme Manager to be taken into account for the purpose

of calculating the Scheme Creditor's Net Ascertained Claim or the Scheme Creditor's Net Debt, as the case may be.

The amount shown on a Valuation Statement after the adjustments described above is the Scheme Creditor's "**Net Ascertained Claim**" (or "**Net Debt**" if it is an amount due to Deutsche Rück). A Valuation Statement becomes binding upon the Scheme Creditor unless disputed by notice in writing received by the Scheme Manager within 42 days of the date of the Valuation Statement. A Valuation Statement can only be disputed as regards Determined Claim values on the basis of Manifest Error. Calculations or amounts which the Scheme Creditor may not have seen before, such as Scheme Debts, discounting, the application of set-off and withholding tax, can be disputed on substantive grounds as well as grounds of Manifest Error. A Scheme Creditor may dispute the calculation of the reinsurance recovery offset, for instance, in terms of issues relating to the coverage of claims and the application of limits, retentions and signed lines under the contracts reinsuring Deutsche Rück. However, it cannot dispute the principle that claims valued through the Scheme are recoverable by offset under the reinsurance programme, or the amount of the valued claims used to calculate the reinsurance recoverables once the process for issuing the Valuation Statement is completed. Disputes on substantive grounds concerning the calculation or determination of an amount shown on a Valuation Statement will be referred to the Scheme Adjudicator as Disputed Valuation Claims if they cannot be resolved between the Scheme Manager and Scheme Creditor.

Following resolution of any disputes regarding the Valuation Statement, the Scheme Manager will issue a revised Valuation Statement. A Valuation Statement or revised Valuation Statement becomes final and binding on Deutsche Rück and the Scheme Creditor on the earlier of: (i) the date upon which the Scheme Manager receives a copy of the Valuation Statement signed by the relevant Scheme Creditor to confirm that it accepts that the Valuation Statement has become final and binding; or (ii) the date falling 43 days after the date of the Valuation Statement.

## 7. **PAYMENT**

The Scheme Manager will procure that payment be made to each Scheme Creditor in the amount of its Net Ascertained Claim within 28 days of that Scheme Creditor's Valuation Statement becoming final and binding.

Payment will be made in the currency or currencies in which the Valuation Statement is denominated.

Payment by Deutsche Rück in respect of any Net Ascertained Claim will be in full and final settlement of such Net Ascertained Claim and Deutsche Rück will have no further liability to the Scheme Creditor in respect of business covered by the Scheme.

## 8. **STAY OF PROCEEDINGS**

The Scheme will operate to prevent the commencement or continuation of all Proceedings against Deutsche Rück or its Property or against the Scheme Manager for the purpose of obtaining payment or establishing the existence or amount of any Scheme Claim. The Scheme also prevents any Scheme Creditor from taking or continuing Proceedings against the Scheme Manager, Scheme Advisers or Scheme Adjudicator in connection with their duties and obligations under the Scheme.

However, the Scheme permits Scheme Creditors to take Proceedings against Deutsche Rück for the purpose of enforcing payment of any Scheme Claim if Deutsche Rück has failed to perform any obligation to make payment to a Scheme Creditor in respect of a Net Ascertained Claim.

## 9. **INTEREST ON SCHEME CLAIMS**

Scheme Creditors will be entitled to receive payment in respect of interest as part of a Scheme Claim where they are entitled to such interest by reason of contract or statute, for a period or periods from the date provided for in such contract or statute until the last Business Day of the month prior to the date of the Valuation Statement. No other claims for interest will be considered or admitted.

## 10. **SECURITY AND LETTERS OF CREDIT**

A Scheme Creditor may obtain payment by means of and in accordance with its Security or Letters of Credit relating to Scheme Reinsurance Contracts at any time, and therefore Scheme Creditors' rights in respect of Security are not altered by the Scheme.

Moreover, in the calculation of a Scheme Creditor's Net Ascertained Claim on a Valuation Statement, it will be assumed that such Scheme Creditor will drawdown any amounts to which it is entitled in respect of its Scheme Claims from Security or Letters of Credit. Accordingly such amounts will not be included in the Scheme Creditor's Net Ascertained Claim and payment of Net Ascertained Claims by Deutsche Rück will be made net of any amounts which the Scheme Creditor is entitled to draw down from Security or Letters of Credit.

The balance remaining of any funds deposited in respect of a Security or Letter of Credit will be released to Deutsche Rück or DRAG, as applicable with the co-operation and assistance of the Scheme Creditor.

## 11. **THIRD PARTY FUNDING**

In respect of claims against Deutsche Rück by brokers or others in respect of amounts paid by them, the Scheme Manager will need to be provided with evidence of a written assignment or other authority (in a form acceptable to the Scheme Manager) to make payment in respect of the relevant Scheme Claim to the broker or other funding party, or be satisfied that any payment was made under pre-existing contractual obligations with Deutsche Rück or at the request of Deutsche Rück.

## 12. **LLOYD'S NAMES AND SYNDICATE SET-OFF**

Although Deutsche Rück does not believe that it has any Lloyd's Syndicates as creditors, the Scheme contains a provision which would allow Deutsche Rück, if it wished, to treat the members of a Lloyd's Syndicate as if they were a single Scheme Creditor of Deutsche Rück.

### 13. **MANAGING GENERAL AGENTS, LINE-SLIP HOLDERS, MANAGERS OF UNDERWRITING POOLS**

Where one entity such as a pool manager, managing agent, line-slip holder or holder of a broker cover authority or binding authority is authorised to act on behalf of a number of Scheme Creditors and asserts Scheme Claims on behalf of more than one Scheme Creditor, the Scheme Manager may require it to allocate Scheme Claims between its principals. As an alternative, the Scheme Manager may treat that entity as if it were the principal creditor or debtor in place of its principals, unless notice is given that the entity has no authority to act on their behalf or that the principal does not wish its payments to be made to the agent. If such entity unreasonably refuses to provide the Scheme Manager with confirmation of the identity of its principal(s), the Scheme Manager will have the discretion as to whether to make payment to such entity. This is because there is a possibility that the undisclosed Scheme Creditor may have submitted a Scheme Claim in its own right. In the event that the Scheme Manager exercises such discretion not to make payment, the relevant monies will be paid to the Charity by the Scheme Manager following the Completion Date and the Scheme Creditor will cease to have any entitlement to them.

### 14. **THE SCHEME MANAGER**

The Scheme Manager will be Chiltington International Limited.

Subject to its terms of engagement, the Scheme Manager will act from the Effective Date until the final implementation of the Scheme and will have power to manage and conduct Deutsche Rück's business and affairs in so far as these relate to the Scheme. In carrying out its duties and functions under the Scheme, the Scheme Manager is required to act in good faith and with due care and diligence.

With the exception of any fees or expenses which might be outstanding at the date of this document (which amounts will be payable in full by Deutsche Rück), Chiltington International Limited is not a creditor, director or shareholder of Deutsche Rück.

## 15. **THE SCHEME ADJUDICATOR**

The first Scheme Adjudicator under the Scheme will be George Maher of Tillinghast. His curriculum vitae is at pages 40 to 41 of this document.

The Scheme Adjudicator will act as independent expert and not as arbitrator and his specific function will be to determine any Disputed Claim or Disputed Valuation Claim that has been referred to him under the Scheme. The Scheme Adjudicator will be entitled to engage such appropriate independent professional advice as he considers necessary.

With the exception of any fees or expenses which might be outstanding at the date of this document (which amounts will be payable in full by Deutsche Rück), the Scheme Adjudicator is not a creditor, shareholder or director of Deutsche Rück. Apart from his involvement relating to his proposed role as Scheme Adjudicator, the Scheme Adjudicator does not currently and has not previously acted for either Deutsche Rück or DRAG.

## 16. **THE SCHEME ADVISERS**

The first Scheme Advisers will be John Mitchell Wardrop and Michael Steven Walker of KPMG LLP. The Scheme Advisers' curriculum vitae are at pages 39 to 40 of this document.

The Scheme Advisers will provide advice to the Scheme Manager and Deutsche Rück to facilitate the carrying out of the Scheme. In carrying out their duties and functions under the Scheme, the Scheme Advisers are required to act in good faith and with due care and diligence.

If a Scheme Creditor has a concern that the Scheme is not being implemented in accordance with its terms by Deutsche Rück and has not been able to satisfactorily resolve this matter with the Scheme Manager, it may give formal notice of its complaint to the Scheme Manager in writing, together with any supporting evidence, with a copy to the Scheme Advisers. Within 21 days of receipt, the Scheme Advisers will review and investigate the complaint, and inform the Scheme Manager as to

whether they believe the complaint is justified or not. This notification will be copied to the Scheme Creditor.

In the event that the Scheme Advisers consider the complaint to be justified, they will also advise Deutsche Rück and the Scheme Manager on how they consider the Scheme should be operated in accordance with its terms, and any steps that should be taken to remedy the situation. Within 14 days of receiving such advice, the Scheme Manager shall be required to produce and send to the relevant Scheme Creditor, Deutsche Rück and the Scheme Advisers a written statement of the actions it has taken in light of the Scheme Advisers' comments.

If the Scheme Manager does not follow the Scheme Advisers' advice, or does not remedy the matter to enable compliance with the Scheme, the Scheme Advisers will send written notice to Deutsche Rück, with a copy to the relevant Scheme Creditor, stating that in their view their Scheme is not being operated in accordance with its terms.

With the exception of any fees or expenses which might be outstanding at the date of this document (which amounts will be payable in full by Deutsche Rück), the Scheme Advisers are not creditors, shareholders or directors of Deutsche Rück.

## 17. **THE BOARD**

Deutsche Rück's Board will continue in office and retain all existing powers. None of the directors has any material interests which will be affected by the Scheme, whether as director, member or creditor of Deutsche Rück or otherwise. The Scheme will not affect the directors' interests in Deutsche Rück and no additional remuneration will be received by them from Deutsche Rück under the terms of the Scheme.

## 18. **EXTENSION OF TIME PERIODS**

The Scheme Manager may, at its absolute discretion at any time prior to completion or termination of the Scheme, extend any unexpired period of time or deadline (other than the Claims Submission Date and the periods of time referred to in clause 2.5) under the Scheme as it relates to a specific Scheme Claim, Scheme Creditor or generally. The Scheme Manager may elect to extend such periods and deadlines

provided that (unless the relevant parties agree a longer period in writing), the extension does not exceed the total of: (i) the duration of the original maximum period of time specified in the Scheme for the taking of the relevant step(s); and (ii) the time, if any, taken to replace a Scheme Adjudicator or Scheme Manager during the relevant period. The Scheme Creditor or Scheme Creditors affected will be notified of any extension. If Scheme Creditors generally are affected, notice will be placed on the Website.

The Scheme Adjudicator may extend any of the time periods relating to Adjudication, subject to the provisions of clause 2.5.2.

## 19. COMPLETION OF THE SCHEME

The Scheme will be completed when the Scheme Manager certifies to Deutsche Rück that the Scheme has been implemented in accordance with its terms. Notice of impending completion will be placed on the Website at least 56 days prior to the proposed Completion Date. A Scheme Creditor may object, prior to that date, by notice to the Scheme Advisers and the Scheme Manager if it believes that the Scheme has not been implemented in accordance with its terms in relation to its Scheme Claims. The Scheme will then be certified complete save in relation to that Scheme Creditor if the Scheme Advisers advise that the complaint is valid. The Scheme Manager will take such action as may be necessary and possible to rectify the matter. Once the Scheme Manager believes that the matter has been rectified, it will notify the Scheme Advisers and, unless the Scheme Advisers disagree within 21 days, a certificate of completion can then be issued in relation to the Scheme Creditor concerned.

**Once the Scheme has been declared complete, Scheme Claims will be deemed to have been paid and Scheme Creditors will have no further rights under the Scheme or in respect of Scheme Claims.**

The Scheme will not be terminated automatically in the event of the insolvency of Deutsche Rück. In such an event, the Board or any liquidator, administrator or provisional liquidator of Deutsche Rück may resolve that the Scheme be terminated.

## 20. **PROHIBITED PAYMENTS**

In some cases Deutsche Rück may be prevented by a law or regulation from making payment to a Scheme Creditor under the Scheme. In such case, Deutsche Rück will deal with the monies owing to such Scheme Creditor ("**Blocked Monies**") in accordance with such law or regulation, or as instructed by the relevant authority. In the absence of any instructions as to how to deal with Blocked Monies, Deutsche Rück will hold them in an account with a United Kingdom clearing bank until it receives instructions from the relevant authority, or it becomes legal to pay the monies to the relevant Scheme Creditor. If neither of these has occurred upon the completion of the Scheme, the Blocked Monies will be paid to the Charity and the relevant Scheme Creditor will have no further claim on Deutsche Rück in respect of such monies.

## 21. **GOVERNING LAW AND JURISDICTION**

The Scheme will be governed by and construed in accordance with the laws of England and Wales. The Court is given exclusive jurisdiction to hear and determine any Proceedings or dispute which may arise out of the Scheme or any associated document or from or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme. The Scheme does not affect, or seek to change, the law governing the underlying Scheme Reinsurance Contract.

## 22. **FEE ARRANGEMENTS**

All fees and expenses of the Scheme Manager, Scheme Advisers, and Scheme Adjudicator are payable by Deutsche Rück. None of these parties has any contingent fee arrangement in connection with the Scheme or its implementation.

The fees of the legal advisers to Deutsche Rück for their work in drafting the Scheme and making the necessary applications to the Court are payable by Deutsche Rück, with no contingent fee arrangement.

**SCHEDULE I**  
**SAMPLE VOTING AND PROXY FORM AND INSTRUCTIONS**

**PART I – PROXY FORM**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**IN THE MATTER OF DEUTSCHE RÜCK UK REINSURANCE COMPANY  
LIMITED  
AND IN THE MATTER OF THE COMPANIES ACT 2006**

To be used at the meeting of Scheme Creditors (the "**Meeting**") to vote on the scheme of arrangement proposed by Deutsche Rück UK Reinsurance Company Limited ("**DRUK**") to be held at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, at 11am on 18 May 2009. The numbers in brackets correspond to the numbered instructions used in this form.

**(1) I/We** \_\_\_\_\_ (Enter the name of the Scheme Creditor, including all former names)  
**Creditor Reference :** \_\_\_\_\_

(Please quote this Creditor Reference in all correspondence)

**of** \_\_\_\_\_ (Enter the address of the Scheme Creditor)

being a Scheme Creditor of Deutsche Rück in the sum of **(2)** Amount: \_\_\_\_\_ CCY: \_\_\_\_\_

Amount: \_\_\_\_\_ CCY: \_\_\_\_\_

Amount: \_\_\_\_\_ CCY: \_\_\_\_\_

**(3) Will/Will not be attending the Meeting** (Delete as applicable)

If you are not attending the Meeting, but still wish to cast your vote, then you must appoint a proxy to attend and vote on your behalf:

**(4) I/We HEREBY APPOINT** the chairman of the Meeting or \_\_\_\_\_ as my/our proxy to act for me/us at the Meeting for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme referred to in the notice summoning the Meeting, or any adjournment thereof, to vote for me/us and in my/our name(s) for or against the Scheme Resolution (either with or without modification as my/our proxy may approve) as hereinafter indicated.

**(5) I/We hereby instruct our proxy to vote as follows:** \_\_\_\_\_ (Tick appropriate box)

If you wish to vote for the Scheme Resolution, enter a  in the box marked "FOR". If you wish to vote against the Scheme Resolution, enter a  in the box marked "AGAINST".

**If you wish your proxy to have discretion to vote for or against the Scheme, enter a tick  in the box marked "AT DISCRETION". Note that if you have appointed the chairman of the Meeting as your proxy, you must tick either the box marked "FOR" or the box marked "AGAINST", not the box marked "AT DISCRETION". If you tick the box marked "AT DISCRETION", this proxy form will not operate as a valid appointment of the chairman as your proxy.**

<b>SCHEME RESOLUTION</b>	<b>FOR</b> the Scheme (with or without modification) <b>(4)</b>	<b>AGAINST</b> the Scheme <b>(4)</b>	<b>AT DISCRETION (4)</b> Do not tick this box if you have appointed the Chairman as your proxy.

**Please sign below to validate the appointment.**

If you are the duly authorised representative of a Scheme Creditor, enter the capacity in which you have signed the form (e.g. director, agent or attorney) below. A signature on this form shall constitute the giving of a warranty that the signatory has been duly authorised by the relevant Scheme Creditor to sign the form on their behalf.

Signature (6): _____	
Name: _____	Email: _____
Position/Capacity (7) _____	Telephone Number: _____
Fax Number: _____	Date: _____

**SEE PAGES 26 TO 29 FOR INSTRUCTIONS  
FOR COMPLETION OF THE PROXY FORM**

## INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

### INTRODUCTION

**Please note that the terms contained within these instructions and in the Proxy Form bear the same meanings given to them in the Scheme.**

### GENERAL NOTES

- (A) You are requested to return your completed Voting and Proxy Form (where appropriate) to the proposed Scheme Manager (see address and contact details below) as soon as possible, and in any event, so that it is received by 5pm London time on 8 May 2009, being 5 Business Days prior to the date of the Meeting. Scheme Creditors may send their forms by Post, E-mail (in pdf format) or fax. Forms returned by E-mail or fax will only be accepted if they are legible. If completed Voting and Proxy Forms are not received by 5pm London time on 8 May 2009, they may be handed in at the registration desk prior to the commencement of the Meeting.

<b>Proposed Scheme Manager</b>	
Chiltington International Limited	Contact: David Burns
Holland House	Telephone: +44 (0) 20 7621 6354
1-4 Bury Street	Fax: +44 (0) 20 7621 6344
London EC3A 5AW	Email: <a href="mailto:druk@chiltington.co.uk">druk@chiltington.co.uk</a>
United Kingdom	

- (B) Any alteration to the proxy form must be initialled by the person who signs it.
- (C) Please ensure that you also complete the voting form. If you are a duly authorised agent and/or attorney of a number of Scheme Creditors, you should complete a separate voting form in respect of each Scheme Creditor for whom you act (photocopying the form as many times as necessary). The instructions for completion of the voting form accompany that form.
- (D) To determine whether the requisite statutory majority has been achieved at the Meeting, the value of votes will be calculated by reference to the aggregate amount of claims specified against Deutsche Rück in respect of the Scheme Reinsurance

Contracts detailed in the voting form. Returned voting forms will be duly considered in order to determine the value of each Scheme Creditor's vote at the Meeting. The value to be attributed to each Scheme Creditor's Scheme Claim for voting purposes will be agreed or determined on the basis of the information provided by the Scheme Creditor or the information available to the proposed Scheme Manager from its existing records. Account will also be taken of any known set-off, cross-claim or security interest.

If the Chairman agrees on the quantum of a Scheme Creditor's Scheme Claim against it for voting purposes, that amount will be used for the purposes of calculating the Scheme Creditor's vote at the Meeting. If the Chairman disagrees with the value submitted on the Scheme Creditor's Voting Form (i.e. because it is higher or lower than the value of the records held by the proposed Scheme Manager) and cannot resolve the matter with the Scheme Creditor, the vote will be assessed by the Vote Assessor.

The Chairman can accept or reject this assessed vote valuation, or assess a different vote value for the Scheme Creditor's vote. In the event of a dispute, the Chairman's decision will be final and binding, subject to any right of appeal in law and, where possible, he will notify his decision on valuation for voting purposes to the Scheme Creditor before the Meeting and, if not, as soon as possible thereafter, and in any event before the hearing of the petition for the sanction of the Scheme.

## **INSTRUCTIONS**

**The numbers in brackets below correspond to the numbered instructions used in the Proxy Form.**

- (1) On individual forms, the name and address of the Scheme Creditor will have been entered by the proposed Scheme Manager. Please amend if incorrect. Alternatively, please enter the name and address of the Scheme Creditor in block capitals. If you are the duly authorised agent and/or attorney of a Scheme Creditor or a number of Scheme Creditors, complete a proxy form in respect of each Scheme Creditor (photocopying the form as many times as necessary), and provide evidence (which must be satisfactory to the chairman of the relevant Meeting) of your authority to execute the proxy form on each Scheme Creditor's behalf. Please note that each

Scheme Creditor which is a company within a group of companies, or a participant in an underwriting pool or similar arrangement, should complete a separate proxy form.

- (2) Enter the total amount of your estimated Scheme Claims against Deutsche Rück and specify the original contract currency applicable to those Scheme Claims.
- (3) If you intend to attend the Meeting in person (or, if a corporation, by authorised representative), delete the words "Will not". You do not need to appoint a proxy. Continue to (5).

If you do not intend to attend the Meeting in person, delete the word "Will". You must now complete the following section to appoint a proxy.

- (4) To appoint a proxy to vote on your behalf at the Meeting please fill in this section. You may appoint as your proxy either the Chairman of the Meeting or another named individual.

If you wish to appoint a person other than the chairman of the Meeting as your proxy holder, delete the words "the chairman of the Meeting" and enter in block capitals in the space provided the name of the person to be appointed. The person to be appointed as your proxy need not be a Scheme Creditor.

- (5) You should indicate on the form how you wish to instruct your proxy holder to vote. **If you wish to instruct your proxy to vote for the Scheme Resolution please tick the box marked "FOR". If you wish to instruct your proxy to vote against the Scheme Resolution please tick the box marked "AGAINST". If you wish to leave your vote at the discretion of your proxy, please tick the box marked "AT DISCRETION". Do not tick the box marked "AT DISCRETION" if you have appointed the chairman of the Meeting to be your proxy, as this will render the appointment of proxy invalid.**
- (6) You must sign the form in this section. An unsigned form will not operate as a valid appointment.
- (7) If you are a duly authorised representative of a corporation or a partnership or other unincorporated body of persons, or the duly authorised agent and/or attorney of a Scheme Creditor or a number of Scheme Creditors, then enter the capacity in which

you have signed the form (for example, director, partner or agent and/or attorney). If you are the duly authorised representative of a number of companies, a separate form of proxy (photocopying the form as many times as necessary) should be completed in respect of each company.

## PART II – VOTING FORM

### DEUTSCHE RÜCK UK REINSURANCE COMPANY LIMITED

For each Scheme Claim against Deutsche Rück arising under a Scheme Reinsurance Contract in relation to which you are a Scheme Creditor, please complete this Voting form. **You should read the instructions and notes on the following pages carefully. Failure to follow them may result in a Scheme Claim being rejected in whole or in part for voting purposes if the chairman of the Meeting has insufficient information to decide whether it is a fair and reasonable claim.**

The numbers at the head of the columns correspond to the numbered instructions on pages 32 to 36.

No estimate of the amount of any Scheme Claim against Deutsche Rück as specified in this Voting Form, or otherwise provided for voting purposes, shall be admissible against Deutsche Rück or any other party or taken into account in calculating payments under the Scheme. Any such estimate shall only be used for voting purposes of the Meeting.

*Please complete a separate table for each different currency. Use photocopied pages as required.*

Scheme Creditor name: .....

Scheme Creditor reference: .....

Scheme Creditor address: .....

.....

Scheme Creditor E-mail: .....

To the best of my knowledge and belief the information on this Voting Form is correct.

Signed: .....

Name: .....

Position: .....

Date: .....

**DEUTSCHE RÜCK UK REINSURANCE COMPANY LIMITED – PART II VOTING FORM**

**(1) Creditor Name :** \_\_\_\_\_

**Creditor Reference** \_\_\_\_\_

**(2) Currency:** \_\_\_\_\_

(3) Scheme Reinsurance Contract reference numbers	(4) Inception date	(5) Broker	(6) Broker reference	(7) Unpaid Agreed Claims	(8) Unpaid Unagreed Claims	(9) Outstanding Claims	(10) IBNR Claims	(11) Gross Total (7+8+9+ 10)	(12) Security interests*	(13) Net total (11-12)	(14) Sums available to be set-off for voting purposes
<b>Totals</b>											

\*for example, Letters of Credit or any other set-off or counter-claims

**SEE PAGES 32 TO 36 FOR INSTRUCTIONS  
FOR COMPLETION OF THE VOTING FORM**

## INSTRUCTIONS FOR COMPLETION OF PART 2: VOTING FORM

Please note that the defined terms contained within these instructions and in the Voting Form bear the same meanings as given to them in the Scheme.

- (A) You are requested to return your completed Voting and Proxy Form (where appropriate) to the proposed Scheme Manager (see address and contact details below) as soon as possible, and in any event, so that it is received by 5pm London time on 8 May 2009, being 5 Business Days prior to the date of the Meeting. Scheme Creditors may send their forms by Post, E-mail (in pdf format) or fax. Forms returned by E-mail or fax will only be accepted if they are legible. If completed Voting and Proxy Forms are not received by 5pm London time on 8 May 2009, they may be handed in at the registration desk prior to the commencement of the Meeting.

<b>Proposed Scheme Manager</b>	
Chiltington International Limited	Contact: David Burns
Holland House	Telephone: +44 (0) 20 7621 6354
1-4 Bury Street	Fax: +44 (0) 20 7621 6344
London EC3A 5AW	Email: <a href="mailto:druk@chiltington.co.uk">druk@chiltington.co.uk</a>
United Kingdom	

- (B) Please note that any estimates of the value of your Scheme Claim made on a Voting Form may not be protected by privilege under English Law and may be discoverable at the instance of a third party with a claim against you in any action or proceedings to which you may be party. You should consult your own professional advisers as to the consequences of furnishing such particulars in the event that you are, or may become, involved in any litigation with third parties.

Please complete a separate table for each different original currency in which you have claims. Use photocopied pages as required.

**The numbers below refer to the numbered columns in the Voting Form**

**(1) Creditor Name**

On individual forms, the name and address of the Scheme Creditor will have been entered by the proposed Scheme Manager. Please amend if incorrect. Alternatively, please enter the name and address of the Scheme Creditor in block capitals. If you are the duly authorised agent and/or attorney of a Scheme Creditor or a number of Scheme Creditors, complete a voting form in respect of each Scheme Creditor (photocopying the form as many times as necessary), and provide evidence (which must be satisfactory to the Chairman) of your authority to execute the voting form on each Scheme Creditor's behalf. Please note that each Scheme Creditor which is a company within a group of companies or a participant in an underwriting pool or similar arrangement should complete a separate Voting Form

**(2) Original Currency**

Please state the amount of all Scheme Claims in the currency of the original contract. If a Scheme Creditor has Scheme Claims in separate currencies, please enter the total amount of such claims in each currency on a separate form.

As Scheme Claims are denominated in various currencies, any Scheme Claims which are not denominated in Pounds Sterling will be converted into Pounds Sterling for the purpose of vote valuation at the Meeting. The conversion rate used will be the relevant closing mid-market rate of exchange on 8 May 2009, as published in the Financial Times or, if no such rate is published, at such rate as may reasonably be selected by the Chairman.

**(3) Scheme Reinsurance Contract reference number**

The Scheme Manager has attached details of Scheme Reinsurance Contracts which, in the reasonable opinion of the Scheme Manager, might give rise to a Scheme Claim.

Specify your reference number on the Scheme Reinsurance Contract under which the claim(s) arise and, for any contracts not included in the details provided by the Scheme Manager, please provide a copy of the policy schedule or cover note and the schedule of insurers with particulars of each claim in supporting schedules (where

applicable). If you do not have a record of these numbers please obtain them from your broker.

**(4) Inception date**

Specify the date when each Scheme Reinsurance Contract commenced. In the case of continuous Scheme Reinsurance Contracts or Scheme Reinsurance Contracts of more than 12 months plus odd time, each annual renewal should be shown as a separate Scheme Reinsurance Contract.

**(5) Broker**

Specify the name of the broking company who placed the Scheme Reinsurance Contract or, if the placing broker is not known, any other broking company or intermediary (if known) who acted on your behalf in relation to the Scheme Reinsurance Contract.

**(6) Broker reference**

Specify the broker's contract reference for each Scheme Reinsurance Contract.

**(7) Unpaid Agreed Claims**

The value of a Scheme Claim which, according to the proposed Scheme Manager's records, has been agreed in writing as due to the relevant Scheme Creditor but not paid or discharged by operation of set-off or otherwise.

This field will be populated by the proposed Scheme Manager in respect of any Unpaid Agreed Claims from Deutsche Ruck's records. If you consider that these values are incorrect, state the amounts you have arising under each Scheme Reinsurance Contract.

**(8) Unpaid Unagreed Claims**

The value of any additional Scheme Claim which, according to the Scheme Creditor's records, is paid and discharged by them and is due for payment by Deutsche Ruck.

**(9) Outstanding Claims**

Enter the estimated amount of any claim or (where there is more than one claim) the aggregate estimated amount of any Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by Deutsche Ruck (excluding any amounts included in columns (7) and (8)). Scheme Creditors should provide copies of loss reports, notifications issued to brokers, reinsurers and where applicable, copies of adjuster or legal reports.

**(10) IBNR Claims**

Specify the estimated amount of any IBNR Claims you have arising under each Scheme Reinsurance Contract that you consider has been incurred by you but not reported and provide particulars of your estimate(s) in a supporting schedule.

**(11) Gross Total**

Enter the total of columns (7), (8), (9) and (10) to obtain the potential total gross claim.

**(12) Security interests, Letters of Credit or any other set-off or counter-claim**

Specify in brackets the amount of any security interest, Letter of Credit, trust, set-off or counter-claim which you believe exists in relation to each Scheme Reinsurance Contract under each claim(s) and which is available in respect of such claim(s). Provide an analysis of the amount and provide any supporting documentation, including bank references in respect of Letters of Credit.

**(13) Net total**

Enter the total of column (11) less the amount specified in column (12).

**(14) Sums available to be set-off for voting purposes**

This refers to liquidated and established amounts in respect of reinsurance due from Scheme Creditors as well as any other liquidated and established amounts due from Scheme Creditors in respect of Scheme Reinsurance Contracts. If you owe amounts

to Deutsche Ruck, please enter these here in the currency of the contract under which they arise.

**Creditor Name** \_\_\_\_\_

**Creditor Reference** \_\_\_\_\_

**For completion by the Chairman of the Meeting:**

Admitted to vote for £

Currencies converted for purposes of voting at the Meeting:

CCY \_\_\_\_\_

CCY \_\_\_\_\_

CCY \_\_\_\_\_

**SCHEDULE II**  
**LIST OF DOCUMENTS AVAILABLE FOR INSPECTION**

1. Order of the Court dated 12 February 2009 directing the convening of the Meeting.
2. The document of which this schedule forms part including the Explanatory Statement and the Scheme.

Copies of the above documents will be available for inspection by Scheme Creditors until the close of the Meeting at the offices of Chiltington International Limited at Holland House, 1-4 Bury Street, London, EC3A 5AW, United Kingdom, during ordinary business hours from Monday to Friday (excluding UK public holidays).

**SCHEDULE III**  
**CURRICULA VITAE OF THE SCHEME ADVISERS, THE SCHEME**  
**ADJUDICATOR, THE SCHEME MANAGER AND THE CHAIRMAN**

**1) THE SCHEME ADVISERS**

**Michael Steven Walker**

Mike is a partner in and the head of the KPMG LLP Restructuring Insurance Solutions team in the UK. Mike joined KPMG in 1987 and worked for several years on general insolvency matters before specialising in insurance and reinsurance insolvency. Over the last 15 years he has been involved in some of the largest insurance insolvencies in the United Kingdom, including English & American Insurance Company Limited, Sovereign Marine & General Insurance Company Limited and HIH Group of companies. He is currently a Scheme Administrator of English & American Insurance Company Ltd and Sovereign Marine & General Insurance Company Ltd. Mike is currently a Scheme Adviser in relation to several solvent schemes including Lion City Run Off Pte Ltd, Pender Mutual Insurance Company Limited, Oslo Reinsurance Company (UK) Limited, Oslo Reinsurance Company ASA and a number of other London Market insurance companies including participants of the Willis Faber (Underwriting Management) Limited ("WFUM") Pool, as well as being the prospective Scheme Adviser to a number of schemes in development. He has considerable experience of cross-border issues and has worked extensively in the United States, Bermuda, Japan and Australia. He has particular expertise in underwriting pools, cash collection, dispute resolution, commutation, schemes of arrangement and all aspects of insurance company run-off, both solvent and insolvent. Mike is a licensed Insolvency Practitioner, a member of the Insolvency Practitioners' Association, an Affiliated Member of the Institute of Chartered Accountants in England & Wales and a member of the International Association of Insurance Receivers.

**John Mitchell Wardrop**

John is a partner in the Insurance Solutions team in the London office of KPMG LLP. He has specialised in insurance since 1988, and in run-off since 1993. John has extensive experience of the insurance industry including life assurance, the London market, brokers and loss adjusting. He has audited life, general, broking and loss adjusting companies as well as

advising such companies in relation to corporate finance transactions. Over the past 12 years John has specialised in advising companies in run-off on various issues, including exit strategies, and in taking formal insolvency appointments. John is a Scheme Administrator of Anglo American Insurance Company Limited, Scheme Administrator of Sovereign Marine & General Insurance Company Limited, Provisional Liquidator of Trenwick Group Limited, Provisional Liquidator of La Salle Re Holdings Limited, and Joint Provisional Liquidator in the UK of HIH Casualty & General Insurance Limited, FAI General Insurance Company Limited, and other HIH group companies. John is currently Scheme Adviser in relation to several solvent schemes including Reliance National Insurance Company (Europe) Limited, The Seven Continents Insurance Company Limited, Lion City Private Run-Off Limited, Moorgate Insurance Company Limited, Oslo Reinsurance Company (UK) Limited, Oslo Reinsurance Company ASA and a number of other London Market insurance companies including participants of the Willis Faber (Underwriting Management) Limited ("WFUM") Pool. John is a member of the Institute of Chartered Accountants of Scotland and is also a Licensed Insolvency Practitioner.

## **2) THE SCHEME ADJUDICATOR**

### **George Maher**

George is a consulting actuary with the Tillinghast business of Towers Perrin in the firm's London office. He is a principal of Towers Perrin.

George read Mathematics at Trinity College, Dublin and is a Fellow of the Institute of Actuaries, a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries in Ireland. He is a holder of a Lloyd's Signing Actuary Certificate from the Institute of Actuaries and a Signing Actuary Certificate from the Society of Actuaries in Ireland.

George joined Tillinghast in 1987 and specialises in general insurance. He has extensive experience reserving in the U.K. including Lloyd's Marine and Non-Marine syndicates. He has led projects for non-UK. clients, including insurers and reinsurers writing in Continental Europe, the Middle East and the United States. A number of these projects have been associated with the merger or acquisition of insurers and transfer of business. He also has assisted clients in their evaluation of capital adequacy for transaction, rating and regulatory purposes and in their development of Enterprise Risk Management frameworks.

George served as a Claims Adjudicator and/or Vote Valuer for several Scheme of Arrangement engagements. They include the Scheme of Arrangements for M&G, Reliance, Oslo, ING, NRG and WFUM.

George has assisted self-insureds in their review of insurance buying, captive feasibility and broker selection. Industries covered include oil and gas, property, transportation, security, marine, food retail, bloodstock and fine art.

Significant projects in which he has been involved include the demutualisation of the Norwich Union, the privatisation of the Italian national insurer INA and the restructuring of SASRIA, the South Africa riot and terrorism insurer. He was a member of the actuarial team that produced the first actuarial review of the Weavers pool. George was part of the Equitas actuarial review team as part of Lloyd's R&R. He assisted the Irish Insurance Federation in its review of the Irish insurance market as part of a government commissioned study of the market and presented his findings to a committee of the joint houses of the Irish Parliament. He worked with the International Group of P&I clubs in their review of Marine large loss exposures.

He has been a member of various working parties of the General Insurance Study Group and co-authored "Some Aspects of Reserving in the London Market," which was presented to the Casualty Actuarial Society. In 1995 he presented a sessional paper to the Institute of Actuaries entitled "Loss Reserves in the London Market."

George is a member of the Institute of Actuaries Working Party on Individual Capital Assessments. He is a frequent speaker at conferences on capital requirements.

George has been a tutor and assistant examiner for the professional examinations of the Institute of Actuaries. He is a former member of the Council of the Society of Actuaries in Ireland and former chairman of its General Insurance Committee.

### **3) THE SCHEME MANAGER**

#### **Chiltington International Limited**

Chiltington International Limited was formed over 25 years ago. Throughout this period, it has been providing consulting advice and assistance to some of the largest organisations within the (re)insurance industry. It is independently owned by its senior management.

With over 100 employees in twelve offices over three continents, Chilington is a global consulting business. Its staff are drawn from a variety of disciplines including accountants, actuaries, lawyers, underwriters, brokers and claims managers.

The purchase of the German reinsurance company HIR in the early 1990's allowed Chilington's senior management to use this as a finance holding company through which Chilington was able to acquire other companies in run off including Hassneh Insurance Company (UK) Limited and Pavent International Re (formerly PFA Re).

Chilington was responsible for developing and carrying out the UK's first solvent scheme of arrangement, for HIR (UK) Ltd in 1998, thereby achieving finality and the return of shareholders' capital. Since then, Chilington has successfully implemented, or has been involved in, various schemes of arrangement including:

- WFUM
- UIC Insurance Company Ltd
- Hassneh Insurance Company (UK) Ltd
- Malayan Insurance Company (U.K.) Ltd

In addition, Ian Marshall, a Director and Group Head of Consulting of Chilington is one of the Scheme Adjudicators in the EW Payne Pools Schemes.

Chilington has managed the run off business of Deutsche Rück for over ten years, including the business which was portfolio transferred to Deutsche Rück UK from its parent, Deutsche Rück AG.

#### **4) THE CHAIRMAN**

##### **Frank Atwood**

Frank Atwood began his career at RSM Robson Rhodes ("RSMRR") where he was a partner from 1974 to 2004. During this time Frank was the co-ordinator for the RSMRR insurance practice, the CEO of RSM International (1990-1996) and the chairman of RSMRR Management Board (1999-2004).

Frank has extensive experience as an auditor and advisor to the insurance sector, and companies in solvent and insolvent schemes of arrangement including KWELM companies,

Charter Re, Insurance Corporation of Singapore, HIR (UK) and other companies in provisional liquidation or run-off. Frank is formerly a member of the ICAEW's insurance sub-committee and chairman of the APC/APB Lloyd's working party.

Frank's present roles include a non-executive directorship of a large international medical indemnity organisation with a UK insurance subsidiary, acting as a named co-ordinator of an international reinsurance run-off for a Middle East reinsurer, and advisor to a UK reinsurance subsidiary of a European group evaluating a prospective UK scheme of arrangement.

Frank is the deputy chairman of the International Ethics Standards Board for Accountants and has been an expert witness on numerous insurance/reinsurance disputes in several jurisdictions. Frank has been appointed under the ICAEW President's Appointments Scheme to determine reinsurance and other disputes.

Frank was chairman of the meeting of creditors in respect of the scheme for Malayan Insurance Company (U.K.) Limited which was sanctioned in 2008.

**SCHEDULE IV  
NOTICE OF MEETING**

**IN THE HIGH COURT OF JUSTICE**

No. 10552 of 2009

**CHANCERY DIVISION**

**COMPANIES COURT**

**IN THE MATTER OF DEUTSCHE RÜCK UK REINSURANCE COMPANY  
LIMITED**

**AND**

**IN THE MATTER OF THE COMPANIES ACT 2006**

**NOTICE IS HEREBY GIVEN** that by an order dated 12 February 2009 made in the above matter, the High Court of Justice of England and Wales (the "**Court**") has directed that a meeting (the "**Meeting**") of the Scheme Creditors (as defined in the proposed scheme of arrangement referred to below) of Deutsche Rück UK Reinsurance Company Limited ("**DEUTSCHE RÜCK**") be held at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom at 11.00 am (London time) on 18 May 2009.

The Court has directed that Deutsche Rück should convene a single meeting of Scheme Creditors to vote on the Scheme.

The purpose of the Meeting will be to consider, and if thought fit, to approve (with or without modification) the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed to be made between Deutsche Rück and its Scheme Creditors (the "**Scheme**").

Enclosed with this notice is:

- a CD-Rom containing the Scheme and Explanatory Statement;
- a Voting and Proxy Form; and
- a map showing the location of the Meeting.

Downloadable files of these documents are available on the Website at [www.deutscherueckuk.com](http://www.deutscherueckuk.com). If you require any further printed copies of these documents, please contact Chiltington International Limited, ("**Chiltington**"), the proposed Scheme Manager on the contact details below and a copy will be sent to you free of charge.

All Scheme Creditors are requested to attend the Meeting at such time and place either in person or by proxy. Registration will commence at 10.00 am and Scheme Creditors are requested to arrive no later than 10.30 am in order to register. The chairman of the Meeting will address Scheme Creditors generally on the Scheme at the commencement of the Meeting.

Scheme Creditors may attend and vote in person (or, if a corporation, by a duly authorised representative) at the Meeting. Alternatively, they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place.

Completed Voting and Proxy Forms should be returned to Chiltington at the address below as soon as possible, and in any event, so that they are received by 5pm London time on 8 May 2009. Scheme Creditors may return their forms by post, e-mail or fax. Forms returned by e-mail or fax will only be accepted if they are legible. If completed Voting and Proxy Forms are not received by 5pm London time on 8 May 2009, they may be handed in at the registration desk prior to the commencement of the Meeting however creditors are urged to return the completed forms in advance of the Meeting.

The Court has directed that Mr Frank Atwood or, failing him, Mr Michael Walker of KPMG LLP be appointed to act as Chairman at the said Meeting and has directed the Chairman to report the result of the Meeting to the Court.

Any Scheme Creditor who is unclear about or has any question concerning the action it is required to take in order to vote on the Scheme, or would like to discuss the way in which its claims data is likely to be evaluated under the Scheme process, including the Claims Valuation Methodology, should contact Chiltington.

If approved by the requisite majorities of Scheme Creditors, the Scheme will be subject to the subsequent sanction of the Court.

**Chiltington International Limited**

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Dated 19<sup>th</sup> March 2009.