

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult your insurance broker or other professional adviser without delay. A copy of this document has been sent to brokers identified by Oslo Reinsurance Company (UK) Limited and Oslo Reinsurance Company ASA ("**the Scheme Companies**") as having placed business with or on behalf of either of the Scheme Companies in relation to scheme business or to have had dealings with either of the Scheme Companies so as to ensure that they are able to advise their clients in relation to this proposed Scheme.

Further copies of this document and other related documentation can be obtained from the Scheme Advisers at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom or from the Scheme website at www.oslore.no.

Proposal in relation to separate

SCHEMES OF ARRANGEMENT

pursuant to Section 425 of the Companies Act 1985

between each of

OSLO REINSURANCE COMPANY (UK) LIMITED

(incorporated and registered in England and Wales with number 1038441)

and

OSLO REINSURANCE COMPANY ASA

(incorporated and registered in Norway with number NO-815832272)

and their respective

SCHEME CREDITORS

(as defined in the Scheme)

Meetings of each Scheme Company's Scheme Creditors to consider and, if thought fit, agree to each Scheme will be held on 12 February 2007 commencing at 11am UK time at KPMG LLP, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom. Notice of the meetings is set out on page 54.

The action you should take is set out on pages 10 to 11. Whether or not you intend to be present at the meetings, you are requested to complete and return the Form of Proxy and Voting Form enclosed with this document in accordance with the instructions and notes contained therein as soon as possible. Completed Forms of Proxy and Voting Forms should be returned as soon as possible, and in any event, so that they are received by 5pm UK time on 5 February 2007 by the Scheme Manager, c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, marked for the attention of James Bolton. Alternatively Scheme Creditors may also send their Forms by facsimile to +44 (0)20 7694 3126 by 5pm UK time on 5 February 2007 provided that they are legible. Forms of Proxy and Voting Forms may also be handed at the registration desk prior to the commencement of the Creditor's Meetings on 12 February 2007.

Each Scheme Company's Scheme will apply to all its insurance and/or reinsurance business other than in respect of certain specific excluded business. For full details of the business included in the Schemes and the company names under which the business included in the Schemes was written, please see Appendix A to the Scheme at pages 97 to 101.

12 February 2007

KEY DATES AND EXPECTED TIMETABLE

Ascertainment Date	30 June 2006
Court Hearing to seek leave to convene Creditors' Meeting	29 November 2006
Voting Forms and Forms of Proxy to be returned by 5pm UK time	5 February 2007
Meetings of Scheme Creditors	12 February 2007
Court Hearing of the Petition to sanction the Scheme *	16 March 2007
Effective Date of the Scheme *	30 March 2007
Claims Submission Date *	26 September 2007
Earliest anticipated payment date*	30 June 2008

* The date of the Court Hearing of the Petition to sanction the Schemes 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.

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IMPORTANT NOTICE TO POTENTIAL SCHEME CREDITORS

This document has been prepared in connection with a proposal in relation to separate schemes of arrangement pursuant to Section 425 of the Companies Act 1985 between Oslo Reinsurance Company (UK) Limited and Oslo Reinsurance Company ASA (individually each is referred to as a "**Scheme Company**" and together as the "**Scheme Companies**") and their respective Scheme Creditors (as defined in the Scheme of Arrangement) (the "**Scheme**").

The Scheme proposed by each Scheme Company is in law a separate Scheme of Arrangement. Since the Scheme proposed by each Scheme Company is similar in terms, the provisions have been set out in one document and both Schemes are referred to simply as "the Scheme".

For the purposes of this Scheme Oslo Reinsurance Company ASA will act as Scheme Manager and is duly authorised by Oslo Reinsurance Company (UK) Limited to take all and any necessary steps in connection with the promotion and implementation of the Scheme.

The information contained in this document has been prepared by the Scheme Companies based upon information available to them.

The statements, opinions and information contained herein are made, held or given respectively as at the date of this document, unless some other time is specified in relation to them, and the sending of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

Nothing contained herein shall constitute any admission of any fact or liability on the part of the Scheme Companies with respect to any right or asset to which they may be entitled or any claim against them.

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 58 to 125 of this document. Each Scheme Creditor is advised to read and consider carefully the text of the Explanatory Statement, the Appendices thereto and the Scheme itself. Reading individual sections in isolation may be misleading.

No person has been authorised by the Scheme Companies 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.

No estimate of the amount of any claim against the Scheme Companies specified in the Voting Form, returned to the Scheme Manager, or otherwise provided or used for voting purposes, will be admissible against the Scheme Companies or will be taken into account in calculating payments under the Scheme. Any such estimate will only be used for voting purposes at the meetings of Scheme Creditors to consider the Scheme.

Scheme Creditors should not construe the contents of this document as legal, tax or financial advice. Scheme Creditors should consider consulting professional advisers as to the legal, tax, financial or other relevant implications of the Scheme before taking any action in connection with it.

SECTION I: EXPLANATORY STATEMENT

(in compliance with Section 426 of the Companies Act 1985)

in relation to the separate

SCHEMES OF ARRANGEMENT

between each of

OSLO REINSURANCE COMPANY (UK) LIMITED

and

OSLO REINSURANCE COMPANY ASA

and their respective

SCHEME CREDITORS

(as defined in the Scheme)

Please note that the business included in the Scheme was not written under the names Oslo Reinsurance Company (UK) Limited or Oslo Reinsurance Company ASA. For full details of the company names in which the business included in the Schemes was written, please see Appendix A to the Scheme at pages 97 to 101.

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PART 1: LETTER FROM THE SCHEME COMPANIES

OSLO REINSURANCE COMPANY (UK) LIMITED

(incorporated and registered in England and Wales with number 1038441)

and

OSLO REINSURANCE COMPANY ASA

(incorporated and registered in Norway with number NO-815832272)

29 November 2006

To all potential Scheme Creditors

Introduction

This Explanatory Statement, of which this letter forms part, explains the effect of the schemes of arrangement (the "Scheme") for which the Scheme Companies propose to seek the sanction of the High Court of Justice of England and Wales, subject to the necessary majorities having been obtained at a meeting of Scheme Creditors (as defined in the Scheme) convened to consider the Scheme.

The Scheme proposed by each Scheme Company is in law a separate scheme of arrangement. Since the Scheme proposed by each Scheme Company is materially identical, however, the provisions have been set out in one document, and both Schemes are referred to simply as "**the Scheme**".

Other than in respect of certain specific excluded business (as detailed in Part 2), the Scheme relates to all of the insurance and reinsurance business of Oslo Reinsurance Company (UK) Limited, and all of the reinsurance business of Oslo Reinsurance Company ASA.

We believe that you are or may be a Scheme Creditor of one or both of the Scheme Companies and accordingly entitled to vote on the Scheme at the forthcoming meetings of Scheme Creditors (the "**Creditors' Meetings**") when the Scheme proposals will be formally submitted to Scheme Creditors for their approval. Notice of the Creditors' Meetings is set out on page 54. The Creditors' Meetings are scheduled to take place on 12 February 2007 at KPMG's offices, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom at 11am UK time.

Oslo Reinsurance Company ASA is convening a single meeting of Scheme Creditors to vote on its Scheme.

Oslo Reinsurance Company (UK) Limited is convening two meetings of Scheme Creditors, to vote on its Scheme as follows:

- (i) for Scheme Creditors in relation to their Scheme Claims other than incurred but not reported ("IBNR") claims; and
- (ii) for Scheme Creditors in relation to their IBNR claims.

This document contains background information in relation to the Scheme Companies and the specific portfolios of business to be included in the Scheme. It also contains background information about the Scheme, its main provisions and its key effects.

The Scheme itself is set out in full on pages 58 to 125 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 a guide and should not be relied on in place of reading the Scheme itself.**

Based on each of the Scheme Companies' most recent audited balance sheets, the Board of each Scheme Company considers that the Scheme Companies will be able to meet all of their liabilities in full as and when those liabilities become due and payable and that Scheme Creditors should be offered the opportunity of agreeing to a scheme of arrangement which will have the effect of concluding the Scheme Companies' run-off of their business, and make payments accordingly, earlier than would otherwise be the case.

Under the Scheme, all claims made against a Scheme Company which are not yet agreed or certain in amount will be subject to review and agreement by the Scheme Manager, with an independent Scheme Adjudicator to rule on any valuations not acceptable to Scheme Creditors. The Scheme will provide Scheme Creditors with payment in full of all Net Ascertained Claims after all Scheme Claims have been determined. As the Scheme Companies are solvent all Scheme Creditors will be paid in full, subject to a discount to reflect the time value of money, at the values attributed to these claims under the Scheme.

What is a scheme of arrangement?

Under English law, a scheme of arrangement of the kind proposed by the Scheme Companies is a compromise or arrangement provided for by Section 425 of the Companies Act 1985, to take effect between a company and its creditors (or any class of them), which becomes legally binding on the company and on all the creditors to whom it applies if:

- a majority in number representing not less than 75% in value of each class of creditors, present and voting in person or by proxy, vote in favour of it at meetings convened with the leave of the Court;
- the Court subsequently sanctions the compromise or arrangement; and
- an office copy of the order of the Court to that effect is delivered to the Registrar of Companies in England and Wales for registration.

Once a Scheme Company's Scheme becomes effective it will bind the Scheme Creditors of that Scheme Company, irrespective of whether or not they voted in favour of that Scheme, or at all.

Will you be affected?

You have been sent this document because we believe that you may be affected by the proposed Scheme. The Scheme is proposed between each Scheme Company and its respective Scheme Creditors. The term "Scheme Creditor" is defined as a creditor of a Scheme Company in respect of any Liability arising out of a Scheme Insurance Contract as at the Ascertainment Date (being 30 June 2006).

For the avoidance of doubt, if the Scheme is sanctioned all Scheme Creditors, including all those not domiciled in the United Kingdom, will be bound by the terms of the Scheme in the United Kingdom (and in the United States if Chapter 15 protection is obtained) so far as the law permits.

Scheme Creditors should be aware that both Oslo Reinsurance Company (UK) Limited and Oslo Reinsurance Company ASA were formerly known by other names, as set out in Part 2. Scheme Creditors' contracts of insurance, reinsurance and/or retrocession may therefore refer to any of these names.

What should Scheme Creditors do now?

If you are a Scheme Creditor of one or both of the Scheme Companies, you are entitled to vote at the Creditors' Meetings of the Scheme Company or Scheme Companies against which you have Scheme Claims. If you have Scheme Claims which fall into both classes for Oslo Reinsurance Company (UK) Limited, you may vote at both Creditors' Meetings in respect of that company.

A notice of the Creditors' Meetings to be held on 12 February 2007 is included on page 54 of this document. Scheme Creditors may attend the Creditors' Meetings in person (or, if a corporation, by a duly authorised representative) or may vote by proxy. Returning the Form of Proxy will not prevent any Scheme Creditor from attending and voting in person should they wish to do so.

Enclosed with this document is a Form of Proxy and Voting Form to be used for voting at the Creditors' Meetings, together with a list of any Scheme Insurance 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 Insurance Contracts. Whether or not Scheme Creditors intend to be present in person at the Creditors' Meetings, they are requested to complete and sign the Form of Proxy and Voting Form in accordance with the instructions printed on the forms (and the guidance notes printed on the reverse of those forms). All Forms of Proxy and Voting Forms must be completed in English.

Completed Forms of Proxy and Voting Forms should be returned as soon as possible, and in any event, so that they are received by 5pm UK time on 5 February 2007 by the Scheme Manager, c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, marked for the attention of James Bolton. Alternatively Scheme Creditors may also send their Forms by facsimile to +44 (0)20 7694 3126 by 5pm UK time on 5 February 2007 provided that they are legible and followed by a copy of all documentation being forwarded to the Scheme Manager. Forms of Proxy and Voting Forms may also be handed in at the registration desk prior to the commencement of the Creditors' Meetings on 12 February 2007.

How will the Creditors' Meetings and vote be conducted?

The Chairman will consider completed Voting Forms in order to determine the value of each Scheme Creditor's vote at the Creditors' Meetings. Votes will be valued net of a discount to reflect the time value of money with set-off being applied in respect of, and only in respect of, any amounts which are established as being due from Scheme Creditors to the Scheme Company at the date of the Creditors' 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 agreement cannot be reached between the Chairman and the Scheme Creditor on the quantum of a Scheme Creditor's Scheme Claim for voting purposes, the Scheme Creditor's Voting Form will be referred to the Vote Assessor, who will be the proposed Scheme Actuary. The Vote Assessor will not be advised by the Chairman as to whether the unagreed vote is for or against the Scheme. The Vote Assessor will refer to the records held by the Scheme Companies and any supporting documentation which is supplied by the Scheme Creditor to support its vote value. Guidance as to the type of supporting information that may be suitable can be found in the Actuarial Methodology at Appendix D of the Scheme. The Vote Assessor will issue his findings to the Chairman and the relevant Scheme Companies. The procedure to be followed by the Vote Assessor in assessing the value of votes referred to him is explained more fully in the "Protocol for Vote Valuation" in Schedule VII.

The Chairman can accept or reject this assessed vote valuation, or assess a different vote value for the Scheme Creditor's vote.

The Vote Assessor, Daniel Sykes of KPMG LLP, is contracted to the Scheme Companies, but as an actuary is bound by the professional standards of the Institute of Actuaries.

Where a vote is rejected or valued at less than the amount originally asserted, the relevant Scheme Creditor will be notified of this decision as soon as possible, and in any event prior to the Court hearing to sanction the Schemes. This rejection or revision of a vote value will be reported to the Court at the sanction hearing and any Scheme Creditor who wishes to object to the amount in which a vote was allowed (or to the Scheme generally) may do so at that hearing or by writing to the Scheme Manager, c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, marked for the attention of James Bolton. Any letters of objection will be brought to the Court's attention at the sanction hearing.

Estimates of Scheme Claims provided on Voting 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 the Scheme Companies by the Scheme Manager, the Scheme Companies, the Scheme Creditors, the Scheme Adjudicator or the Scheme Advisers.

As Scheme Claims are denominated in various currencies, any Scheme Claims which are not denominated in US Dollars will be converted into US Dollars for the purpose of voting at the Creditors' Meetings. The conversion rates used will be the closing mid-market rate of exchange on the Business Day prior to the day of the Creditors' Meetings as quoted in the Financial Times on the day of the Creditors' Meetings.

If you have any questions concerning the action you are required to take, please contact the Scheme Manager by e-mail at scheme.enquiries@oslo.no or by phone on +47 22 31 59 86 (Jan C H Endresen) or +47 22 31 28 91 (Bjørn Morten Skordal).

When do the Schemes become effective?

The Scheme of each Scheme Company will become effective only if a majority in number representing not less than 75% in value of its Scheme Creditors vote in favour of the Scheme at each of the Creditors' Meetings, and if the necessary Court order sanctioning the Scheme is subsequently obtained and delivered for registration to the Registrar of Companies in England and Wales.

For the purposes of this letter, subsequent references to "**the Scheme**" assumes that one or both of the Scheme Companies' Schemes becomes effective.

What will happen after the Scheme becomes effective?

Once the Scheme becomes effective, the Scheme Manager will, within 14 days, send notice by Post or e-mail that the Schemes are effective and at the Effective Date together with blank Claim Forms to all Scheme Creditors with addresses known to the Scheme Companies.

The Scheme Manager will, where possible, send with each Claim Form details of any claims which have been agreed or acknowledged by or on behalf of a Scheme Company but which have not been paid before the Effective Date ("**Unpaid Agreed Claims**"), as well as details of each Scheme Insurance Contract which, in its reasonable opinion, may give rise to the Scheme Creditor having a Scheme Claim.

The Scheme Manager will Advertise the fact that the Schemes have become effective, and the Effective Date, and call for Scheme Creditors to complete and return Claim Forms, in the same publications in which notice of the Creditors' Meetings was advertised (or, if not practicable, in such other publications as the Scheme Manager shall deem appropriate).

Blank Claim Forms will also be sent by Post or e-mail to brokers identified as having placed Scheme business with or on behalf of the Scheme Companies or as having had dealings with the Scheme Companies in relation to business covered by the Scheme, with a request that such brokers pass the information on to any of their clients who may be Scheme Creditors.

Scheme Creditors should note that the deadline for submitting completed Claim Forms is the Claims Submission Date, being 5 pm on the first Business Day falling 180 days after (and not including) the Effective Date.

The Scheme Manager will endeavour to agree and establish all notified Scheme Claims for each Claim Form returned to it within 182 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. The Scheme Creditor may then 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, the value advised by the Scheme Manager will be deemed to be the Agreed Claim.

The Scheme Adjudicator will make a final determination in respect of each Disputed Claim in accordance with the dispute resolution procedures set out in the Scheme within 42 days of the Disputed Claim being referred to him. The Scheme Adjudicator's decision will be final and binding and there will be no further right of appeal by any party.

Once the value of a Scheme Creditor's Agreed Claim has become binding, either through agreement or adjudication, the Scheme Manager will send the Scheme Creditor a Valuation

Statement setting out their Agreed Claim and certain deductions which are to be made to the Agreed Claim under the Scheme (further details at page 26). The resulting value will be that Scheme Creditor's Net Ascertained Claim (or Net Debt, if it is a negative value). Payment of Net Ascertained Claims will be made in full once substantially all Scheme Creditors' Scheme Claims have been determined, although the Scheme Manager may in its absolute discretion make payments to Scheme Creditors earlier than this.

It is anticipated that payments to Scheme Creditors under the Schemes in respect of Net Ascertained Claims will commence in the first half of 2008.

Permanent injunction order under Chapter 15 of the United States Bankruptcy Code

Provided that the Court sanctions the Scheme, the Scheme Companies will apply for permanent injunctive relief from the United States Bankruptcy Court under Chapter 15 of the United States Bankruptcy Code. The Scheme will remain in force under English law irrespective of the outcome of the Chapter 15 application.

The effects of this injunctive relief are described at Schedule I to the Explanatory Statement.

Key effects of the Scheme

The Scheme Companies consider that the following are key effects of the Scheme which Scheme Creditors should take into account:

- **Early payment:** The Scheme offers Scheme Creditors the opportunity to submit claims in respect of outstanding claims and IBNR. If their claims are agreed with the Scheme Manager, or determined by the Scheme Adjudicator, Scheme Creditors will then receive full payment of the value attributed to their Scheme Claims, subject to discount to reflect the time value of money, according to the terms of the Scheme. Payment will be received earlier than if Scheme Creditors have to wait for their claims to mature in the normal course of the run-off of these books of business over many years;
- **Claims agreement procedure:** The Scheme offers Scheme Creditors a quick, practical and cost-effective process for determining all Scheme Claims with the Scheme Companies whether by agreement or adjudication;
- **Finality:** The Scheme offers Scheme Creditors the opportunity to receive full and final payment of their Scheme Claims at the value attributed to them under the Scheme and finalise their involvement with the Scheme Companies, both of which are in run-off;
- **Cost savings:** Payment in full through the estimation process will allow some Scheme Creditors to save future costs involved in processing and submitting claims against the Scheme Companies in the normal course;
- **Payment of Unpaid Agreed Claims:** Irrespective of whether a Claim Form is submitted, the Scheme Companies will pay Unpaid Agreed Claims listed by the Scheme Manager on a Claim Form. As such, if Scheme Creditors are satisfied that their Unpaid Agreed Claims shown on the Claim Form are their only claim, they need not submit a Claim Form;

- **Estimation:** While the Scheme Manager will endeavour to reach agreement with Scheme Creditors over the valuation of their Scheme Claims, and Scheme Creditors can 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 the Scheme Companies continued a normal course run-off of the business included in the Scheme. That different sum may be more, and may be less, than the amounts which they would otherwise receive in the fullness of time in respect of their currently outstanding and/or IBNR claims;
- **No right to bring 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;
- **No right to submit a Claim Form after the Claims Submission Date:** The Scheme provides a mechanism for cutting off claims in order to enable all Scheme Claims to be valued and paid in a relatively short period;
- **Failure to submit a Claim Form:** If a Scheme Creditor fails to lodge a Claim Form by the Claims Submission Date, the Scheme Companies will have no future liability to the Scheme Creditor (other than in respect of any Unpaid Agreed Claims). Additionally, no Scheme Creditor will be allowed to update its Claim Form after the Claims Submission Date.

Recommendation

The Scheme Companies would urge Scheme Creditors to read the Scheme and supporting information contained in this document carefully and would encourage all Scheme Creditors to vote on the proposed Schemes. The Scheme Companies would also recommend that Scheme Creditors consider seeking professional advice in relation to the proposed Scheme.

Yours faithfully



Jan C.H. Endresen
Managing Director
Oslo Reinsurance Company ASA



Ray K. Papworth
Managing Director
Oslo Reinsurance Company (UK) Limited

PART 2: BACKGROUND TO AND BUSINESS INCLUDED IN THE SCHEME

1. OSLO REINSURANCE COMPANY (UK) LIMITED

1.1 Company history

On 24 November 1994, the directors of Oslo Reinsurance Company (UK) Limited ("**Oslo Re UK**") announced that the company would cease to write new and renewal business. The company has been in run-off since this date. Prior to such date, Oslo Re UK wrote non-life insurance and reinsurance business in the London market under various former names.

Previously Oslo Re (UK) was known by the following names:

- Storebrand Insurance Company (UK) Limited 1972 – 1990
- UNI Storebrand Insurance Company (UK) Ltd. 1991 – 1994

The company formally changed its name to Oslo Reinsurance Company (UK) Limited in 1995. No underwriting was conducted in the name of Oslo Reinsurance Company (UK) Limited.

Oslo Re (UK) also carries business written by Norden Insurance Company UK Limited between 1977 and 1991, which was transferred to UNI Storebrand Insurance Company (UK) Ltd in 1993.

Furthermore, in 1993 the business of UNI Polaris Insurance Company Limited UK Branch written prior to 1991 was also transferred to UNI Storebrand Insurance Company (UK) Ltd. This transfer included business written under the following former names of UNI Polaris Insurance Company Limited UK Branch:

- Polaris Norske Sjø UK Branch 1973– 1981
- Polaris Assuranse AS UK Branch 1982– 1989

1.2 Business included in the Oslo Re UK Scheme

All insurance and reinsurance business of Oslo Re UK is included in the Scheme, other than the excluded business referred to in paragraph 1.3 below.

To assist creditors in identifying the relevant Scheme Insurance Contracts included in the Scheme, a description of business written under each former company name is provided below.

UNI Polaris Insurance Company Limited, UK Branch (previously known as Polaris Assuranse AS UK Branch, and Polaris Norske Sjø UK Branch)

The insurance and reinsurance business written in the above company names included:

- Gan Minster account: 1981-1990

- o this was a Marine account underwritten within the Gan Minster (Malvern Agency), on ILU stamp numbers 3146, 3194 and 3378;
- o for the 1984 and 1985 underwriting years, ILU stamp 3378 was written on a joint basis with Sirius Insurance (UK) Limited (Polaris 68%; Sirius 32%). For the avoidance of doubt, the Sirius 32% is not included in the Scheme;
- Orion Pool: the company was a participant in the Orion Aviation Pool between 1982 and 1991, and wrote business on ILU stamps 3380, 3047, 3391, 3248, 3275 and 3615.

All of the above business was transferred to UNI Storebrand Insurance Company (UK) Limited in 1993 via Section 51 of the Insurance Companies Act 1982.

UNI Storebrand Insurance Company (UK) Limited, and Storebrand Insurance Company UK Limited

The insurance and reinsurance business written in the above company names, included:

- 1990-1994: Non-Marine account written predominately on LIRMA stamp number S6609;
- 1991-1994: Marine & Aviation account written predominately on ILU stamp number 3393 including Aviation excess of loss and treaty pro rata business.

1.3 **Business excluded from the Oslo Re UK Scheme**

The Scheme does not include any Liability of Oslo Re UK in respect of UK compulsory insurance.

The table below summarises the other business which is excluded from the Oslo Re UK Scheme, alongside the company or companies by which it was written.

Company name	Excluded business
<ul style="list-style-type: none"> • Storebrand Insurance Company UK Limited; and • UNI Storebrand Insurance Company (UK) Limited 	<ul style="list-style-type: none"> • Non-Marine, Marine or Aviation business, which was underwritten and/or administered by Willis Faber (Underwriting Management) Limited between 1972 and 1990, known as the WFUM Pools. This business is included in the proposed scheme of arrangement for the WFUM Pools. Please refer to www.wfumpools.com for further details. • Business written pursuant to a fronting arrangement via UNI Storebrand Insurance Company (UK)

Company name	Excluded business
	<p>Limited for Christiania General Insurance Corporation of New York, managed by Trident Marine Managers Inc between 1990 and 1994. Sufficient details of this business could not be obtained in time to enable its inclusion within the Scheme.</p>
<ul style="list-style-type: none"> • Norden Insurance Company (UK) Limited. 	<ul style="list-style-type: none"> • Non-Marine, Marine, Aviation account underwriting within the Community Re-London City Underwriting Agencies, known as the Community Re Pool, between 1979 and 1983. This business is 100% reinsured to ERC Frankona and the account is processed by Hamdens Services under the control of ERC Frankona. • Non-Marine and Aviation account underwritten within the Toa Re Oatley Pool between 1981 and 1985. The Oslo Re UK share of this account is 100% reinsured to the remaining pool members.
<ul style="list-style-type: none"> • Storebrand Insurance Company (UK) Limited (following a business transfer in 1983 from Marine Insurance Company Alpha pursuant to Section 51 of the Insurance Companies Act 1982) 	<ul style="list-style-type: none"> • Any reinsurance of the stamp companies in the R.W. Gibbon pool, in relation to their participations in that pool between the years 1962 and 1972. Because of the limited number of creditors arising from this pool and the size of their involvements it was felt that this business could be effectively handled outside the Scheme.

1.4 **Business not covered by the Oslo Re UK Scheme**

The business summarised in the table below is not covered by the Oslo Re UK scheme as it has been previously transferred to other insurance companies.

Company name	Excluded business
<ul style="list-style-type: none">• Polaris Assuranse AS UK Branch; and• Polaris Norske Sjø UK Branch.	<ul style="list-style-type: none">• Marine and Aviation business within the Mariner Underwriting Agency written between 1973 and 1980. This business was transferred via Section 51 of the Insurance Companies Act 1982 to AGF Insurance Limited.
<ul style="list-style-type: none">• Norden Insurance Company (UK) Limited.	<ul style="list-style-type: none">• Non-Marine business underwritten by Sphere Drake Agencies Limited between 1977 and 1979. This business was transferred to RiverStone in 2004 via Part VII of the Financial Services and Markets Act 2000.

1.5 **Financial position of Oslo Re UK**

The last audited financial statements of Oslo Re UK were for the year ended 31 December 2005 in which the Board was of the opinion that Oslo Re UK was solvent and would be able to meet its liabilities in full. The Board considers that this is still the case and will remain so following implementation of the Scheme. These financial statements are available for inspection (see Schedule III).

2. **OSLO REINSURANCE COMPANY ASA**

2.1 **Company history**

The business of Oslo Reinsurance Company ASA ("**Oslo Re ASA**") is largely based on the former Storebrand International Reinsurance Company Limited, which was set up as a legal entity on 1 January 1972.

The full previous names of Oslo Re ASA are:

- Storebrand International Reinsurance Company Limited AS 1972-1982
- Storebrand-Norden Reinsurance Company Limited AS 1983-1985
- Storebrand Reinsurance Company Limited AS 1986-1987
- Storebrand International Insurance AS 1988-1990

- Uni Storebrand International Insurance AS 1991-1994

The company formally changed its name to Oslo Reinsurance Company ASA in 1995. No underwriting was conducted in the name of Oslo Reinsurance Company ASA.

Oslo Re ASA also carries international reinsurance business written prior to 1972 by Storebrand General Insurance Company AS, which was transferred to Storebrand International Reinsurance Company Limited AS in 1972.

In January 1983 Oslo Re ASA took over the international reinsurance portfolio previously written by Norden Insurance Company AS, following the merger between the Storebrand and Norden groups. The reinsurance treaty business of Norden Marine Insurance Company Ltd. was taken over from 1 January 1988.

On 1 January 1991 Storebrand International Insurance AS merged with UNI Polaris AS. Therefore all Polaris reinsurance business written in Oslo is run-off by Oslo Re ASA.

On 1 January 1993 all direct Marine and Energy business as well as the Space and facultative International Liability accounts were transferred out of Uni Storebrand International Insurance AS to Storebrand Skadeforsikring AS.

Oslo Re ASA ceased underwriting in March 1994 and has been in run-off since that date.

2.2 Business included in the Scheme

The Scheme will include all of the reinsurance business of Oslo Re ASA other than the excluded business referred to in paragraph 2.3 below.

In general terms, the reinsurance business to be included in the Scheme consists of both international treaty and facultative reinsurance business, which was written under one of the company names listed below.

- Storebrand General Insurance Company AS prior to 1972
- Storebrand International Reinsurance Company Limited AS 1972-1982
- Storebrand-Norden Reinsurance Company Limited AS 1983-1985
- Storebrand Reinsurance Company Limited AS 1986-1987
- Storebrand International Insurance AS 1988-1990
- Uni Storebrand International Insurance AS 1991-1994
- Norden Skadeforsikring AS prior to 1983
- Norden Sjøforsikring AS (Norden Marine Ltd / Neptune Marine Insurance Company) prior to 1988

- Polaris Norske Sjø AS / Polaris Assuranse AS prior to 1990
- Uni-Polaris Insurance Company AS / Uni-Polaris Forsikringsaksjeselskap 1989 - 1990
- Storebrand Ruckversicherungs AG, Hamburg 1977 - 1984
- Branch Office of Storebrand Re / Storebrand International in Singapore 1991 - 1994

2.3 **Business excluded from the Scheme**

The Scheme does not include any Liability of Oslo Re ASA in respect of UK compulsory insurance.

2.4 **Business not covered by the Scheme**

For the avoidance of doubt, the Scheme does not include any of the following business which was transferred to Storebrand Skadeforsikring AS on 1 January 1993:

- direct Marine business or business written in the Marine Division of Storebrand International Insurance AS, Uni Storebrand International Insurance AS, Storebrand Marine Insurance Company AS, Polaris Assuranse AS, Norden Marine Limited or any of their predecessors;
- direct Energy business or business written in the Energy Division of Storebrand International Insurance AS, Uni Storebrand International Insurance AS, Polaris Assuranse AS or any of their predecessors;
- direct or facultative International Liability business as written in the Facultative Department;
- international Satellite or Space business.

2.5 **Financial position of Oslo Re ASA**

The last audited financial statements of Oslo Re ASA were for the year ended 31 December 2005. As at 31 December 2005 the Board was of the opinion that Oslo Re ASA was solvent and would be able to meet its liabilities in full. The Board considers that this is still the case and will remain so following implementation of the Scheme. These financial statements are available for inspection (see Schedule III).

3. **DIRECTORS' INTERESTS**

None of the directors of the Scheme Companies are Scheme Creditors. The Scheme will not affect the directors' interests in the Scheme Companies and no additional remuneration will be received by them from the Scheme Companies under the terms of the Scheme.

PART 3: SUMMARY OF KEY SCHEME FEATURES

The Scheme is set out in full in Part II of this document at pages 58 to 125. Its key features are explained below. Defined terms are the same as those used in the Scheme and are set out on pages 60 to 65 of this document. This Explanatory Statement should not be relied upon as a substitute for reading the Scheme provisions themselves.

4. ESTIMATION OF ALL LIABILITIES NOT YET CRYSTALLISED

The Scheme allows Scheme Creditors to submit claims which may be uncrystallised (for example, outstanding claims and IBNR). The Scheme Manager will attempt to agree the value of such claims by reference to the amounts recorded in the Scheme Companies' records and information provided by Scheme Creditors. The Scheme Manager may also ask the Scheme Actuary to apply the Actuarial Methodology (contained in Appendix D of the Scheme) to such claims. Any claim received by the Claims Submission Date that is not resolved by agreement within the timeframe set out in the Scheme will be submitted to the Scheme Adjudicator, whose decision as to the existence and amount of such claims will, insofar as the law allows, be final and binding.

5. APPLICATION OF THE SCHEME

The Scheme will apply to all Scheme Claims to which the Scheme Companies are subject at the Ascertainment Date, in respect of obligations incurred before that date, and that arise in relation to the business detailed in Sections 1.2 and 2.2 of Part 2 of this document.

The Scheme will not apply to certain excluded business written by the Scheme Companies as detailed in Sections 1.3 and 2.3 of Part 2 of this document and claims arising under such business will not be included for agreement or determination under the Scheme.

6. EXTENSION OF TIME PERIODS

Except for the Claims Submission Date and periods of time relating to adjudication, the Scheme Manager may extend any periods of time under the Scheme provided that the length of the extension does not exceed the original period of time. The Scheme Creditor or Scheme Creditors affected will be notified of the extension and their consent must be obtained to any extension of over 12 weeks. The Scheme Adjudicator may extend any of the time periods relating to adjudication, provided that the length of the extension does not exceed the length of the original period of time.

7. STAY OF PROCEEDINGS

The Scheme will operate to prevent the commencement or continuation of all Proceedings against the Scheme Companies and their Property for the purpose of establishing the existence or amount of any Scheme Claim.

However, the Scheme permits Scheme Creditors to take Proceedings against the Scheme Companies or their Property for the purpose of enforcing payment of any Scheme Claim if the Scheme Companies have failed to perform their obligations under the Scheme.

If a Scheme Creditor does take a Proceeding against a Scheme Company or its Property in breach of the Scheme, it will be treated as having received an advance payment under the Scheme equal to the amount or gross value of any money, property, benefit or advantage obtained by it at the expense of the Scheme Companies (which benefit or advantage may include an appropriate amount by way of interest or costs, charges or expenses incurred by the Scheme Companies in consequence of the action), and its entitlement to payment under the Scheme will be reduced accordingly. This treatment is without prejudice to the Scheme Companies' and Scheme Manager's other rights of action howsoever arising against such a Scheme Creditor.

8. 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 Business Day prior to the date on which payment of the Net Ascertained Claim is made. No other claims for interest will be considered or admitted.

9. THIRD PARTY FUNDING

Some brokers (or other parties) may have, with or without the proposed Scheme Manager's or the Scheme Companies' knowledge, made payments to Scheme Creditors in respect of claims against or premiums due from the Scheme Companies. Under the Scheme, brokers who have engaged in such funding will not automatically become Scheme Creditors in respect of the amounts paid. The Scheme Manager will need to be provided with evidence of a written assignment or other authority (in a form acceptable to the Scheme Companies) to make payment in respect of the relevant Scheme Claim to a broker or other funding party, or be satisfied that any payment was made under pre-existing contractual obligations with the Scheme Companies or at the request of the Scheme Companies. Notwithstanding that Scheme Claims in respect of such funding may be disputed, those asserting these may be entitled to vote at the Creditors' Meetings at the absolute discretion of the Chairman of the Creditors' Meetings.

10. DISTRIBUTION AND COMPLETION OF CLAIM FORMS

The procedure for the submission, agreement, and payment of Scheme Creditors' claims is shown diagrammatically at Schedule IV, and is summarised below.

Once the Scheme becomes effective, the Scheme Manager will, within 14 days of the Effective Date, send notices by Post or e-mail that the Scheme is effective and distribute Claim Forms to all Scheme Creditors for which it has a current address. Notice will additionally be sent to brokers with addresses known to the Scheme Manager which are identified as having placed business with or on behalf of the Scheme Companies. With each Claim Form the Scheme Manager will, so far as possible, send out details of each Scheme Insurance Contract which, in the Scheme Manager's reasonable opinion, may give rise to the Scheme Creditor having a Scheme Claim, together with details of any Unpaid Agreed Claims of that Scheme Creditor in relation to such Scheme Insurance Contracts. This may not be an exhaustive list of the Scheme Insurance Contracts or Unpaid Agreed Claims held by the Scheme

Creditor. Scheme Creditors should carefully review their own records when submitting Scheme Claims, and may amend or add to these details as appropriate.

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 at any time on or before the Claims Submission Date. In order to specify its Scheme Claim against one or both of the Scheme Companies, each Scheme Creditor is requested to:

- (a) identify each Scheme Insurance Contract, together with broker details, 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 Insurance Contract;
- (c) provide supporting documentation to validate any Scheme Claim e.g. copy slips/policies; and
- (d) follow all instructions on the Claim Form.

Scheme Creditors who wish to submit estimates in relation to future or contingent amounts should provide full details of the basis of the calculation, together with documentary evidence to support the reasonableness of the claim. The Actuarial Methodology at Appendix D 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 instance 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 is the last date by which Claim Forms may be submitted and it will be 5pm UK time, on the first Business Day falling 180 days after (and not including) the Effective Date.

Each Scheme Creditor will be entitled to submit a further or revised Claim Form and to provide revised or further information to the Scheme Manager in respect of its Scheme Claims at any time up 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.

Unpaid Agreed Claims which the Scheme Companies hold on their books will be deemed to have been submitted on a Claim Form by the Claims Submission Date whether or not the Scheme Creditor has actually submitted a Claim Form in relation to such claims. A Scheme Creditor will therefore receive payment of its Unpaid Agreed Claims even if it does nothing.

11. **DETERMINATION OF SCHEME CLAIMS**

The flowchart at Schedule IV illustrates the procedure for agreeing Net Ascertained Claims under the Scheme.

If a Scheme Creditor receives part payment of any Scheme Claim prior to the Effective Date, that Scheme Creditor's Scheme Claim shall be reduced by that amount and will be subject to determination under the Scheme.

The Scheme Manager will consider the information provided by a Scheme Creditor on a completed Claim Form including, but not limited to, consideration of whether any estimates relating to future or contingent Scheme Claims are reasonable and whether there are any amounts owed by that Scheme Creditor to the Scheme Companies, which will be set-off against the Scheme Creditors' Scheme Claim.

The Scheme Manager may, in its absolute discretion, refer any Scheme Claim or part of a Scheme Claim to the Scheme Actuary for assistance in deciding whether the Scheme Creditor's submissions are reasonable. Appendix D to the Scheme sets out the Actuarial Methodology that the Scheme Actuary will normally use in forming his recommendation.

Scheme Creditors are not obliged to use the Actuarial Methodology when estimating their future and contingent claims on their Claim Form. The Scheme Actuary will, in forming his recommendation to the Scheme Manager, adopt the method used by the Scheme Creditor if he considers the method to be more appropriate to the Scheme Creditor's circumstances than the methods set out in the Actuarial Methodology. To this end, the Actuarial Methodology also sets out general guidelines that the Scheme Actuary will adopt in deciding whether the actuarial methodology used by the Scheme Creditor is appropriate.

If the Scheme Manager (having, where appropriate, consulted with the Scheme Actuary) agrees with the values of Scheme Claims provided on a Claim Form it will, within 42 days of the Claims Submission Date, notify the relevant Scheme Creditor in writing, and the values of the Scheme Claims shown on the Claim Form will become the Agreed Claims of that Scheme Creditor.

The Scheme Manager will notify the Scheme Creditor within 42 days from the Claims Submission Date if it does not (having, where appropriate, consulted with the Scheme Actuary) agree with the Scheme Claim, or does not consider the supporting information to be adequate. The Scheme Manager will explain the matters which are not agreed, and the reasons why such matters are not agreed, and if necessary will request further information or evidence. The Scheme Creditor must provide that information within 42 days of the request being received (otherwise any such information will be disregarded) and thereafter the Scheme Manager and Scheme Creditor will attempt to reach agreement as to the disputed matters.

There is a total period of 182 days from the Claims Submission Date for the agreement of claims between the Scheme Manager and Scheme Creditor.

If a Scheme Creditor's Scheme Claim cannot be agreed within this 182 day period, the Scheme Manager will notify the Scheme Creditor of the value which it is prepared to accept. If the Scheme Creditor does not, within 42 days of the date of such notification, request the Scheme Manager to refer the valuation of its Scheme Claim to the Scheme Adjudicator, the Scheme Creditor will be deemed to have accepted the value notified by the Scheme Manager, and such value shall become the Scheme Creditor's Agreed Claim.

12. **ADJUDICATION PROCEDURE**

In considering any Disputed Claim, the Scheme Adjudicator will act as an expert and not as an arbitrator and can consult legal and other experts as he deems necessary. He will have access to all of the Scheme Companies' records and information in the possession or under the control of the Scheme Companies and the Scheme Manager that he reasonably requires to resolve the dispute concerning the Disputed Claim and will be entitled to call for such evidence, documents, data and information from the Scheme Creditor and Scheme Company concerned as he may require.

The Scheme Adjudicator will adjudicate upon and finally determine any Disputed Claims referred to him within 42 days from the latest 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 a person provide him with further support evidence.

The Scheme Adjudicator's determination will be final and binding insofar as the law allows. Neither the Scheme Creditors, nor the Scheme Manager, nor the Scheme Companies will have any right of appeal or review, any right to commence any Proceedings either in respect of the Scheme Adjudicator's determination or the procedure by which the Scheme Adjudicator reached such determination, or any right to require the Scheme Adjudicator to provide any written reasoning of his adjudication.

The Scheme Adjudicator may extend any of the time limits for determining Disputed Claims, but he must notify the Scheme Manager and Scheme Creditor of his determination in relation to any Disputed Claim at the latest within 84 days of his receipt of notice of such Disputed Claim from the Scheme Manager

The Scheme Adjudicator may direct that any or all of his remuneration, costs and expenses be paid by the Scheme Company or Scheme Companies or by the relevant Scheme Creditor. If he makes no such order, the Scheme Company (or, if both Scheme Companies are party to the dispute, both Scheme Companies in such shares as are determined by the Scheme Manager) and the Scheme Creditor will each be responsible for paying half of the remuneration and reasonable expenses of the Scheme Adjudicator.

13. VALUATION STATEMENTS

Once the claims agreement and (if appropriate) adjudication procedures are completed in relation to a Scheme Creditor, the Scheme Manager will as soon as reasonably practicable notify each Scheme Creditor in writing of the value of its Net Ascertained Claim or Net Debt in respect of each Scheme Company by way of a Valuation Statement.

The Valuation Statement will set out the total value of a Scheme Creditor's Agreed Claims established under the procedures for agreement and adjudication and, for those who are also reinsurers of the Scheme Companies, will set out their set-off balances as described below.

The Valuation Statement will set-off any amounts in relation to Scheme Debts due from a Scheme Creditor against the sums due to the Scheme Creditor. Scheme Debts are amounts which are, or may become, payable by a Scheme Creditor to a Scheme Company in connection with the business subject to the Scheme, generally under contracts of reinsurance, although such debts could arise by virtue of an obligation to return premium or over-payments by the Scheme Company. The calculation of Scheme Debts in respect of reinsurance obligations will take account of Agreed Claims, valued by virtue of the Scheme.

Set-off will be carried out as between each Scheme Company and its Scheme Creditors. However, Scheme Creditors will have made available to them a statement aggregating their Valuation Statements issued in respect of both Scheme Companies (a "**Combined Valuation Statement**") in each applicable currency. The aggregation of amounts in respect of both Scheme Companies on a Combined Valuation Statement may result in the setting-off of amounts shown as due from a Scheme Creditor to one Scheme Company against amounts shown as due to that Scheme Creditor from the other Scheme Company. By signing and returning their Combined Valuation Statement, a Scheme Creditor can indicate its agreement to such set-off and to receiving a single payment on behalf of both Scheme Companies. If it does not sign and return a Combined Valuation Statement, cross company set-off will not be applied and the Scheme Creditor will receive a separate payment from each Scheme Company.

A time value discount will be applied to reflect the net present value of Scheme Claims and Scheme Debts as at the Ascertainment Date.

A Valuation Statement will also show other balances including:

- payments made by or to a Scheme Creditor between the Ascertainment Date and the date of the Valuation Statement;
- any part of an Agreed Claim that has been, or is to be, satisfied by drawdown of Security or Letter of Credit since the Ascertainment Date, and the amount of any Security or Letter of Credit to be deducted from the total Agreed Claim. Scheme Creditors will therefore be able to call on, or draw down, the requisite amount from the Security or Letter of Credit in respect of their Agreed Claims and it will be assumed that they will do so;

- adjustments eliminating any discount applied to amounts shown on the Valuation Statement for the period between the Ascertainment Date and the date of the Valuation Statement;
- any deductions in respect of the Scheme Adjudicator's costs;
- amounts treated as having been obtained by a Scheme Creditor in breach of the Scheme;
- withholding tax, if applicable;
- 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 in favour of the Scheme Company). A Valuation Statement becomes binding upon the Scheme Creditor unless disputed within 42 days of the date of the Valuation Statement. A Valuation Statement can only be disputed as regards inwards claim values if it contains a clear typographical or mathematical error which is apparent on its face or an error in the transposition of binding information to it. These kinds of error are referred to as "**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. However inwards claims values that have become binding as Agreed Claims or been applied to contracts by which the Scheme Company is reinsured in respect of such Agreed Claims for the purposes of set-off can only be disputed on grounds of Manifest Error and not on substantive grounds. If agreement cannot be reached the substantive disputes will be resolved by adjudication.

14. **PAYMENT**

When the Scheme Manager determines that substantially all Scheme Creditors' Scheme Claims have been determined (through agreement or adjudication) and have become binding on a Scheme Company and Scheme Creditor in accordance with the terms of the Scheme, the Scheme Manager will make payments to each Scheme Creditor in the amount of any Net Ascertained Claim. Notwithstanding this, the Scheme Manager has discretion to make payment of a Net Ascertained Claim to a Scheme Creditor at any time after such Scheme Creditor's Scheme Claim shall have been determined and become binding in accordance with the Scheme.

The Scheme Manager may, at its discretion, if requested by a third party who has provided written evidence of his authority to act on behalf of a Scheme Creditor, and provided no notice is given to the contrary by such Scheme Creditor, direct the Scheme Companies to make payment to the third party in respect of such Scheme Creditor's Net Ascertained Claim.

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

Payment will be made by cheque and sent by Post. Alternatively, at the request of a Scheme Creditor, payments may be made by way of telegraphic transfer to the bank account specified by the Scheme Creditor at the Scheme Creditor's expense. The despatch of cheques and payments made by way of telegraphic transfer will constitute a full discharge of the Scheme Claim to Scheme Creditors. If a Scheme Creditor to which a cheque has been despatched has not presented it for payment within six months from the date of posting, unless otherwise agreed in writing by the Scheme Manager in its absolute discretion, the relevant Scheme Creditor will be deemed to have been satisfied in full in relation to such payment and the unclaimed sum shall then be treated as the Property of the Scheme Companies. Without prejudice to the foregoing, the Scheme Manager will make reasonable efforts to contact a Scheme Creditor where it appears that any transfer has not been effected or cheque not presented before the six month period expires. If a Scheme Creditor notifies the Scheme Manager within six months of a cheque being sent that such cheque has been lost or mislaid, the Scheme Manager will send a replacement cheque if satisfied that the original cheque has not been cashed and can be cancelled.

15. SECURITY AND LETTERS OF CREDIT

In respect of both Scheme Companies, a Scheme Creditor may obtain payment by means of its Security at any time, and therefore Scheme Creditors' rights in respect of Security are not altered by the Scheme.

In relation to Letters of Credit relating to Scheme Insurance Contracts, a Scheme Creditor may obtain payment by means of drawdown on such Letter of Credit at any time.

In the calculation of a Scheme Creditor's Net Ascertained Claim on a Valuation Statement, it will be assumed that such Scheme Creditor either has, or 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.

When a Scheme Creditor's Net Ascertained Claim has become final and binding under the terms of the Scheme, the Scheme Creditor will draw the applicable amount from the relevant Security or Letter of Credit. Payment of Net Ascertained Claims by the Scheme Companies will be made net of any amounts which the Scheme Creditor is entitled to draw down from Security or Letter of Credit.

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

16. **CURRENCY OF PAYMENT**

Any amount owed to a Scheme Creditor in respect of an Net Ascertained Claim will be paid in the Relevant Currency, provided that, if any Scheme Creditor has more than one Net Ascertained Claim in more than one Relevant Currency, the Scheme Companies reserve the right to convert and pay the Scheme Creditor for all its Net Ascertained Claims in the Relevant Currency of that Scheme Creditor's largest Net Ascertained Claim at the closing mid-market rate of exchange for the Relevant Currency quoted in the Financial Times on the last Business Day of the month preceding the date of the relevant Valuation Statement.

The Relevant Currency for the purposes of the Scheme is (i) for Scheme Claims submitted in Sterling, Sterling, (ii) for Scheme Claims submitted in Euros, Euros, and (iii) in the case of Scheme Claims submitted in any other currency, US Dollars.

17. **LLOYD'S NAMES AND SYNDICATE SET-OFF**

There would be significant practical problems in identifying set-off at a Lloyd's names level. The Scheme adopts the practical solution normally used in London market schemes of arrangement, which is that set-off will be applied at syndicate level, not names level. Set-off at syndicate level will be permitted across different underwriting years, provided the syndicate managing agent establishes to the satisfaction of the Scheme Managers that there has been no material change in syndicate membership between the different underwriting years.

18. **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, 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.

19. **THE SCHEME MANAGER**

The Scheme Manager will be Oslo Reinsurance Company ASA.

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 the Scheme Companies' 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.

The Scheme Manager is also one of the Scheme Companies and is in the same corporate group structure as Oslo Reinsurance Company (UK) Limited.

20. **THE SCHEME ADJUDICATOR**

The first Scheme Adjudicator under the Scheme will be Peter Matthews of EMB Consultancy, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom, and the powers, duties, functions and rights conferred on him are set out in clause 6 of the Scheme.

The Scheme Adjudicator will act as independent expert and not as arbitrator and his specific function will be to determine any Disputed 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 the Scheme Companies), Mr Matthews is not a creditor, shareholder or director of the Scheme Companies.

21. **THE SCHEME ADVISERS**

John Mitchell Wardrop and Michael Steven Walker of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom will be appointed to act as Scheme Advisers, with the powers, rights, duties and functions conferred upon them by the Scheme.

The Scheme Advisers will provide advice to the Scheme Manager and the Scheme Companies to facilitate the carrying out of the Scheme. The Scheme Advisers will have full access to all relevant information in relation to the Scheme Claims. All managerial powers, rights, duties and functions will remain with the Scheme Manager and the Scheme Companies. The duties and functions of the Scheme Advisers are set out in clause 7 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 a Scheme Company 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, including any reasons supporting their conclusion, will be copied to the Scheme Creditor.

In the event that the Scheme Advisers consider the complaint to be justified, they will also advise the Scheme Company 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, the Scheme Company and the Scheme Advisers a written statement of the actions it has taken in light of the Scheme Advisers' comments.

Although the Scheme Advisers cannot enforce compliance, if the Scheme Manager does not follow their advice, or does not remedy the matter to enable compliance with the Scheme, the Scheme Advisers will send written notice to the Scheme Company, with a copy to the relevant Scheme Creditor, stating that in their view the Scheme is not being operated in accordance with its terms, which should be a powerful incentive for each Scheme Company to act upon their advice.

The Scheme Advisers will be paid a fixed fee out of the Property of the Scheme Companies and will be entitled to an indemnity for costs properly incurred in relation to the Scheme and for defending any action brought against the Scheme Advisers in relation to the Scheme. 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 the Scheme Companies), neither Mr. Wardrop nor Mr. Walker are creditors, shareholders or directors of the Scheme Companies.

22. **THE SCHEME ACTUARY**

The Scheme Actuary will be Daniel ffrons Sykes of KPMG LLP, whose function will be to provide guidance to the Scheme Manager, as requested, to enable it to assess and where appropriate agree ultimate Scheme Creditors' Scheme Claims by applying the Actuarial Methodology as set out in Appendix D of the Scheme.

The Scheme Actuary will be paid out of the Property of the Scheme Companies. With the exception of any fees or expenses which might be outstanding at the date of the document, Mr Sykes is not a creditor, shareholder or director of either of the Scheme Companies.

23. **THE BOARD**

The directors of each of the Scheme Companies (the "**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 the Scheme Companies or otherwise. If the Scheme is sanctioned by the Court, the current directors will continue as directors of the Scheme Companies.

24. **COMPLETION OF THE SCHEME**

The Scheme will be completed when the Scheme Manager certifies to the Scheme Company that the Scheme has been implemented in accordance with its terms. Notice of impending completion will be sent to each Scheme Creditor that was entitled to receive a Valuation Statement 56 days prior to the date on which it is proposed that the Scheme will be declared complete. A Scheme Creditor may object, prior to that date, by notice to the Scheme Adviser 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 Adviser advises 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 Adviser and unless the Scheme Adviser disagrees within 21 days, a certificate of completion can then be issued in relation to the Scheme Creditor concerned.

Once the Scheme has been declared completed, all 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 one or both of the Scheme Companies. In such an event, the Board or any liquidator, administrator or provisional liquidator of the Scheme Companies may resolve that the Scheme be terminated.

All Released Parties as defined in the Scheme will, upon completion of the Scheme, be released absolutely from all of their Liabilities and obligations under or in connection with the Scheme insofar as the law permits, except in cases of fraud or dishonesty. Any obligation under the Scheme which has not been fulfilled by the Completion Date will be deemed to have been correctly and fully performed and Scheme Creditors will not have any claims in respect of any such obligation.

As soon as practical after the completion of the Scheme the Scheme Manager will publish in the same publications which it Advertised the initial Creditors' Meeting an advertisement stating that the Scheme has been completed.

25. **PROHIBITED PAYMENTS**

In some cases a Scheme Company may be prevented by a law or regulation from making payment to a Scheme Creditor under the Scheme. In such case, the Scheme Company 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, the Scheme Company 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 shall revert to the Scheme Company and the relevant Scheme Creditor shall have no further claim on the Scheme Company in respect of such monies.

26. **GOVERNING LAW AND JURISDICTION**

The Scheme will be governed by and construed in accordance with the laws of England and Wales, and the Court (as defined in the Scheme as the High Court of Justice of England and Wales) shall have exclusive jurisdiction to hear and determine any Proceeding and any dispute which may arise out of the Explanatory Statement or any provisions of the Scheme, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme. For such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the Court. The Scheme does not effect, or seek to change, the law governing the underlying Scheme Insurance Contract.

27. **ELECTRONIC COMMUNICATIONS**

Communications required under the Scheme may be sent electronically. Scheme Creditors are asked to include an e-mail address in the space provided on the Voting and/or Claim Forms.

28. **CONDITIONS OF THE SCHEME BECOMING EFFECTIVE**

The Scheme will become effective as soon as a copy of the order of the Court sanctioning the Scheme has been delivered for registration to the Registrar of Companies in England and Wales.

29. **FEE ARRANGEMENTS**

The Scheme Manager will not receive any remuneration for completing its duties under the Scheme, although Oslo Re UK will pay a share of its costs.

The fees of the Scheme Advisers in respect of performing their roles under the Scheme are fixed in nature and there are no contingent fee arrangements. The fixed fee payable to the Scheme Advisers is part payable once the court makes an order to summon a meeting of creditors, part payable once the scheme is sanctioned by the court, and part payable upon the payment of Net Ascertained Claims to creditors.

The fees of the Scheme Actuary comprise a fixed fee plus time costs with no contingent fee arrangement.

The fees of the Scheme Adjudicator are a fixed fee plus time costs, with no contingent fee arrangement.

All fees and expenses of the Scheme Advisers, Scheme Actuary, and Scheme Adjudicator are payable by the Scheme Companies.

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

SCHEDULE I
EFFECT OF INJUNCTION UNDER CHAPTER 15 OF US BANKRUPTCY CODE

The Scheme Companies will commence a case under Chapter 15 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court, Southern District of New York (the “**Bankruptcy Court**”) seeking, among other things, permanent injunctive relief to aid in the implementation of the Scheme (the “**Chapter 15 Case**”). The Scheme Companies will seek an order from the Bankruptcy Court in substantially the following form:

1. that the Scheme (including any amendments or modifications to the Scheme) be given full force and effect and be binding upon and enforceable against any entity that is a Scheme Creditor, including without limitation, against a Scheme Creditor in its capacity as a debtor of the Scheme Companies, in the United States;
2. that all Scheme Creditors be permanently enjoined and restrained from:
 - (a) taking or continuing any act to obtain possession of, or exercise control over any Property of the Scheme Companies or the proceeds of such Property in the United States, and its territories, that is not in compliance with the Scheme, and seizing, repossessing, transferring, relinquishing, or disposing of any Property of the Scheme Companies, or the proceeds of such Property in the United States, and its territories that is not in compliance with the Scheme;
 - (b) commencing or continuing any legal or equitable action or proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever), including by way of counterclaim, against the Scheme Companies or any of its Property in the United States, and its territories, that is involved in the Foreign Proceeding, or the proceeds thereof, and seeking discovery of any nature against the Scheme Companies, that is not in compliance with the Scheme;
 - (c) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award and commencing or continuing any act or any other legal or equitable action or proceeding (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) to create, perfect or enforce any lien or other security interest, set off, attachment, garnishment, or other claim against the Scheme Companies or any of its Property in the United States, and its territories, or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts;
 - (d) invoking, enforcing or relying on the benefits of any statute, rule or requirement of federal, state, or local law or regulation requiring the Scheme Companies to establish or post security in the form of a bond, letter of credit or otherwise as a condition of prosecuting or defending any proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) and such statute, rule or requirement will be rendered null and void for Proceedings, provided, however, that nothing in the order shall in any

respect affect any Security in existence at the Effective Date or the replacements for such Security; and

- (d) withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement or similar agreement in which the Scheme Companies have an interest in excess of amounts expressly authorized by the terms of the trust, escrow, or similar agreement;
3. that a Net Ascertained Claim or Net Debt determined under the Scheme shall be final and binding on the Scheme Company and any entity that is a Scheme Creditor;
 4. that all persons and entities in possession, custody, or control of property of the Scheme Companies in the United States, or its territories, or the proceeds thereof, are required to turn over and account for such property or proceeds to the Scheme Companies;
 5. that nothing in the order would prevent the continuance or commencement of proceedings against any person, entity, or other insurer other than the Scheme Companies, provided, however, that if any third party shall reach a settlement with, or obtain a judgment against, any person or entity other than the Scheme Companies, such settlement or judgment shall not be binding on or enforceable against the Scheme Companies or its Property, or any proceeds thereof;
 6. that, pursuant to 7065 of the Federal Rules of Bankruptcy Procedure, the security provisions of Rule 65(c) of the Federal Rules of Civil Procedure be, and the same hereby, are waived;
 7. that the Bankruptcy Court would retain jurisdiction with respect to the enforcement, amendment, or modification of the order or requests for any additional relief in the Chapter 15 Case and all adversary proceedings in connection therewith properly commenced and within the jurisdiction of the Bankruptcy Court;
 8. that no action taken by the Scheme Companies, the Scheme Advisers, their successors, agents, representatives, advisers, or counsel, or any of them, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Scheme, the order, the Chapter 15 Case, any further order for additional relief in the Chapter 15 Case, or any adversary proceedings in connection therewith will be deemed to constitute a waiver of the immunity afforded to the Scheme Companies, the Scheme Advisers, their successors, agents, representatives, advisers, or counsel under the law of the United States or otherwise; and
 9. that the order be served:
 - (a) by United States mail, first class prepaid, on or before the date prescribed by the United States Bankruptcy Court upon the parties in interest; and
 - (b) by publication in The Wall Street Journal (US Edition) and Business Insurance or any other appropriate industry publication on or before the date prescribed by the United States Bankruptcy Court;

and that such service will be good and sufficient service and adequate notice for all purposes, whether or not the Scheme Company is successful in obtaining such a permanent injunction order in the United States, the Scheme will continue in force.

**SCHEDULE II
SAMPLE FORM OF PROXY AND VOTING FORM**

FORM OF PROXY

IN THE HIGH COURT OF JUSTICE

IN THE MATTER OF OSLO REINSURANCE COMPANY (UK) LIMITED

CHANCERY DIVISION

AND

COMPANIES COURT

IN THE MATTER OF OSLO REINSURANCE COMPANY ASA

AND

IN THE MATTER OF THE COMPANIES ACT 1985

To be used at the meetings of Scheme Creditors ("the Meetings of Creditors") of Oslo Reinsurance Company (UK) Limited ("**Oslo Re UK**") and Oslo Reinsurance Company ASA ("**Oslo Re ASA**") to be held at the offices of KPMG LLP, 1-2 Dorset Rise, London EC4Y 8EN, at 11am on 12 February 2007. The numbers in brackets correspond to the numbered instructions used in this form.

I/We (1) _____ (Enter the name of the Scheme Creditor, including all former names)

of _____ (Enter the address of the Scheme Creditor)

being a Scheme Creditor of Oslo Re UK in the sum of **(2)**:

Amount: _____ Currency: _____ (Enter the estimated total claims and currency as detailed on the and/or being a Scheme Creditor of Oslo Re ASA in the sum of **(2)**: voting form)

Amount: _____ Currency: _____

HEREBY APPOINT (3): the chairman of the Meetings of Creditors or _____ as my/our proxy to act for me/us at the relevant Meeting(s) of Creditors for the purpose of considering and, if thought fit, approving (with or without modification) the Schemes referred to in the notice summoning the Meetings of Creditors, or any adjournment thereof, to vote for me/us and in my/our name(s) for or against the Schemes (either with or without modification as my/our proxy may approve) as hereinafter indicated.

If you wish to vote for the Scheme, enter a tick [✓] in the box marked "FOR". If you wish to vote against the Scheme, enter a tick [✓] 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 Meetings of Creditors 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.

	FOR the Scheme (with or without modification) (4)	AGAINST the Scheme (4)	AT DISCRETION (4)
Oslo Re UK Non-IBNR class			
Oslo Re UK IBNR class			
Oslo Re ASA			

Please sign below to validate the appointment.

Signature (5) : _____
Name: _____ Email: _____
Position/Capacity (6) _____ Telephone Number: _____
Fax Number: _____ Date: _____

SEE PAGES 39 TO 41 FOR INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

INSTRUCTIONS FOR COMPLETION OF THE FORM OF PROXY

INTRODUCTION

Please note that the terms contained within these instructions and the proxy form bear the same meanings as given to them in the Scheme, referred to in the Notice of the Meetings of Creditors.

- (1) 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 Creditors) 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 must complete a separate proxy form, as a group submission is not permissible.
- (2) Enter the total amount of your estimated Scheme Claims against the Scheme Company and nominate the currency applicable to those Scheme Claims.
- (3) If you wish to appoint a person other than the chairman of the relevant Meeting of Creditors as your proxy, delete the words "the chairman of the Meetings of Creditors" and enter the name of the person to be appointed. The person to be appointed as your proxy need not be a Scheme Creditor. If you appoint a person other than the chairman of the Meetings of Creditors as your proxy that person must attend the meetings in order to vote on your behalf.
- (4) You should indicate on the form how you wish to vote in respect of each Scheme Company and class against which you have claims. If you have claims which fall into both classes for Oslo Re UK you can vote in each class. If you wish to instruct your proxy to vote for the Scheme please tick the box marked "FOR". If you wish to instruct your proxy to vote against the Scheme 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" in which event you must appoint a person other than the chairman of the Meetings of Creditors to be your proxy, otherwise the form of proxy will not operate as a valid appointment of a proxy at the relevant Meeting of Creditors.

- (5) You must sign the form to validly appoint your proxy. An unsigned form will not operate as a valid appointment.
- (6) If you are the 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 proxy 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.

GENERAL NOTES

- (A) Completed proxy forms should be returned as soon as possible, and in any event so that they are received by 5pm (English time) on 5 February 2007 by the Scheme Manager, Oslo Reinsurance Company ASA, c/o KPMG, 8 Salisbury Square, London EC4Y 8BB, marked for the attention of James Bolton . Alternatively, Scheme Creditors may send their forms, marked for the attention of James Bolton to facsimile number +44 (0) 20 7694 3126. Faxed and emailed proxy forms will only be accepted if they are legible. Alternatively, the proxy form may be handed in at the registration desk at the venue of the relevant Meeting of Creditors prior to its commencement.
- (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 an 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) It is important to note that if you have an Agreed Claim which has not yet been paid by the Scheme Company, or has only been partially paid, the claim to be entered into the voting form should be the amount of your claim against the Scheme Company which has not been paid.
- (E) To determine whether the requisite statutory majority has been achieved at the Meetings of Creditors in respect of each class of Scheme Creditor, the value of the votes will be calculated by reference to the aggregate amount of claims specified against the Scheme Company in respect of Scheme

Insurance 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 relevant Meeting of Creditors. The value to be attributed to each Scheme Creditor's Scheme Claim for voting purposes will be agreed on the basis of the information provided by the Scheme Creditor or the information available to the Scheme Company from its existing records. Account will also be taken of any known set-off, cross-claim or security interest. If the Scheme Company 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 valuing the Scheme Creditor's vote at the relevant Meeting of Creditors. If agreement cannot be reached between the Scheme Company and the Scheme Creditor on the quantum of a Scheme Creditor's claim for voting purposes, the chairman of the Scheme Meeting will determine what he considers to be a fair and reasonable value for voting purposes. 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 relevant Meeting of Creditors and, if not, as soon as possible thereafter, and in any event before the hearing of the petition for the sanction of the Scheme.

VOTING FORM

Oslo Reinsurance Company (UK) Limited ("Oslo Re UK") and Oslo Reinsurance Company ASA ("Oslo Re ASA")

For each Scheme Claim against Oslo Re UK and Oslo Re ASA arising under an Scheme Insurance 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 relevant Meeting of Creditors 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 the following pages.

No estimate of the amount of any Scheme Claim against Oslo Re UK or Oslo Re ASA specified in this voting form, or otherwise provided for voting purposes, shall be admissible against Oslo Re UK, Oslo Re ASA or any other party, or shall be taken into account in calculating payments under the Scheme. Any such estimate shall only be used for voting purposes at the relevant Meeting of Creditors.

Please complete a separate table for each Scheme Company and for each different currency. Use photocopied pages as required.

Scheme Creditor Name: _____

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: _____

OSLO REINSURANCE COMPANY ASA

Currency: _____

DESCRIPTION					
(1) Scheme Insurance Contract reference numbers	(2) Type of business	(3) Participation percentage (%)	(4) Inception date	(5) Broker	(6) Broker reference

Totals

AGREED AND OUTSTANDING CLAIMS				
(7) Agreed claims	(8) Outstanding claims	(9) Sub- total (7+8)	(10) Security interests*	(11) Net total (9- 10)

IBNR CLAIMS		
(12) IBNR claims	(13) Security interests*	(14) Net total (12- 13)

SET- OFF
(15) Sums available to be set- off for voting purposes

*for example, letters of credit or any other set-off or counter-claims

SEE PAGES 45 TO 48 FOR INSTRUCTIONS FOR COMPLETION OF THE VOTING FORM

INSTRUCTIONS FOR COMPLETION OF THE 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.

The numbers below refer to the numbered columns in the voting form. You are requested to return the voting forms, accompanied by a completed proxy form (where appropriate) to the Scheme Manager, Oslo Reinsurance Company ASA c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, marked for the attention of James Bolton by 5pm (English time) on 5 February 2007. Alternatively Scheme Creditors may send the voting forms (and proxy forms where relevant) by facsimile transmission marked for the attention of James Bolton to facsimile number +44 (0) 20 7694 3126 by the same time on the same date, though facsimile and email copies will only be accepted if they are legible. Alternatively, voting forms may be handed in at the registration desk at the venue of the relevant Meeting of Creditors prior to its commencement.

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 Scheme Company and each different currency. Use photocopied pages as required.

Description of Scheme Insurance Contracts

(1) Scheme Insurance Contract reference number

Specify the Scheme Insurance Contract reference numbers under which each of your Scheme Claims arise against the Scheme Company and 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.

(2) **Type of Business**

Specify the type of business to which the Scheme Insurance Contract relates.

(3) **Participation percentage**

The participation percentage for each Scheme Insurance Contract represents the percentage line underwritten or assumed by the Scheme Company under the Scheme Insurance Contract.

(4) **Inception date**

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

(5) **Broker**

Specify the name of the broker who placed the Scheme Insurance Contract or, if the placing broker is not known, any other broker or intermediary (if known) who acted on your behalf in relation to the Scheme Insurance Contract. Enter, in addition, either "placing broker" or "other" as applicable.

(6) **Broker reference**

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

For Agreed and Outstanding Claims:

(7) **Agreed Claims**

Specify the amount of any claim or (where there is more than one claim) the aggregate amount of any claims you have arising under each Scheme Insurance Contract underwritten by the Scheme Company that has been established by agreement, or otherwise, but not yet paid.

(8) **Outstanding Claims**

Specify the estimated amount of any claim or (where there is more than one claim) the aggregate estimated amount of any claims you have arising under each Scheme Insurance Contract underwritten by the Scheme Company that has been reported but not yet established and provide particulars of your estimate(s) in supporting schedules.

(9) **Sub-total**

Enter the total of columns (7) and (8) to obtain the sub-total in respect of each Scheme Insurance Contract.

(10) **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 Insurance 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.

(11) **Net total (Agreed and Outstanding Claims)**

Enter the total of column (9) less the amount specified in column (10) to achieve the net total in respect of each Scheme Insurance Contract.

For each of columns (7) to (11) (inclusive), add together the amounts appearing in the column and place the aggregate figure in the "Totals" box.

For IBNR Claims:

(12) **IBNR Claims**

Specify the amount of any IBNR Claim or (where there is more than one claim) the aggregate amount of any IBNR Claims you have arising under each Scheme Insurance Contract underwritten by the Scheme Company that you consider has been incurred but not reported and provide particulars of your estimate(s) in a supporting schedule.

(13) **Security Interests**

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 Insurance Contract under each IBNR 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.

(14) **Net total (IBNR Claims)**

Enter the total of column (12) less the amount specified in column (13) to achieve the net total of IBNR Claims in respect of each Scheme Insurance Contract.

For each of columns (12) to (14) inclusive, add together the amounts appearing in the column and place the aggregate figure in the "Totals" box.

(15) **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 business. If you hold amounts due to the Scheme Companies, please enter these here in the voting form for the relevant Scheme Company.

SCHEDULE III
LIST OF DOCUMENTS AVAILABLE FOR INSPECTION

1. Order of the Court dated 29 November 2006 directing the convening of the Creditors' Meetings;
2. Letters of consent to act from each of the Scheme Advisers, the Scheme Actuary and the Scheme Adjudicator; and
3. Audited annual financial statements of the Scheme Companies as at 31 December 2005 or such other later date as such financial statements become available.

The above documents or copy documents will be available for inspection from www.oslore.no and on reasonable notice by Scheme Creditors (until the close of the Creditors' Meeting) at the following locations during ordinary business hours on any Business Day:

Scheme Advisers

John Mitchell Wardrop and
Michael Steven Walker
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

UK Legal Advisers

Sidley Austin
Woolgate Exchange
25 Basinghall Street
London
EC2V 5HA
United Kingdom

Tel: +44 20 7694 1856
Fax: +44 20 7694 3126
E-mail: james.bolton@kpmg.co.uk
Contact: James Bolton

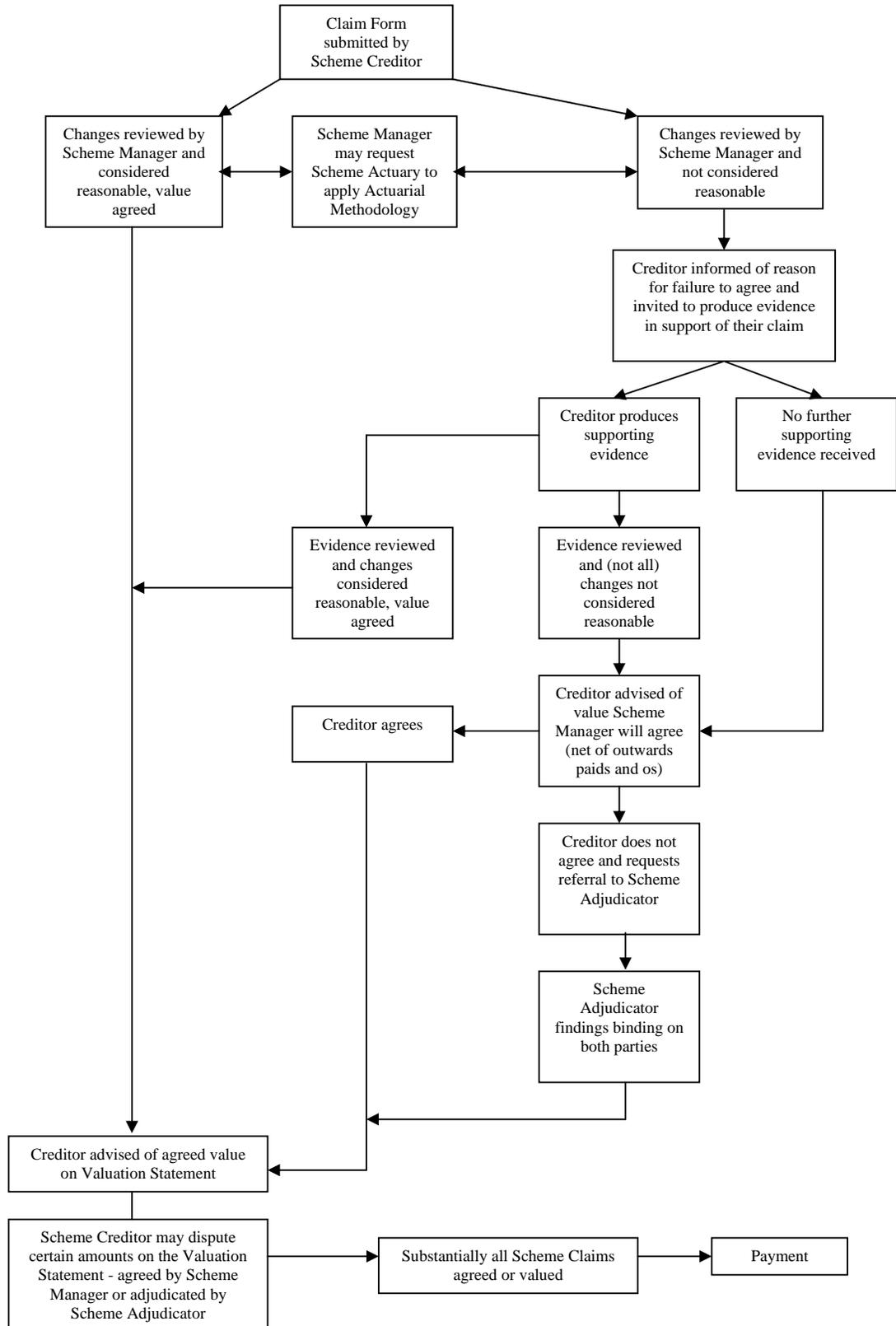
Tel: +44 20 7360 3600
Fax: +44 20 7626 7937
E-mail: nmontgomery@sidley.com
Contact: Nigel Montgomery

US Legal Advisers

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
United States of America

Tel: +1 212 839 5300
Fax: +1 212 839 5599
E-mail: graicht@sidley.com
Contact: Geoffrey Raicht

**SCHEDULE IV
FLOW CHART ILLUSTRATING PROCEDURE FOR AGREEING ASCERTAINED
CLAIMS**



SCHEDULE V CURRICULA VITAE

SCHEME ADVISERS

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, and is the prospective Scheme Adviser to 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.

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 specializing 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, and Scheme Adviser to Lion City Run Off Pte Ltd, Pender Mutual Insurance Company Limited 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, a member of the Affiliated Member of the Institute of Chartered Accountants in England & Wales and a member of the International Association of Insurance Receivers.

SCHEME ADJUDICATOR

Peter Matthews

Peter has provided reserving advice to many Lloyd's syndicates and London Market companies and represented a large US insolvency on the KWELM Reserving Committee. Peter is the Scheme actuary for Chancellor, Stockholm Re (Bermuda), Scan Re, Mentor (UK) and Pacific and General.

Peter is the peer review actuary overseeing the actuarial work performed on Halvannon, Fremont (UK), ICS (Re), RMCA (Re), UIC, Charter Re, Black Sea and Baltic and Municipal General Insurance Company. Peter is the Scheme Adjudicator for the following solvent Schemes of Arrangement; Seven Provinces, Transatlantica, Nationale_Nederlanden, NV The Netherlands, Mercantile Mutual Insurance (Australia), Scottish and Commonwealth, Osiris, Crombie, Nichido, La Metropole, Ludgate, Anglo American, Cavell, Unione Italiana, Aviation & General, Folksam, Prudential and Pearl. Peter is the Actuarial Adjudicator on the WFUM and Gordian Schemes of Arrangement.

Peter has advised many companies on the subject of commutations and has been involved in many large commutation deals, advising both inwards and outwards reinsurers. In 1990, Peter was chairman of an actuarial working party that wrote one of the first papers on commutations. He has spoken on the subject of commutations in London, Bermuda, Europe and the USA. Peter spoke on the subject of reinsurance bad debt at the September 2000 Casualty Actuarial Society reserving seminar. Peter was a member of the Institute of Actuaries World Trade Centre committee and the General Insurance Reserving Issues Taskforce (known as GRIT) which presented a sessional paper to the Institute of Actuaries in March 2006.

Peter has provided litigation support on a number of high profile reinsurance related matters in the USA, Egypt, Bermuda, Australia and UK.

Peter is a member of the American Academy of Actuaries, a Fellow of the Institute of Actuaries and has a first class degree in mathematics from Exeter University. He is a founding partner of EMB Consultancy, an actuarial firm specialising purely in the Property and Casualty insurance sector. From 1975 to 1981, Peter spent his early career in the life and pensions industry. Since 1981 he has devoted his career to the London Market and the international reinsurance industry. Peter established his own actuarial firm, Matthews Consultants, in 1987 which subsequently merged with English Wright & Brockman in August 1997 to form English Matthews Brockman, which is now known as EMB Consultancy LLP (EMB).

SCHEME ACTUARY

Daniel ffrons Sykes

Daniel is a Director in the Insurance Solutions team in the London office of KPMG LLP UK and has been working in non-life insurance for 17 years. He is responsible for the actuarial valuations for a number of the insurance insolvencies under the Insurance Solutions team's management including English & American Insurance Company Limited and Sovereign Marine & General Insurance Company Limited.

Daniel has specialised over the last ten years in run-off issues and has provided reserving and commutation advice on asbestos, pollution and other claims to several solvent and insolvent insurers.

Daniel has performed peer reviews for the scheme actuaries for a number of solvent and insolvent schemes of arrangement. He has spoken at several conferences on asbestos claims and reserving for run-off accounts.

Daniel is a Fellow of the Institute of Actuaries in England.

**SCHEDULE VI
NOTICE OF CREDITORS' MEETING**

IN THE HIGH COURT OF JUSTICE

Nos. 9391 and 9392 of 2006

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF OSLO REINSURANCE COMPANY (UK) LIMITED

– and –

IN THE MATTER OF OSLO REINSURANCE COMPANY ASA LIMITED

– and –

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 29 November 2006 the High Court of Justice of England and Wales has directed that meetings ("**Creditors' Meetings**") of certain creditors ("**Scheme Creditors**") (as defined in the scheme of arrangement referred to below) of Oslo Reinsurance Company (UK) Limited and Oslo Reinsurance Company ASA ("**the Scheme Companies**") be convened for the purpose of considering and, if thought fit, approving (with or without modification) schemes of arrangement proposed to be made between the Scheme Companies and the Scheme Creditors;

Such Creditors' Meetings will be held at the offices of KPMG LLP, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom on 12 February 2007 commencing at 11am UK time at which place and time all such Scheme Creditors are requested to attend. Registration will begin at 10am UK time. A map showing the location is enclosed.

The Court has ordered that Oslo Reinsurance Company ASA should convene a single meeting of its Scheme Creditors to vote on its Scheme.

The Court has ordered that Oslo Reinsurance Company (UK) Limited should convene two meetings of its Scheme Creditors to vote on its Scheme as follows:

- (1) for Scheme Creditors in relation to their Scheme Claims other than IBNR claims; and
- (2) for Scheme Creditors in relation to their IBNR claims.

Scheme Creditors which have Scheme Claims falling into both of these classes will be able to vote in each meeting.

Enclosed with this notice is a CD-ROM containing:

- the Scheme together with the Explanatory Statement; and
- a Form of Proxy and Voting Form.

The Scheme includes business written under the former names of the Scheme Companies and business which has been transferred into the Scheme Companies. Broadly, the business

included in the Scheme was written by various companies within the Stoorebrand, Polaris and Norden groups (both UK and Norwegian). A full description of the business included in the Scheme and the names of the companies which wrote the business can be found in the Scheme Document and on the website at www.oslore.no.

Further copies of the Scheme Document, Forms of Proxy and Voting Forms are available on the website at www.oslore.no or from the proposed Scheme Manager who may be contacted by one of the following methods:

By Phone: Jan C H Endresen +47 22 31 59 86
Bjørn Morten Skordal +47 22 31 28 91

By email: scheme.enquiries@oslore.no

By fax: +47 22 31 29 74 / 22 31 29 00

By post: Oslo Reinsurance Company ASA
P.O. Box 1753 Vika
N-0122 Oslo
Norway

Contact: Jan C H Endresen/Bjørn Morten Skordal

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

Completed Forms of Proxy and Voting Forms should be returned as soon as possible, and in any event, so that they are received by 5pm UK time on 5 February 2007 by the Scheme Manager, c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB marked for the attention of James Bolton. Scheme Creditors may also send their forms by facsimile transmission to +44 (0)20 7694 3126 by 5pm UK time on 5 February 2007 provided that they are legible. If completed Forms of Proxy and Voting Forms are not received by 5pm UK time on 5 February 2007, they may be handed in at the registration desk prior to the commencement of the Creditors' Meeting.

Each Scheme Creditor or his proxy will be required to register his attendance at the meeting prior to its commencement.

By the said Order, the Court has directed that Stephen Adamson or, failing him, such person as the Scheme Companies shall nominate, be appointed to act as Chairman at the said Creditors' Meeting and has directed the Chairman to report the result of the Creditors' Meeting to the Court.

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

Dated this 29th day of November 2006.

Sidley Austin
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
United Kingdom

SCHEDULE VII PROTOCOL FOR VOTE ASSESSMENT PROCESS

If the Chairman of the Meetings (“the Chairman”), with the assistance of the Scheme Manager, is unable to agree the value of the Scheme Creditor’s vote with the Scheme Creditor the vote will be referred to the Vote Assessor (the proposed Scheme Actuary in respect of each of the relevant Scheme Companies) 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.

If a vote value is referred to the Vote Assessor, then all amounts relating to the relevant Scheme Creditor’s vote(s) (Additional Unpaid Agreed Claims and/or Outstanding Claims and/or IBNR Claims and/or set-off) will be reviewed by the Vote Assessor. In considering these amounts, the Vote Assessor will take into account the supporting information provided by the Scheme Creditor to support the vote value it has asserted and the views of the Scheme Manager.

It is important that the Scheme Creditor provides adequate supporting documentation to support the vote value asserted on the Voting Form. Guidance as to the type of information that might be suitable to support the vote value asserted on the Voting Form can be found in the Actuarial Methodology document (which is at Appendix D to the Scheme). If the Scheme Creditor does not supply suitable evidence to support its vote value, then it is likely to receive a different valuation of its vote than it asserted.

The Vote Assessor will either decide that the vote value asserted by the Scheme Creditor is reasonable or, if the Vote Assessor concludes that the vote value does not appear to be reasonable, assess the vote value (which may be zero) of the Scheme Creditor's vote.

If the Vote Assessor believes that the evidence provided does not fully support the vote value asserted by the Scheme Creditor, or if no evidence is provided by the Scheme Creditor to support the vote value asserted, then the Vote Assessor will apply a simplified version of the Actuarial Methodology to assess the valuation for the Scheme Creditor’s vote. This may involve the application of suitable benchmarks (IBNR-to-outstanding claims ratios, Ultimate to paid/incurred claims multiples, survival ratios, burn factors, etc.) to assess a value for the vote. If the vote value submitted by the Scheme Creditor is not broken down by claim type, such a benchmarking process may be considerably more approximate than would normally be the case.

In particular, if the Scheme Creditor’s vote value is in respect of policies with claim types that have little or no claims history, then it will be very important for the Scheme Creditor to provide sufficient supporting evidence for its vote value, as a benchmarking approach may result in a different valuation being assessed for its vote.

The final alternative valuation of the vote assessed by the Vote Assessor may be based on a combination of the vote value asserted by the Scheme Creditor and any alternative valuations calculated by the Vote Assessor. The weighting applied to the Scheme Creditor’s original vote value will depend on the extent to which the Vote Assessor believes that the Scheme Creditor has adequately supported that value.

The Vote Assessor will then advise the Chairman as to his view of the valuation to be assessed for the Scheme Creditor's vote.

The Chairman can accept or reject this assessed vote valuation, or assess a different vote 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 and should the Scheme Creditor wish to object, then it may do so at that hearing or by writing to the Scheme Manager in advance of the hearing.

The assessment of any vote valuation by the Vote Assessor and/or the Chairman will not determine the value of the Scheme Creditor's Scheme Claim under the Scheme in the event that the Scheme goes ahead. The actual value of the Scheme Creditor's Scheme Claim in the event that the Scheme proceeds may be higher or lower (in either case, possibly materially so) than the valuation assessed by the Vote Assessor and/or the Chairman. This is because there may be significantly more information available during the claims submission process under the Scheme, both from the relevant Scheme Creditor and also from other Scheme Creditors with similar claims.

SECTION II: THE SCHEME

CLAIM NOS. 9391 AND 9392 of 2006

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTERS OF THE COMPANIES REFERRED TO BELOW

and

IN THE MATTER OF THE COMPANIES ACT 1985

SCHEMES OF ARRANGEMENT

pursuant to Section 425 of the Companies Act 1985

between each of

OSLO REINSURANCE COMPANY (UK) LIMITED

and

OSLO REINSURANCE COMPANY ASA

and their respective

SCHEME CREDITORS

(as defined in the Scheme of Arrangement)

Please note that the business included in the Scheme was not written under the names Oslo Reinsurance Company (UK) Limited or Oslo Reinsurance Company ASA. For full details of the company names in which the business included in the Schemes was written, please see Appendix A to the Scheme at pages 97 to 101.

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Scheme, unless inconsistent with the subject or context, the following words shall have the following meanings:

"Actuarial Methodology" means the actuarial methodology which will be used by the Scheme Actuary to value Scheme Claims, when requested by the Scheme Manager, and which is set out in Appendix D;

"Adjudication" means the procedure for the resolution of disputes set out in clause 2.3;

"Admissible Interest" means any interest provided for in a Scheme Insurance Contract or any relevant statute or any other relevant law from the date provided for therein up to the Business Day prior to the date on which payment of the Net Ascertained Claim is made;

"Advertise" means the placing of advertisements in the same publications as notice of the meetings of Scheme Creditors convened to vote on the Scheme was placed (or, if that is not practicable, such replacements as the Scheme Manager reasonably deems appropriate) and any additional publications which the Scheme Manager may deem appropriate;

"Agreed Claim" means the amount of the valuation of a Scheme Claim determined in accordance with clauses 2.2 to 2.3 as applicable;

"Ascertainment Date" means 30 June 2006;

"Board" means the board of directors of the Scheme Company from time to time;

"Blocked Monies" means any money or amount payable to a Scheme Creditor under the Scheme the payment of which is prohibited by an applicable law or regulation referred to in clause 9.5;

"Business Day" means any day other than a Saturday, Sunday or any other day which is a public holiday in England;

"Chairman" means Stephen Adamson, or such other person as may be appointed as the independent Chairman of the Creditor's Meetings;

"Claim Form" means the Claim Form in respect of each Scheme Company to be completed by Scheme Creditors (or their duly authorised agents), detailing Scheme Claims against the Scheme Company, an example of which is at Appendix B;

"Claims Submission Date" means 5pm UK time on the date falling 180 days after the Effective Date (or, if such date is not a Business Day, on the next following Business Day);

"Combined Valuation Statement" means a statement aggregating the Valuation Statements for both Scheme Companies in respect of a Scheme Creditor;

"Companies Act" means the Companies Act 1985 as amended and in force at the Ascertainment Date;

"**Company Directors Disqualification Act**" means the Company Directors Disqualification Act 1986 as amended, modified or re-enacted from time to time;

"**Complaint**" shall have the meaning given to it in clause 7.4.2;

"**Completion Date**" means in respect of a Scheme Creditor, the date upon which the Scheme is certified to have been completed in accordance with clause 9.1;

"**Court**" means the High Court of Justice of England and Wales;

"**Creditors' Meetings**" means the meetings of Scheme Creditors convened pursuant to Section 425 of the Companies Act to consider and, if thought fit, approve the Scheme;

"**Delegate**" means any person to whom the Scheme Manager or Scheme Advisers delegate any of their powers, rights, duties or functions;

"**Disputed Claim**" means a Scheme Claim referred to the Scheme Adjudicator under clause 2.2 or 2.4;

"**Effective Date**" means the date on which an office copy of the Order of the Court sanctioning the Scheme is delivered for registration to the registrar of companies;

"**e-mail**" means delivery, where permitted by the terms of the Scheme and where a Scheme Creditor has provided an e-mail address, by electronic mail;

"**Employee**" means any partner or director in the same firm, company, limited liability partnership or partnership as another, or any individual employed, whether under a contract of service or a contract for services, by that firm, company or partnership or by any company owned by such firm, company or partnership;

"**Explanatory Statement**" means the explanatory statement prepared in accordance with Section 426 of the Companies Act in relation to the Scheme which is at pages 5 to 57;

"**Form of Proxy**" means the form of proxy approved by the Court for the purposes of voting at the Creditor's Meetings;

"**Insolvency Act**" means the Insolvency Act 1986 as amended and in force at the Effective Date;

"**Insolvency Event**" means:

- (a) the making of an Order by the Court to wind up the Scheme Company compulsorily pursuant to the Insolvency Act; or
- (b) the commencement of a creditor's voluntary liquidation in respect of the Scheme Company in accordance with the provisions of the Insolvency Act; or
- (c) the Scheme Company entering into a company voluntary arrangement with its creditors in accordance with the provisions of the Insolvency Act; or

- (d) the appointment of an administrator, administrative receiver, receiver or provisional liquidator in respect of the Scheme Company in accordance with the provisions of the Insolvency Act; or
- (e) the taking in relation to the Scheme Company of any analogous proceeding in any other jurisdiction;

"Letter of Credit" means any valid letter of credit issued to or for the benefit of a Scheme Creditor in respect of any Scheme Insurance Contract;

"Liability" means any liability of a person, whether it is present, future, prospective or contingent, whether or not its amount is fixed or liquidated, whether or not it involves the payment of money and whether it arises at common law, in equity or by statute, in England or in any other jurisdiction or in any manner whatsoever, but excluding any liability which is barred (as at the time at which it would be measured in accordance with the relevant clause) by statute or is otherwise unenforceable or which is claimed to arise in respect of a contract which is void or, being voidable, has duly been avoided;

"LIBOR" means in respect of each day of a calendar month:

- (a) the rate published in the Financial Times (UK edition) as BBA one month libor in respect of the last Business Day of the preceding calendar month, for the Relevant Currency; or
- (b) if no such rate is published for the Relevant Currency, the equivalent rate published in the Financial Times (UK edition) in respect of that date for Pounds Sterling; or
- (c) if the Financial Times (UK edition) does not publish BBA one month libor rates in respect of the day in question, the last such rate published therein for the Relevant Currency.

"Manifest Error" means an arithmetical or typographical error which is apparent either on the face of the document concerned or by reference to the information which has been or should, in accordance with the Scheme, have been inserted in the document concerned and has been incorrectly transcribed;

"Net Ascertained Claim" means, in respect of each Scheme Company, the value attributed to a Scheme Creditor's Scheme Claims determined in accordance with the Scheme, after the application of any counterclaim or deduction applied pursuant to the Scheme;

"Net Debt" means an amount shown as due to the Scheme Company in a Valuation Statement;

"Net Debtor" means any person who owes the Scheme Company a Net Debt; for the avoidance of doubt, once it has been established to the reasonable satisfaction of the Scheme Manager that a person is a Net Debtor he shall cease to be a Scheme Creditor;

"Post" means first class post or air mail or a generally recognised commercial courier service;

"Proceedings" means any form of proceedings in any jurisdiction or forum including without limitation any demand, legal proceedings, regulatory proceedings, insolvency proceedings, arbitration, alternative dispute resolution, adjudication, mediation, seizure, distraint,

forfeiture, re-entry, execution or enforcement of judgment or any step taken for the purpose of creating or enforcing a lien;

"Property" means all forms of property including money, goods, things in action, land and every description of property wherever situated and also obligations and every description of interest, whether present or future or vested or contingent, arising out of, or incidental to, property;

"Released Parties" means the Scheme Company and any person holding, or who has at any time held, the position of Scheme Manager, Scheme Adviser, Scheme Actuary, Scheme Adjudicator (including a substitute Scheme Adjudicator appointed pursuant to clause 6.1.8), Chairman or Vote Assessor, or any past or present director of the Scheme Company, including any Delegate, Employee or alternate of any of the foregoing persons, carrying out a role in connection with or pursuant to the Scheme, in each case in their capacity as such;

"Relevant Currency" means:

- (a) for the purposes of Scheme Claims submitted in US dollars, US Dollars;
- (b) for the purposes of Scheme Claims submitted in Euros, Euros;
- (c) for the purposes of Scheme Claims submitted in Pounds Sterling, Pounds Sterling;
and
- (d) for the purposes of Scheme Claims in all other currencies, US Dollars;

"Scheme" means the scheme of arrangement in the form herein contained, together with any modification thereof or addition thereto approved or imposed by the Court;

"Scheme Actuary" means the person referred to as such in clause 8.1 or such other person as may be appointed as such pursuant to the Scheme;

"Scheme Adjudicator" means the person referred to as such in clause 6.1.2 and any person appointed in substitution for him pursuant to the provisions of the Scheme or as an alternate pursuant to clause 6.1.8;

"Scheme Adviser" means John Mitchell Wardrop and Michael Steven Walker or such other person or persons as may be appointed as such pursuant to the Scheme;

"Scheme Claim" means any Liability arising out of a Scheme Insurance Contract as at the Ascertainment Date, including Liabilities arising under any agreement entered into prior to the Effective Date by which the Scheme Company has commuted, settled or compromised all or part of its Liability under any such Scheme Insurance Contract;

"Scheme Company" means Oslo Reinsurance Company (UK) Limited or Oslo Reinsurance Company ASA in respect of the Scheme as it applies to them;

"Scheme Creditor" means a creditor of the Scheme Company in respect of a Scheme Claim;

"Scheme Debt" means a Liability which is or may become payable to a Scheme Company arising in connection with the business which is referred to in Appendix A including, without limitation, reinstatement premiums, claim reserve deposits, refunds, rights of subrogation and

reinsurance recoverables, including (for the avoidance of doubt) any such Liability arising by virtue of the application of Agreed Claims to reinsurance contracts;

"**Scheme Document**" means the document containing the terms of the Scheme and the Explanatory Statement together with the appendices thereto;

"**Scheme Insurance Contract**" means any of the insurance contracts issued by the Scheme Company as described in Appendix A;

"**Scheme Manager**" means Oslo Reinsurance Company ASA or any other person for the time being appointed as such;

"**Scheme Period**" means the period from the Effective Date to the Completion Date;

"**Scheme Rate**" means the closing mid-market rate of exchange for the relevant currencies quoted in the Financial Times on the last Business Day of the month preceding the date of the relevant Valuation Statement or if no such rate is published, such rate as may reasonably be selected by the Scheme Manager;

"**Security**" means any deposit or reserve of funds, cash reserves or assets established by the Scheme Company other than where such deposit or reserve is held in the form of bonds to the extent only that it secures payment of a Scheme Claim, but not including any Letter of Credit;

"**Tax**" means any form of taxation, levy, duty, charge, contribution, withholding or impost of any nature (including any related fine, penalty, surcharge or interest) imposed, collected or concerned by or payable to any Tax Authority;

"**Tax Authority**" means any government, state municipality or any local state, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world (including in the United Kingdom, without limitation, Her Majesty's Revenue & Customs);

"**Unpaid Agreed Claim**" means any claim arising under or balance in relation to a Scheme Insurance Contract which, as at the Effective Date, had been agreed or acknowledged by or on behalf of the Scheme Company, but which had not been paid by it;

"**Valuation Statement**" means the statement to be prepared in accordance with clause 2.4 in substantially the form set out in Appendix C;

"**Vote Assessor**" means Daniel ffrons Sykes, the vote assessor for the Creditors' Meetings;

"**Voting Form**" means the voting form approved by the Court for the purposes of voting at the Creditor's Meetings;

"**Website**" means the website at www.oslore.no.

1.2 Interpretation

In the Scheme:

- 1.2.1 references to clauses are references to clauses of the Scheme and references to appendices are references to appendices of the Scheme;

- 1.2.2 references to months are to calendar months;
- 1.2.3 references to a person include an individual, firm, partnership, company, unincorporated body of persons or any state or state agency;
- 1.2.4 references to "insurance" shall include "reinsurance" and "retrocession", except where the context otherwise requires;
- 1.2.5 references to any enactment or other legislative provision shall be deemed to include the same as re-enacted, amended or extended save where expressly provided to the contrary;
- 1.2.6 the singular includes the plural and vice versa except with respect to the use of the term "the Scheme Company";
- 1.2.7 in the event that a Relevant Currency is replaced by another unit of currency, references to that Relevant Currency shall, where appropriate, be deemed to refer to such replacement unit of currency and any amounts denominated in the original Relevant Currency shall be converted into the replacement unit of currency at the rate of exchange specified in the legislation introducing the replacement unit of currency;
- 1.2.8 in relation to each Scheme Company, the Scheme shall be read as applying only to that Scheme Company;
- 1.2.9 time periods laid down by the Scheme shall, unless otherwise expressly stated, be calculated by reference to elapsed days and not Business Days, and in the event that a time period expires on a day which is not a Business Day, such period shall be deemed not to expire until 5.30p.m. in England on the Business Day next following. Any time period expressed to run from a fixed date shall not include such date;
- 1.2.10 words importing one gender include all genders; and
- 1.2.11 headings are for ease of reference only and shall not affect the interpretation of the Scheme.

2. VALUATION OF SCHEME CLAIMS

2.1 Application and purpose of the Scheme

- 2.1.1 The Scheme shall become effective on the Effective Date whereupon the Scheme shall apply to all Scheme Claims and be binding on all Scheme Creditors.
- 2.1.2 The purpose of the Scheme shall be to value each Scheme Creditor's Scheme Claims as at the Ascertainment Date in accordance with this clause 2 and to pay any resulting Net Ascertained Claim in accordance with clause 3.
- 2.1.3 Except for the Claims Submission Date and the periods of time referred to in clause 2.3, the Scheme Manager shall at any time prior to the termination of the Scheme have absolute discretion to extend any of the periods of time or deadlines referred to in the Scheme as they relate to a specific Scheme Claim or Scheme Creditor or generally provided that the period of such extension shall not exceed the length of the original period of time. In the event that the Scheme Manager exercises such discretion:
 - 2.1.3.1 references to any relevant period of time or deadline elsewhere in the Scheme shall be construed accordingly, provided that the Claims Submission Date once determined shall not be changed;
 - 2.1.3.2 the Scheme Creditor or Scheme Creditors affected shall be given written notice of such extension; and
 - 2.1.3.3 such extensions shall not exceed an aggregate of 12 weeks in respect of any Scheme Creditor without the agreement of that Scheme Creditor.
- 2.1.4 Each Scheme Creditor is deemed to acknowledge that the Scheme and its proper application is fair and that all Scheme Creditors shall be bound thereby.

2.2 Claim Forms and the Claims Submission Date

- 2.2.1 Within 14 days after the Effective Date, the Scheme Manager shall Advertise and place on the Website a notice calling for Scheme Creditors to complete and return Claim Forms and notifying them of the Effective Date and the Claims Submission Date.
- 2.2.2 The Scheme Manager shall ensure that notification of the Effective Date and of the Claims Submission Date together with a Claim Form and details of the Website are sent by Post or e-mail to each Scheme Creditor of whom it is aware and for whom it has a current address as soon as reasonably practicable and, in any event, within 14 days of the Effective Date. With every Claim Form sent to a Scheme Creditor the Scheme Manager shall, where possible, set out details of:
 - 2.2.2.1 each Scheme Insurance Contract which, in the reasonable opinion of the Scheme Manager, might give rise to the Scheme Creditor having a Scheme Claim; and

- 2.2.2.2 any Unpaid Agreed Claims in relation to such Scheme Insurance Contracts.
- 2.2.3 Any Scheme Creditor who has not received a Claim Form may request one in writing from the Scheme Manager who shall send one by Post or e-mail to such Scheme Creditor as soon as reasonably practicable.
- 2.2.4 Save as provided in clause 2.2.5, if the Scheme Manager has not received a completed Claim Form from a Scheme Creditor on or before the Claims Submission Date, that Scheme Creditor shall not be entitled to assert any Scheme Claim and shall not be entitled to any payment pursuant to the Scheme or otherwise from the Scheme Company in respect of a Scheme Claim other than in relation to any Unpaid Agreed Claims shown on the Claim Form sent to the Scheme Creditor in accordance with clause 2.2.2.
- 2.2.5 Notwithstanding the other provisions of the Scheme, any Unpaid Agreed Claims referred to in clause 2.2.2 shall be deemed to be included in a Claim Form sent to and received by the Scheme Manager before the Claims Submission Date and Scheme Creditors will be entitled to receive payments under the Scheme in respect of such amounts as Agreed Claims.
- 2.2.6 A Scheme Creditor shall complete and return a Claim Form by Post or e-mail in accordance with the instructions upon it and:
- 2.2.6.1 a Scheme Creditor who amends or adds to the information set out on its Claim Form shall attach such supporting evidence as is required to support it in accordance with the instructions on the Claim Form;
- 2.2.6.2 in the period up to the Claims Submissions Date each Scheme Creditor shall be entitled to submit further or revised data on its Claim Form in accordance with the instructions upon it and the accompanying guidance notes, and shall attach such supporting evidence as is required to support the new or revised Claim Form;
- 2.2.6.3 in the event that the Scheme Manager receives more than one Claim Form from a Scheme Creditor in relation to the same Scheme Claim, the last to be submitted by the Scheme Creditor and received by the Scheme Manager prior to the Claim Submission Date shall prevail;
- 2.2.6.4 a Scheme Creditor returning a completed Claim Form shall bear all of the costs of preparing and returning it and any supporting evidence enclosed with it;
- 2.2.6.5 supporting evidence which is not available electronically shall be sent by the Scheme Creditor to the Scheme Manager by Post, provided that it is received by the Scheme Manager within two weeks of its receipt of the Claim Form but, in any event, prior to the Claims Submission Date.
- 2.2.7 Each Scheme Creditor shall be deemed to have represented and warranted to the Scheme Company and the Scheme Manager that the information added to

or amended on the Claim Form and supporting evidence returned by it or on its behalf to the Scheme Manager is, to the best of its knowledge and belief, correct, complete and fair.

- 2.2.8 Following the Claims Submission Date, the Scheme Manager may, in its absolute discretion, refer any Scheme Claim or part of a Scheme Claim which requires estimation to the Scheme Actuary, who will apply the Actuarial Methodology to such claim in accordance with clause 8.4.
- 2.2.9 In the event that the Scheme Manager having, if it considers it appropriate to do so, consulted with the Scheme Actuary, agrees with the Scheme Creditor's estimate of the values of its Scheme Claims as set out in a completed Claim Form, it shall, within 42 days after the Claims Submission Date, notify the relevant Scheme Creditor in writing by Post or e-mail of its agreement and the values of the Scheme Claims shown on the Claim Form shall be the Agreed Claims of that Scheme Creditor.
- 2.2.10 In the event that the Scheme Manager having, if it considers it appropriate to do so, consulted with the Scheme Actuary, does not agree with a Scheme Creditor's estimate of the value of its Scheme Claims or any information in a completed Claim Form or supporting evidence returned in accordance with clause 2.2.6 it shall, within 42 days after the Claims Submission Date, notify the relevant Scheme Creditor by Post or e-mail of the matters which are not agreed, the reasons why such matters are not agreed and, where applicable, any additional information or supporting evidence which the Scheme Manager may require. The Scheme Creditor shall provide such additional information or supporting evidence within 42 days of such request being made. The Scheme Manager and the relevant Scheme Creditor shall thereupon endeavour to resolve and agree on the disputed matters. In the event that the disputed matters are resolved and agreed the Scheme Manager shall notify the Scheme Creditor of its agreement and of the amount of its Agreed Claim(s) by notice in writing.
- 2.2.11 In the event that a Scheme Creditor provides further supporting evidence or information in respect of its Scheme Claims pursuant to clause 2.2.10, clause 2.2.7 shall apply to such further supporting evidence or information as if it had been returned with a Claim Form. The cost of providing such further supporting evidence shall be borne solely by the Scheme Creditor. The Scheme Manager shall be entitled to disregard such further supporting evidence or information if it is not received by it within 42 days of it being requested.
- 2.2.12 In the event that a resolution or agreement shall not have been reached pursuant to clause 2.2.10 within 182 days of the Claims Submission Date, the Scheme Manager will notify the Scheme Creditor in writing of the value which it is prepared to accept as that Scheme Creditor's Agreed Claim(s). If the Scheme Manager does not receive a response from the Scheme Creditor within 42 days of the date of such notification requesting that the valuation of its Scheme Claim be referred to the Scheme Adjudicator, the Scheme Creditor will be deemed to have accepted the notified value, which shall then constitute that Scheme Creditor's Agreed Claim(s). If the Scheme Creditor does make

such a request, the Scheme Manager shall refer the unagreed Scheme Claim(s) to the Scheme Adjudicator as a Disputed Claim.

- 2.2.13 The amount determined by the Scheme Adjudicator as being due in respect of any Disputed Claim referred to him in accordance with clause 2.2.12 shall be the amount of that Scheme Creditor's Agreed Claim in respect of that Disputed Claim.
- 2.2.14 In considering whether to accept any information in a completed Claim Form or supporting evidence returned in accordance with clause 2.2.6 or 2.2.10, the Scheme Manager shall have regard to the following, where applicable, and any other factors which it considers material:
- 2.2.14.1 any relevant information contained in the Scheme Company's records;
- 2.2.14.2 the terms of the Scheme Insurance Contract in respect of which a claim is being presented;
- 2.2.14.3 the current and anticipated trends in loss settlement values and legal arguments in respect of similar claims;
- 2.2.14.4 the application of the Actuarial Methodology by the Scheme Actuary; and
- 2.2.14.5 the discount rates set out in the Actuarial Methodology.
- 2.2.15 The valuation of a Scheme Claim shall include a discount to reflect the time value of money between the Ascertainment Date and the anticipated date of payment of the Scheme Claim in the normal course of business. The relevant discount rates are set out in the Actuarial Methodology.
- 2.2.16 The valuation of a Scheme Claim by the Scheme Manager and/or Scheme Adjudicator shall not result in its value being greater than the amount asserted in relation to it by the Scheme Creditor on his Claim Form.
- 2.2.17 Subject to clause 2.2.14, but notwithstanding any other provision of the Scheme, the Scheme Manager may in its absolute discretion (but shall not be obliged to) take into account, or request the Scheme Adjudicator to take into account, any further information of which it becomes aware which in its opinion would give rise to, or materially increase the valuation of, a Scheme Claim prior to it becoming part of a Net Ascertained Claim.
- 2.2.18 During the Scheme Period each Scheme Creditor shall provide such assistance and information as the Scheme Manager may reasonably require in connection with the Scheme and the realisation of the Scheme Company's Property or the enforcement of obligations owed to the Scheme Company. Each Scheme Creditor is deemed to acknowledge that its obligations under this clause shall continue in the event that it becomes a Net Debtor.
- 2.2.19 The amount of any Agreed Claim determined or as agreed under clauses 2.2.5, 2.2.9, 2.2.12 or 2.2.13 shall be final and binding on the Scheme Company and

the Scheme Creditor in so far as the law allows and there shall be no right of appeal in respect thereof.

2.3 **Adjudication of Disputed Claims**

2.3.1 Subject as hereinafter provided, the Scheme Adjudicator shall within 42 days after the latest of:

2.3.1.1 receipt of notice from the Scheme Manager of the reference to him of any Disputed Claim; or

2.3.1.2 the expiry of the time (not exceeding 42 days) within which the Scheme Manager, Scheme Advisers, Scheme Actuary, Scheme Company and/or a Scheme Creditor is required to provide supporting evidence pursuant to clause 2.3.3.2;

notify the Scheme Manager and the relevant Scheme Creditor in writing by Post or e-mail of his determination in respect of the matter referred to him for Adjudication, and the Scheme Company, the Scheme Manager and the Scheme Creditor shall, subject only to clause 2.2.17, thereafter treat such determination as binding for the purposes of the Scheme.

2.3.2 A determination of the Scheme Adjudicator in relation to a Scheme Claim shall not result in its value being greater than the amount asserted by the Scheme Creditor in relation to it on its Claim Form.

2.3.3 The Scheme Adjudicator shall:

2.3.3.1 be entitled to lay down such reasonable provisions and prescribe such reasonable procedures as in his absolute discretion he considers appropriate for the purposes of assisting him in reaching his decision;

2.3.3.2 within 28 days of his receipt of a reference to him from the Scheme Manager, pursuant to clause 2.2.12, be entitled to require the Scheme Manager, the Scheme Advisers, the Scheme Actuary, the Scheme Company and/or the relevant Scheme Creditor to provide him, within a period not exceeding 42 days, with such further supporting evidence as he may reasonably require at the expense of the party to whom the request is made;

2.3.3.3 base his determination on the evidence available to him, provided that if supporting evidence requested pursuant to clause 2.3.3.2 is not received by the Scheme Adjudicator within 42 days he may make his determination without reference to that supporting evidence;

2.3.3.4 be entitled at his absolute discretion to extend any of the time periods referred to in this clause 2.3, provided that the period of such extension shall not exceed the length of the original period of time and provided always that he notifies the Scheme Manager and the Scheme Creditor of his determination pursuant to clause 2.3.1 within 84 days of his receipt of a reference to him pursuant to clause 2.2.12;

- 2.3.3.5 be entitled to consult with such experts and advisers as he may deem appropriate; and
 - 2.3.3.6 be entitled to remuneration and reimbursement of his reasonable costs and expenses in carrying out his duties under the Scheme in amounts determined in accordance with clauses 2.3.6 and 2.3.7.
- 2.3.4 Adjudication shall be conducted entirely in English and all oral representations and written communications made for the purposes of an Adjudication shall be in English. Any document to be provided for the purposes of an Adjudication shall be in English or accompanied by an English translation of it certified as accurate by a notary public admitted to the roll of notaries by the United Kingdom Faculty Office or such other person as is acceptable to the Scheme Adjudicator.
- 2.3.5 The Scheme Adjudicator shall act as an expert, not as an arbitrator, and, so far as the law permits, the determination of the Scheme Adjudicator shall, in the absence of Manifest Error, be final and binding on the Scheme Company, the Scheme Manager and the relevant Scheme Creditor and there shall be no right of appeal or review therefrom or right to make any claim in respect thereof except as is not prohibited by clause 6.2. The Scheme Company and the relevant Scheme Creditor shall each bear their own costs of and incidental to any Adjudication.
- 2.3.6 The Scheme Adjudicator shall be entitled to:
- 2.3.6.1 direct that any or all of his remuneration, costs, and expenses shall be paid by the relevant Scheme Company (or, if both Scheme Companies shall be party to the same dispute, by the Scheme Companies in such shares as are determined by the Scheme Adjudicator); or
 - 2.3.6.2 direct that any or all of his remuneration, costs and expenses shall be paid by the Scheme Creditor in respect of whose Scheme Claim the dispute has arisen.
- 2.3.7 In the event that the Scheme Adjudicator makes no order pursuant to clause 2.3.6, the Scheme Company involved in the dispute (or, if both Scheme Companies should be party to the same dispute, both Scheme Companies in such shares as are determined by the Scheme Manager) and the relevant Scheme Creditor shall each be responsible for paying half of the remuneration and reasonable costs and expenses of the Scheme Adjudicator referred to in clause 2.3.3.6.
- 2.3.8 The sums due under clauses 2.3.6 and 2.3.7 shall be paid by the Scheme Company or Scheme Companies forthwith and in any event within ten days of the Scheme Adjudicator notifying them of his direction. The amount of the relevant Scheme Creditor's share of such remuneration, costs and expenses shall be dealt with in accordance with clause 2.3.9.

2.3.9 In the event that a Scheme Company pays an amount of the Scheme Adjudicator's remuneration, costs and expenses for which a Scheme Creditor is liable pursuant to clause 2.3.6.2 or clause 2.3.7 the Scheme Manager shall, following such payment, either:

2.3.9.1 deduct the same from any amount which may be or may become payable to the Scheme Creditor pursuant to clause 2.4, such Scheme Creditor being treated for these purposes as having received, on account, an advance under the Scheme equal to the amount which he has been directed to pay; or

2.3.9.2 where the Scheme Creditor is not entitled to receive a payment pursuant to the Scheme, or is subsequently found to be a Net Debtor, or the amount of such remuneration, costs and expenses exceeds its entitlement to a payment pursuant to the Scheme, treat such amount or excess as a debt owed by the Net Debtor to the relevant Scheme Company, which shall be payable forthwith.

2.4 **Determination of Net Ascertained Claims**

2.4.1 As soon as reasonably practicable following completion of the steps referred to in clauses 2.2 and 2.3 or such of them as apply to the valuation of a Scheme Creditor's Scheme Claims, the Scheme Manager shall send to each such Scheme Creditor a Valuation Statement setting out:

2.4.1.1 the total of the Scheme Creditor's Agreed Claims in the currency stipulated in the relevant Scheme Insurance Contract;

2.4.1.2 the amount of adjustments reflecting payment by or to the Scheme Company or transactions effecting netting off or set-off in respect of a Scheme Creditor's Agreed Claims and/or Scheme Debts prior to the date of the Valuation Statement;

2.4.1.3 the amount of any Scheme Debt owed by the Scheme Creditor to the Scheme Company;

2.4.1.4 the amount of any Scheme Claims which have been satisfied by the application of Security or Letter of Credit since the Ascertainment Date and the amount of any remaining Security or Letter of Credit which will be deducted from the total of such Scheme Creditor's Agreed Claims with the intention that the Scheme Creditor will draw down or realise the Security or Letter of Credit in that amount;

2.4.1.5 any amount in respect of Scheme Adjudicator's remuneration, costs and expenses which fell due for payment by the Scheme Creditor and was subsequently paid by the Scheme Company pursuant to clause 2.3.6.2 or 2.3.7;

2.4.1.6 the amount of any advance payment treated as having been received by the Scheme Creditor for the purposes of clause 4.1.2 or 4.1.3

which is to be deducted from the total of such Scheme Creditor's Agreed Claims;

- 2.4.1.7 adjustments required to add back any time value discount applied for the period between the Ascertainment Date and the date of the Valuation Statement;
 - 2.4.1.8 any amounts which are required to be deducted or withheld by the Scheme Company for or on account of Tax in respect of Admissible Interest;
 - 2.4.1.9 any other amounts not expressly referred to in 2.4.1.1 to 2.4.1.8 above which the Scheme Manager considers ought to be taken into account for the purpose of calculating the Scheme Creditor's Net Ascertained Claim on Net Debt, as the case may be; and
 - 2.4.1.10 the final balance following aggregation of the amounts referred to in this clause 2.4.1 which shall be that Scheme Creditor's Net Ascertained Claim or Net Debt, as the case may be.
- 2.4.2 Where amounts shown on the Valuation Statement pursuant to clause 2.4.1 are denominated in different currencies, such amounts as are not denominated in the Relevant Currency of the larger or largest Agreed Claims shall be converted into that Relevant Currency at the Scheme Rate.
- 2.4.3 A Scheme Creditor may dispute the calculation or determination of an amount other than the value of Agreed Claims shown on its Valuation Statement on substantive grounds. It shall inform the Scheme Manager of this by notice to be received by the Scheme Manager within 42 days of the date of the Valuation Statement, setting out those matters which are not agreed and the reasons for failing to agree such matters and provide any relevant additional information to support its position. The Scheme Manager and the Scheme Creditor shall endeavour to agree the disputed matters and the relevant Net Ascertained Claim or Net Debt within 70 days of the date of the Valuation Statement. In the event that a valuation can be agreed between them during this period, the Scheme Manager shall provide the relevant Scheme Creditor with written confirmation of the agreed valuation of its Net Ascertained Claim or Net Debt and such valuation shall constitute the Scheme Creditor's Net Ascertained Claim or Net Debt for the purposes of the Scheme.
- 2.4.4 If the disputed matters and the relevant Net Ascertained Claim cannot be resolved between the Scheme Creditor and the Scheme Manager within the deadline imposed by clause 2.4.3, the Scheme Manager shall refer the disputed matters and the relevant Net Ascertained Claim or Net Debt to the Scheme Adjudicator as a Disputed Claim. Following determination of all such Disputed Claims for a Scheme Creditor the Scheme Manager shall as soon as practicable issue a revised Valuation Statement to that Scheme Creditor incorporating the amount(s) determined by the Scheme Adjudicator. Such revised Valuation Statement may only be disputed in accordance with clause 2.4.6.

- 2.4.5 The Scheme Adjudicator's adjudication of Net Ascertained Claims or Net Debts shall be conducted in accordance with the procedures set out in clause 2.3 which provisions shall apply mutatis mutandis save for the following differences:
- 2.4.5.1 after a Disputed Claim has been referred to him under clause 2.4.4, the time periods within which the Scheme Adjudicator shall be able to request that the Scheme Manager, the Scheme Advisers, the Scheme Actuary, the Scheme Company and/or the Scheme Creditor concerned provide further information and the deadline by which time they must have complied with any such request shall each be reduced to 21 days; and
 - 2.4.5.2 the time period within which the Scheme Adjudicator shall notify the relevant Scheme Creditor and the Scheme Manager of his determination in respect of the Disputed Claim shall be reduced from 42 days to 21 days.
- 2.4.6 A Scheme Creditor may dispute any amount or matter set out on its Valuation Statement on the grounds of Manifest Error and it shall notify the Scheme Manager of any such dispute within 21 days of the date of the Valuation Statement or revised Valuation Statement. Such notice shall set out sufficient details of the alleged Manifest Error as are reasonably necessary for the Scheme Manager to investigate it and, if necessary, correct it. The Scheme Manager shall investigate and, if necessary, correct the alleged Manifest Error within 28 days of the date of the Valuation Statement or revised Valuation Statement.
- 2.4.7 Having investigated an alleged Manifest Error in accordance with clause 2.4.6, the Scheme Manager shall either send the Scheme Creditor a revised Valuation Statement setting out the corrected amounts or other matters, or shall send notice in writing to the Scheme Creditor stating that preparation of a revised Valuation Statement is not necessary (and giving reasons therefore).
- 2.4.8 The value of a Scheme Creditor's Net Ascertained Claim or Net Debt determined in accordance with clauses 2.4.1 to 2.4.7 shall, so far as the law permits, be binding on the relevant Scheme Creditor, the Scheme Company and the Scheme Manager as the amount of that Scheme Creditor's Net Ascertained Claim or Net Debt and there shall be no right of appeal in respect thereof.
- 2.4.9 Nothing in this clause 2.4 shall entitle a Scheme Creditor to dispute, or a Scheme Adjudicator to alter, the amounts of Agreed Claims (including the Agreed Claims of other Scheme Creditors) or the application of such Agreed Claims of Scheme Creditors to contracts by which the Scheme Company is reinsured in respect of such claims for the purposes of set-off pursuant to clause 2.4.1.3.

2.5 **Effect of the Scheme**

- 2.5.1 Each Scheme Creditor shall be deemed to agree that:

- 2.5.1.1 its Net Ascertained Claim shall constitute the Scheme Company's entire remaining Liability to the relevant Scheme Creditor in respect of all of its Scheme Claims and that the terms of all Scheme Insurance Contracts giving rise to Scheme Claims are amended accordingly;
- 2.5.1.2 notwithstanding the terms of clause 3.5, the sending of a cheque or making of a telegraphic transfer (or any other means of payment or discharge including, without limitation, any application of Security or drawdown on Letter of Credit and any application of set-off in accordance with the terms of the Scheme) in the amount of the Net Ascertained Claim by the Scheme Company shall be deemed to constitute payment in full and final settlement of all and any Scheme Claims of that Scheme Creditor against the Scheme Company;
- 2.5.1.3 such payment in full and final discharge of all and any Scheme Claims shall also be deemed to be in full and final discharge of all sums and obligations due under any guarantee that may exist in respect of such Scheme Claims; and
- 2.5.1.4 in the event that it signs and returns a Combined Valuation Statement, the terms of this clause 2.5.1 shall apply (a) in the case of clause 2.5.1.1 to each Net Ascertained Claim shown on a Valuation Statement sent with the Combined Valuation Statement; and (b) in the case of clauses 2.5.1.2 and 2.5.1.3, to the sending of a cheque or making of a telegraphic transfer in respect of the net amount shown on the Combined Valuation Statement.
- 2.5.2 Nothing in the Scheme shall result in any Liability which is not a Scheme Claim against the Scheme Company forming part of a Net Ascertained Claim against the Scheme Company.
- 2.5.3 Following the application of clause 2.4, any Liability shown on a Valuation Statement, or Combined Valuation Statement, as a Net Debt shall be deemed to have extinguished all of the relevant Scheme Creditor's Scheme Claims and the Scheme Company shall not owe any amount or have any liability in respect of them.

3. PAYMENT OF NET ASCERTAINED CLAIMS

3.1 Timing of payment

3.1.1 When, in the reasonable determination of the Scheme Manager, substantially all Scheme Creditors' Net Ascertained Claims have been determined in accordance with clauses 2.4.1 to 2.4.7 and have become binding on the Scheme Company and the Scheme Creditors, the Scheme Manager shall procure that payment be made in the amount of any Net Ascertained Claim to the Scheme Creditors. Any Scheme Creditor's Net Ascertained Claim which becomes binding after this will be paid as soon as reasonably practicable after it has become binding.

3.1.2 Notwithstanding clause 3.1.1, at any time after a Scheme Creditor's Net Ascertained Claim has been determined in accordance with clauses 2.4.1 to 2.4.7 and has become binding, the Scheme Manager may at its absolute discretion procure that payment be made to such Scheme Creditor of its Net Ascertained Claim.

3.2 Form of payment

Payments shall be made:

3.2.1 by bank transfer (at the expense of the Scheme Creditor) to an account for which the Scheme Creditor has provided details on his Claim Form; or

3.2.2 in any other case, by cheque sent by Post to the address specified by the Scheme Creditor on his Claim Form or, if none has been so specified, his last known address.

3.3 Currency of payment

3.3.1 Subject to clause 3.3.2 payments shall be made in the Relevant Currency of a Scheme Creditor's Net Ascertained Claim.

3.3.2 Notwithstanding clause 3.3.1 if a Scheme Creditor has Net Ascertained Claims in more than one Relevant Currency, the Scheme Company may pay all of that Scheme Creditor's Net Ascertained Claims in the currency of the Net Ascertained Claim with the largest balance.

3.3.3 Currency conversion pursuant to clause 3.3.2 shall be at the Scheme Rate.

3.4 Payment a good discharge

A payment made to a Scheme Creditor in respect of his Net Ascertained Claim shall be good discharge of all of the Scheme Company's obligations to that Scheme Creditor in respect of his Scheme Claims. Payment shall be deemed to have been made when:

3.4.1 in the event that the payment is by cheque, the cheque is sent by Post to the Scheme Creditor; and

3.4.2 in the event that the payment is by electronic transfer, the Scheme Company's bank account is debited with the payment, or, if earlier, on the expiry of six months after the transfer has left the account of the Scheme Manager.

3.5 **Lost or mislaid cheques**

Without prejudice to the effect of clause 3.4, in the event that a Scheme Creditor to whom a cheque is sent pursuant to clause 3.2 notifies the Scheme Manager within six months of the date on which it was sent that the cheque has been lost or mislaid, the Scheme Manager shall, if satisfied that the cheque has not been cashed and can be cancelled, send a replacement cheque to the Scheme Creditor concerned at the address notified by the Scheme Creditor.

3.6 **Unclaimed Monies**

3.6.1 Any payment made to a Scheme Creditor pursuant to clause 3.2 which (in the case of a bank transfer) remains uncompleted or (in the case of a cheque) is unpresented within six months of the date on which the transfer was initiated or the cheque sent, shall nonetheless be deemed to have been made and the Scheme Creditor's right to such payment shall be extinguished and the Net Ascertained Claim to which it relates deemed satisfied in full.

3.6.2 If the Scheme Manager at any point within six months of an initial payment becomes aware that the transfer has not been effected or the cheque not presented, it shall use reasonable endeavours to contact the relevant Scheme Creditor and resolve this before the six month period referred to in clause 3.6.1 expires.

3.7 **Payments made on the basis of Misrepresentation or Fraud**

For the avoidance of doubt, the Scheme Company and the Scheme Manager shall be entitled to recover any amount which it has paid on the basis of misrepresentation or fraud.

4. SCHEME CLAIMS

4.1 Stay of Proceedings

4.1.1 Save to the extent that the Scheme Company has failed to perform any obligation to make payment to a Scheme Creditor in respect of a Net Ascertained Claim and in respect of such failure, no Scheme Creditor shall be entitled to take or continue any step, or do or continue any act, against or in respect of a Scheme Company or Property of a Scheme Company, or the Scheme Manager by way of Proceedings or otherwise in any jurisdiction whatsoever after the Effective Date for the purpose of obtaining payment, or establishing the existence or quantum, of any Scheme Claim. No Scheme Creditor shall be entitled to take or continue any step, or do or continue any act, against the Scheme Advisers or Scheme Adjudicator in connection with their duties and obligations under the Scheme.

4.1.2 If any Scheme Creditor takes any action which is prohibited by clause 4.1.1 after the Effective Date, then:

4.1.2.1 it shall be deemed to have received pursuant to the Scheme an advance payment under the Scheme equal to the amount or gross value of any Property or advantage obtained by it at the expense of the relevant Scheme Company as a result of such action, and the extent, if any, to which it is entitled to any other payment from the relevant Scheme Company shall be determined accordingly. Each Scheme Creditor shall be deemed to agree that in the event that the amount of any deemed receipts on account of payments by it exceed the total of all sums which it would otherwise be entitled to receive pursuant to the Scheme, it shall be treated as a debtor of the relevant Scheme Company in respect of such excess; and

4.1.2.2 the process of valuing its Scheme Claim may, at the discretion of the Scheme Manager, be suspended, and the process of making payment in respect of it shall be suspended, until such action is discontinued.

4.1.3 For the purpose of clause 4.1.2, the value of any Property or advantage obtained as aforesaid shall be conclusively determined by the Scheme Manager and (without prejudice to the generality of the foregoing) may include such amount as the Scheme Manager may in its absolute discretion consider to be appropriate in respect of costs, charges and expenses incurred by a Scheme Company or the Scheme Manager as a consequence of the action taken by the Scheme Creditor in breach of clause 4.1.1.

4.1.4 If the amount of advance payment, which a Scheme Creditor is treated as having received pursuant to clause 4.1.2, exceeds the total amount the relevant Scheme Creditor would otherwise be entitled to receive pursuant to the Scheme, then without prejudice to any other rights of the Scheme Company:

4.1.4.1 the Scheme Creditor shall immediately repay the excess to the Scheme Company, failing which interest shall accrue on such excess for the period from the date upon which the Scheme Creditor's Net

Ascertained Claim or Net Debt is established under the Scheme to the date of repayment of such excess, at a rate equal to LIBOR plus five per cent from time to time. Interest shall accrue from day to day for the duration of such period (from and including the first day thereof), shall be calculated on the basis of the actual number of days elapsed and a 365-day year in respect of Pounds Sterling and a 360-day year in respect of other currencies, and shall be payable on the last day of such period. Such excess shall be held on trust for the Scheme Company by the relevant Scheme Creditor until it is paid to the Scheme Company; and

4.1.4.2 the Scheme Company shall be deemed to have satisfied the full amount of its liability in respect of all of such Scheme Creditor's Scheme Claims.

4.1.5 Each Scheme Creditor is deemed to acknowledge that if it brings or continues Proceedings against a Scheme Company in breach of clause 4.1.1, the Scheme Manager and/or the Scheme Company shall be entitled to obtain or procure the obtaining of an order staying or dismissing those Proceedings and providing for payment by the Scheme Creditor concerned of any interest and of any costs, charges and expenses incurred by the Scheme Company or the Scheme Manager as a result of those Proceedings.

4.2 Interest

No interest other than Admissible Interest shall form part of a Scheme Claim or Agreed Claim.

4.3 Security and Letters of Credit

4.3.1 A Scheme Creditor may obtain payment by means of its Security at any time, provided that this is done strictly in accordance with the terms of the contract pursuant to which such Security was established and the terms (if any) of the Security.

4.3.2 Scheme Creditors which are beneficiaries of Letters of Credit in relation to any Scheme Insurance Contract may obtain payment by means of drawdown on such Letter of Credit at any time, provided that this is done strictly in accordance with the terms of the Letter of Credit.

4.3.3 When a Scheme Creditor's Net Ascertained Claim has become final and binding pursuant to clause 2.4 and to the extent that it takes account of the deduction of Security or drawdown from a Letter of Credit, the Scheme Creditor shall draw the applicable amount from the relevant Security or Letter of Credit notwithstanding any provision to the contrary in the terms on which the Security or Letter of Credit was established.

4.3.4 Nothing in the Scheme shall affect the rights of the Scheme Company under any applicable law against any person in respect of any wrongful or excessive enforcement, drawdown or withdrawal of funds in respect of any Security or Letter of Credit.

4.3.5 Where a Scheme Creditor has exhausted its rights to apply its Security against Scheme Claims but the Security or Letter of Credit is not exhausted, the Scheme Creditor in whose favour such Security or Letter of Credit was established shall provide such co-operation and assistance as the Scheme Company may require in order to obtain the release of the balance remaining of any funds deposited as, or as collateral in respect of, such Security or Letter of Credit to the Scheme Company. Each Scheme Creditor is deemed to acknowledge that, in the event that its Net Ascertained Claim has been satisfied or it becomes a Net Debtor, it shall continue to be obliged to provide assistance to the Scheme Company in accordance with this clause 4.3.5.

4.4 **Third party funding**

4.4.1 Claims against the Scheme Company by persons in respect of amounts paid by them to a Scheme Creditor in relation to sums due from the Scheme Company to that Scheme Creditor will not be admitted as Scheme Claims nor shall that person be acknowledged to be a Scheme Creditor in lieu of the person to whom the payment was made unless either:

4.4.1.1 that person has acquired an assignment of the Scheme Claim or the said Scheme Creditor shall have provided a letter confirming that it accepts the payment received from that person in full and final settlement as between the Scheme Company and itself of his claim against the Scheme Company for the Liability in respect of which that payment was made and irrevocably acknowledges that person's right to assert that he has a Scheme Claim in respect of that Liability, such assignment or letter to be in a form acceptable to the Scheme Manager and to be submitted to them by that person when asserting his Scheme Claim; or

4.4.1.2 the payment was made pursuant to a contractual obligation of such person to the Scheme Company or at the written request of the Scheme Company.

4.4.2 For the avoidance of doubt, any sum in respect of which a person is submitting a claim in accordance with clause 4.4.1.1 or 4.4.1.2 shall be included in the determination of that person's Net Ascertained Claim pursuant to clause 2.4.

4.5 **Lloyd's Syndicates**

4.5.1 The Scheme Manager shall treat a Lloyd's syndicate which has Scheme Claims as if it were a single Scheme Creditor of a Scheme Company in respect of all such Scheme Claims and any Scheme Debt or contingent Scheme Debt which has fallen due or which may fall due to a Scheme Company from that Lloyd's syndicate.

4.5.2 For the purposes of the Scheme, where the year of account of a Lloyd's syndicate has been closed by means of a reinsurance to close into the year of account of another Lloyd's syndicate, the rights and Liabilities of the former Lloyd's syndicate, including any deemed to be its rights and Liabilities

pursuant to this clause 4.5, shall be deemed to be the rights and Liabilities of the latter Lloyd's syndicate.

4.6 Managing general agents, line-slip holders, managers of underwriting pools

- 4.6.1 The Scheme Manager shall be entitled to require any manager of an underwriting pool, managing general agent, holder of a line slip, holder of a broker cover authority or binding authority to allocate Scheme Claims and, where applicable, Scheme Debts by reference to each relevant principal (provided that if it does not receive sufficient details of the Scheme Claims allocated to each such principal together with any necessary supporting evidence the Scheme Manager shall, for the avoidance of doubt, be entitled to apply the provisions of clause 4.6.2). All Scheme Creditors affected by such allocation pursuant to this clause 4.6.1 shall be bound by the allocation.
- 4.6.2 The Scheme Manager shall as an alternative to clause 4.6.1 have the power, the exercise of which shall bind Scheme Creditors, to treat those acting, or believed to be acting, on behalf of principals insured or reinsured by the Scheme Company or who reinsured the Scheme Company, including but not limited to, managing general agents, managers of underwriting pools and the holders of line slips, broker cover authorities or binding authorities, as if they were a principal creditor or debtor in place of their principals until such time as the Scheme Manager receives notice in writing from any such insured or reinsured principal or reinsuring principal that the relevant party has no authority to act on their behalf, or that the relevant party's authority to act on their behalf has come to an end. Nothing in this clause 4.6.2 shall affect the application of clause 4.5 except where and to the extent that a Lloyd's syndicate is a principal referred to in this clause being acted for by an agent other than Equitas Limited.
- 4.6.3 In the event of doubt as to which of clauses 4.6.1 and 4.6.2 shall apply to an agent or representative, the decision of the Scheme Manager in this respect shall so far as the law permits be final and binding.

5. SCHEME MANAGER

5.1 General Powers and Duties

5.1.1 In exercising its powers and carrying out its duties and functions under the Scheme, the Scheme Manager shall act in good faith, and with due care and diligence and shall exercise its powers under the Scheme for the purpose of ensuring that the Scheme is operated in accordance with its terms.

5.1.2 Subject to its terms of engagement, the Scheme Manager shall have the power to manage and control the business and affairs of the Scheme Company for the purposes of implementing the Scheme together with the powers specifically conferred on it by the Scheme.

5.1.3 In relation to Oslo Re UK the Scheme Manager shall act as agent of the Scheme Company in exercising its powers and in carrying out its duties and functions under the Scheme.

5.2 Vacation of Office

The Scheme Manager's office shall be vacated forthwith if the appointee shall:

5.2.1 resign his office by giving 90 days' notice in writing to the Scheme Company or such shorter period of notice as may be agreed by the Scheme Company; or

5.2.2 in relation to Oslo Re UK, shall be removed for good cause by the Scheme Company.

5.3 No Scheme Manager

In the event of a vacancy in the office of Scheme Manager, the Scheme Company shall appoint a replacement Scheme Manager as soon as practicable provided that such replacement Scheme Manager is, in the reasonable opinion of the Scheme Company, suitably qualified and consents so to act. Without prejudice to the foregoing, in the event of a vacancy in the office of Scheme Manager, pending the appointment of a replacement Scheme Manager, all of the functions of the Scheme Manager shall be exercised by the Scheme Company.

5.4 Specific powers and obligations of the Scheme Manager

5.4.1 In carrying out its duties and functions under the Scheme, the Scheme Manager shall (without prejudice to the full terms of the Scheme) be empowered:

5.4.1.1 to have full access to all such information as it may from time to time require in relation to the affairs of the Scheme Company or the operation of the Scheme and to all books, papers, documents and other information contained or represented in any format whatsoever in the possession or under the control of the Scheme Company pertaining to Scheme Claims. Such information, books, papers and documents may be disclosed by the Scheme Manager to Scheme

Creditors, if it considers such disclosure to be necessary or appropriate in order to fulfil the aims of the Scheme;

- 5.4.1.2 to instruct, on behalf of the Scheme Company, accountants, actuaries, lawyers and other professional advisers or agents whose advice or assistance is reasonably required in connection with the Scheme;
- 5.4.1.3 to petition the courts of any jurisdiction to obtain recognition or enforcement of the Scheme or, in connection with the Scheme, to bring, commence or defend any Proceedings in the name of and, in so far as permitted by law, on behalf of the Scheme Company, in any matter affecting the Scheme Company, in any jurisdiction, or to prevent the continuation or commencement of any Proceedings against either of the Scheme Company or their Property, or any act or the commencement or continuation of any Proceedings to create or enforce a lien against such Scheme Assets, and/or to seek such other relief as it deems appropriate or which the relevant court, tribunal or body may grant;
- 5.4.1.4 to the extent that the Court has jurisdiction, to apply to the Court for directions in relation to any particular matter arising under, or in the course of the operation of, the Scheme;
- 5.4.1.5 to do all acts, and to execute in the name and, in so far as permitted by law, on behalf of the Scheme Company in connection with the Scheme any deed, transfer, instrument, cheque, bill of exchange, receipt or other document which may be necessary for, or incidental to, the full and proper implementation of the Scheme;
- 5.4.1.6 on behalf of the Scheme Company, to negotiate and enter into agreements for the compromise, waiver or settlement of Scheme Claims and, in particular, without limitation, to agree with the relevant Scheme Creditor the commutation of any Scheme Claim and to treat the sum agreed as being due from the Scheme Company to the Scheme Creditor as payable outside the terms of the Scheme;
- 5.4.1.7 to exercise any other powers necessary for, or incidental to, the full and proper implementation of the Scheme whether in the name of the Scheme Company or otherwise;
- 5.4.1.8 to do all other things incidental to the exercise of the foregoing powers;
- 5.4.1.9 in the event that the Scheme Manager does not or is unable to exercise any of its powers, the Scheme Company may exercise such powers.

5.5 **Validity of acts**

Subject to any applicable provision of the Companies Act or the Insolvency Act, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted

to be done in good faith by the Scheme Company or the Scheme Manager in pursuance of their functions or duties under the Scheme or the exercise or non-exercise by them or any of them in good faith of any power or discretion conferred upon them for the purposes of the Scheme and they shall not be liable for any loss whatsoever and howsoever arising out of any such act or omission, exercise or non-exercise of any power or discretion unless such loss is attributable to their own negligence, breach of duty or trust, fraud or dishonesty.

6. SCHEME ADJUDICATOR

6.1 Appointment and Vacation of Office of Scheme Adjudicator

- 6.1.1 There shall be a Scheme Adjudicator having the powers, duties, functions and rights conferred upon him by the Scheme. In exercising his powers and carrying out his duties and functions under the Scheme, the Scheme Adjudicator shall act in good faith and with due care and diligence.
- 6.1.2 The first Scheme Adjudicator shall be Peter Matthews of EMB Consultancy LLP who has given and not withdrawn his consent to act as such pursuant to the Scheme.
- 6.1.3 Provided he has no conflict of interest in relation to the dispute referred to him and consents to act as Scheme Adjudicator, the person named under clause 6.1.2 or appointed under clause 6.1.5 or 6.1.8 shall act as Scheme Adjudicator in respect of that dispute.
- 6.1.4 The office of Scheme Adjudicator shall be vacated if the holder of such office for the time being shall:
- 6.1.4.1 die;
 - 6.1.4.2 resign his office by 90 days' notice in writing sent by Post to the Scheme Manager;
 - 6.1.4.3 be convicted of an indictable offence;
 - 6.1.4.4 become bankrupt;
 - 6.1.4.5 be disqualified from acting as a director of a company under the Company Directors Disqualification Act; or
 - 6.1.4.6 be admitted to hospital because of mental disorder, or be the subject of an order made by a court having jurisdiction, whether in England or elsewhere, in matters concerning his mental disorder.
- 6.1.5 In the event that the office of Scheme Adjudicator is vacated, the Scheme Manager shall, as soon as reasonably practicable, appoint as a replacement Scheme Adjudicator, an individual who is, in his reasonable opinion, duly qualified to discharge the function of Scheme Adjudicator and is not disqualified for any of the reasons set out in clause 6.1.4.3 to 6.1.4.6 and consents to act as Scheme Adjudicator.
- 6.1.6 The Scheme Adjudicator shall be entitled to remuneration in respect of the performance of his functions under the Scheme and any of his staff who assist him at such hourly rates as shall have been agreed with the Scheme Company. He shall also be entitled to be reimbursed his reasonable costs and expenses incurred in performing such functions, provided the incurring of such costs and expenses was authorised by the Scheme Manager, which authorisation shall not be unreasonably withheld.

- 6.1.7 The Scheme Adjudicator shall use any information received by him in his capacity as such only for the purpose of performing his functions under the Scheme and shall not disclose such information to any other person except where necessary for the purposes of the Scheme.
- 6.1.8 In the event that the Scheme Adjudicator shall become aware that he has a conflict of interest in relation to any matter referred to him for Adjudication, he shall inform the Scheme Manager of such conflict forthwith, and the Scheme Manager shall as soon as reasonably practicable ask the President for the time being of the Chartered Institute of Insurers to nominate a substitute Scheme Adjudicator in relation to the relevant matter. Provided he has no conflict of interest in relation to the dispute to be referred to him and consents to act as the Scheme Adjudicator, the person nominated shall be appointed as the Scheme Adjudicator by the Scheme Manager in respect of the relevant dispute.
- 6.1.9 The Scheme Adjudicator shall adjudicate on all matters submitted to him in accordance with the provisions of the Scheme.

6.2 **Validity of acts**

Subject to any applicable provision of the Companies Act or the Insolvency Act, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith by a Scheme Adjudicator in pursuance of his functions or duties under the Scheme or the exercise or non-exercise by him in good faith of any power or discretion conferred upon him for the purposes of the Scheme and he shall not be liable for any loss whatsoever and howsoever arising out of any such act or omission, exercise or non-exercise of any power or discretion unless such loss is attributable to his own negligence, breach of duty or trust, fraud or dishonesty.

7. SCHEME ADVISERS

7.1 Initial Scheme Advisers

The first Scheme Advisers shall be John Wardrop and Mike Walker, both of the United Kingdom firm of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, each of whom has given and not withdrawn his consent to act as such pursuant to the Scheme.

7.2 Vacation of Office

A Scheme Adviser's office shall be vacated forthwith if the appointee shall:

7.2.1 die;

7.2.2 resign his office by giving 90 days' notice in writing to the Scheme Manager, or such shorter period of notice as may be agreed by the Scheme Manager or be removed for good cause by the Scheme Manager;

7.2.3 be convicted of an indictable offence;

7.2.4 be admitted to hospital because of mental disorder or be the subject of an order concerning his mental disorder made by a court having jurisdiction in such matters in England and Wales or elsewhere;

7.2.5 become bankrupt; or

7.2.6 be disqualified from acting as a director of a company under the Company Directors Disqualification Act.

7.3 Appointment of Scheme Adviser

In the event of a vacancy in the office of Scheme Adviser, the Scheme Company may appoint any individual who in their reasonable opinion is duly qualified to discharge the function of a Scheme Adviser and not disqualified by any of the reasons set out in clauses 7.2.3 to 7.2.6 as a replacement or additional Scheme Adviser.

7.4 Duties and functions of the Scheme Advisers

7.4.1 The Scheme Advisers shall carry out the duties and functions and exercise the powers and rights conferred on them under the Scheme with the object of facilitating the implementation of the Scheme in accordance with its terms. In performing their duties and functions and exercising their rights and powers under the Scheme, the Scheme Advisers shall exercise reasonable care and skill.

7.4.2 If a Scheme Creditor considers that the Scheme is not being operated in accordance with its terms he may give notice to the Scheme Manager in writing together with any available supporting evidence, with a copy to the Scheme Advisers (the "Complaint"). The Scheme Advisers shall forthwith review the Complaint, conduct such investigations as they consider

appropriate and provide a written statement to the Scheme Manager, with a copy to that Scheme Creditor and the Scheme Company, as soon as is practicable and in any event within 21 days of receipt of the copy of the Complaint, informing the Scheme Manager:

7.4.2.1 that they have concluded that the Complaint is unjustified; or

7.4.2.2 that they have concluded that the Complaint is justified, and in each case the Scheme Advisers shall state their reasons for reaching such conclusion.

7.4.3 In the event that the Scheme Advisers have determined that the Complaint is justified they shall provide written advice to the Scheme Company and the Scheme Manager on how the Scheme should be operated in relation to the subject matter of the Complaint and on the steps that should be taken to remedy the Complaint.

7.4.4 Within 14 days of receiving the advice in accordance with clause 7.4.3, the Scheme Manager shall respond to the Scheme Advisers in writing either:

7.4.4.1 stating that the Scheme is in its opinion being properly implemented in accordance with its terms and setting out the basis for this view; or

7.4.4.2 setting out the steps it intends to take to rectify or procure that others rectify the position.

7.4.5 If requested to do so in writing by the Scheme Advisers, the Scheme Manager shall meet with the Scheme Advisers at a time and place appointed by them to discuss the issues raised in the advice sent pursuant to clause 7.4.3 and the Scheme Manager's response pursuant to clause 7.4.4.

7.4.6 In the event that the Scheme Manager does not respond in accordance with clause 7.4.4 or the Scheme Advisers are not satisfied with the Scheme Manager's response pursuant to clause 7.4.4 and their concerns are not resolved during any meeting with the Scheme Manager pursuant to clause 7.4.5 the Scheme Advisers shall send written notice to the Scheme Company, with a copy of the complainant Scheme Creditor stating that in their view the Scheme is not being operated in accordance with its terms, setting out the reasons for this view.

7.5 Specific rights and powers of the Scheme Advisers

7.5.1 In carrying out their duties and functions under the Scheme, the Scheme Advisers, without prejudice to the full terms of the Scheme, shall be entitled:

7.5.1.1 to delegate or to employ any person as they see fit for the carrying out of their powers, rights, duties and functions under the Scheme;

7.5.1.2 to have full access at all times to all such information as they may from time to time require from the Scheme Company and/or the Scheme Manager and/or the Scheme Creditor or any Scheme office holder in relation to the affairs of the Scheme Company in connection

with the operation of the Scheme including all books, papers, documents and other information contained or represented in any format whatsoever within the possession or under the control of the Scheme Company and/or the Scheme Manager, subject to any confidentiality obligations which limit disclosure of such information to such Scheme Advisers;

7.5.1.3 to the extent that the Court has jurisdiction, to apply, or request the Scheme Company to apply, to the Court for directions in relation to matters arising in relation to the Scheme;

7.5.1.4 to consult with such advisers, including legal experts and advisers, as they may deem appropriate; and

7.5.1.5 to do all other things incidental to the performance and exercise of the powers, rights and functions conferred upon them under the Scheme.

7.5.2 The Scheme Advisers shall have no executive powers in relation to the Scheme Company. All such powers shall remain with the Board of the Scheme Company. No provision of the Scheme shall constitute the Scheme Advisers as agents of the Scheme Company.

7.5.3 Any function or duty of the Scheme Company and any right or power conferred on the Scheme Company or its officers whether pursuant to statute or its memorandum or articles of association which could be exercised in such a way as to interfere with the performance or exercise by the Scheme Advisers of the powers, rights, duties and functions conferred upon them under the Scheme shall not be exercised except with the agreement of the Scheme Advisers, which agreement may be given either generally or in relation to a particular case, provided however that nothing in this clause 7.5.3 shall relieve the directors of the Scheme Company from the duties and obligations imposed on them by law including by, but not limited to, the Companies Act.

7.6 **Validity of Acts**

Subject to any applicable provision of the Companies Act or the Insolvency Act, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith by a Scheme Adviser, in pursuance of his functions or duties under the Scheme or the exercise or non-exercise by him in good faith of any power or discretion conferred upon him for the purposes of the Scheme and he shall not be liable for any loss whatsoever and howsoever arising out of any such act or omission, exercise or non exercise of any power or discretion unless such loss is attributable to his own negligence, breach of duty or trust, fraud or dishonesty.

8. SCHEME ACTUARY

8.1 Initial Scheme Actuary

The first Scheme Actuary shall be Daniel ffrons Sykes of the United Kingdom firm of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom, who has given and not withdrawn his consent to act as such pursuant to the Scheme.

8.2 Vacation of Office

A Scheme Actuary's office shall be vacated forthwith if the appointee shall:

8.2.1 die;

8.2.2 resign his office by giving 90 days' notice in writing to the Scheme Manager, or such shorter period of notice as may be agreed by the Scheme Manager or be removed for good cause by the Scheme Manager;

8.2.3 be convicted of an indictable offence;

8.2.4 be admitted to hospital because of mental disorder or be the subject of an order concerning his mental disorder made by a court having jurisdiction in such matters in England and Wales or elsewhere;

8.2.5 become bankrupt; or

8.2.6 cease to be a Fellow of an actuarial body which is affiliated to the International Actuarial Association.

8.3 Appointment of Scheme Actuary

In the event of a vacancy in the office of Scheme Actuary, the Scheme Manager may appoint any individual who in its reasonable opinion is duly qualified to discharge the function of a Scheme Actuary, and is not disqualified for any of the reasons set out in clauses 8.2.3 to 8.2.6, as a replacement or additional Scheme Actuary.

8.4 Powers, Rights, Duties and Functions

8.4.1 The Scheme Actuary shall advise the Scheme Manager and Scheme Company at their request on matters concerning the assessment and valuation of Scheme Claims and shall, where requested to do so by the Scheme Manager, apply the Actuarial Methodology to Scheme Claims and report the result of such application to the Scheme Manager within 28 days of any such request.

8.4.2 In exercising his powers and carrying out his functions under the Scheme, the Scheme Actuary shall act in good faith and with due care and diligence and shall exercise his powers for the purpose of ensuring that the Scheme is operated in accordance with its terms.

8.4.3 The Scheme Actuary shall not act in relation to any matter in respect of which he has a material conflict of interest. If the Scheme Actuary becomes aware of a material conflict of interest in respect of any matter referred to him by the

Scheme Manager, he shall immediately notify the Scheme Manager and the Scheme Manager shall appoint an alternate Scheme Actuary to act in relation to the matter in accordance with clause 8.3.

8.4.4 For the avoidance of doubt, during the appointment of an alternate pursuant to clause 8.4.3, the Scheme Actuary shall, subject to clause 8.2, continue to act on all other matters unless a conflict of interest shall arise in respect of any of these matters, in which case clause 8.4.3 shall apply.

8.5 **Validity of Acts**

Subject to any applicable provision of the Companies Act or the Insolvency Act, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith by a Scheme Actuary or alternate Scheme Actuary, in pursuance of his functions or duties under the Scheme or the exercise or non-exercise by him in good faith of any power or discretion conferred upon him for the purposes of the Scheme and he shall not be liable for any loss whatsoever and howsoever arising out of any such act or omission, exercise or non exercise of any power or discretion unless such loss is attributable to his own negligence, breach of duty or trust, fraud or dishonesty.

9. GENERAL PROVISIONS

9.1 Notice of impending completion

- 9.1.1 When it believes that the Scheme has been implemented in accordance with its terms and that the provisions of clauses 2 and 3 have been complied with, the Scheme Manager shall give at least 56 days' written notice to all Scheme Creditors which were entitled to receive a Valuation Statement pursuant to clause 2.4.1, informing them of the date on which it is proposed that the Scheme will be declared complete.
- 9.1.2 Any Scheme Creditor to which a notice pursuant to clause 9.1.1 has been sent, and which believes that, in relation to its Scheme Claims, the Scheme has not been implemented in accordance with its terms, may give notice in writing to that effect to the Scheme Adviser and the Scheme Manager. Where such a notice is received by the Scheme Adviser prior to the proposed Completion Date referred to in clause 9.1.1 it shall investigate the matter in accordance with clause 7.4 and, pending the completion of such investigation, the Scheme shall not be treated as completed for, and the terms of clauses 9.1.3 and 9.2 shall not apply to, that Scheme Creditor.
- 9.1.3 In respect of all other Scheme Creditors, the Scheme Manager shall, on the date proposed in the notice sent pursuant to clause 9.1.1, issue a certificate of completion to the Scheme Company to certify that the Scheme has been implemented in accordance with its terms.
- 9.1.4 In relation to any Scheme Creditor which has sent a notice pursuant to clause 9.1.2 received by the Scheme Adviser prior to the proposed Completion Date:
- 9.1.4.1 in the event that the Scheme Adviser advises that the Scheme has been implemented in accordance with its terms, the Scheme Manager shall as soon as practicable issue a certificate to the Scheme Company in the form referred to in clause 9.1.3 in relation to that Scheme Creditor, and the Scheme will thereupon be complete in relation to that Scheme Creditor and the provisions of clause 9.2 shall then apply to it;
- 9.1.4.2 in the event that the Scheme Adviser believes that the Scheme has not been implemented in accordance with its terms, it shall advise the Scheme Manager of its view. The Scheme Manager shall take such steps as may be appropriate in relation to the matter complained of. Following this the Scheme Manager shall give written notice to the Scheme Creditor concerned that it believes the Scheme has so far as possible been implemented in accordance with its terms in relation to that Scheme Creditor and the Scheme Manager shall as soon as practicable issue a certificate in the form referred to in clause 9.1.3 in relation to that Scheme Creditor, and the Scheme will thereupon be complete in relation to that Scheme Creditor and the provisions of clause 9.2 shall then apply to it.

9.2 **Completion of the Scheme**

- 9.2.1 Upon the issue of a written Certificate pursuant to clause 9.1, then in relation to the Scheme Creditors to whom it relates the Scheme shall be complete, and save in relation to any fraud or dishonesty, and so far as the law permits, all obligations and Liabilities of the Released Parties in connection with or pursuant to the Scheme shall cease and be released absolutely. Any such obligation which has not been fulfilled in accordance with the Scheme by the Completion Date shall nonetheless be deemed to have been correctly and fully performed, and no Scheme Creditor shall have any claim in respect of it or any loss arising from it.
- 9.2.2 Following the Completion Date, no Scheme Creditor shall be entitled to any claim on, recovery from, or interest in, any Security, Letter of Credit, guarantee or indemnity in respect of a Scheme Claim or otherwise to make any claim or receive payment in respect of a Scheme Claim.
- 9.2.3 The Scheme Manager shall display any certificate of completion on the Website from the date on which it was issued until the date 12 months after the issue of the last certificate of completion pursuant to clause 9.1.
- 9.2.4 Notwithstanding the provisions of clause 3.4:
- 9.2.4.1 Scheme Creditors shall, if so required by the Scheme Company, following the Completion Date execute a deed of release of the obligations of any guarantor of the Scheme Company's obligations to pay Scheme Claims, in a form reasonably satisfactory to the Scheme Company; and
- 9.2.4.2 each Scheme Creditor hereby authorises the Scheme Company to execute such a deed on its behalf in the event that the Scheme Company does not receive one within 21 days of requesting it pursuant to clause 9.2.4.1.
- 9.2.5 The benefit of the right to call for a deed of release under clause 9.2.4, and the benefit of the rights to enforce the provisions of clause 9.2.2, insofar as they relate to claims or recoveries from guarantors, shall be held on trust by the Scheme Company for each guarantor of its obligations to pay Scheme Claims. These rights shall be enforceable by the beneficiaries of such trust as well as the trustee. The beneficiary shall have sole and irrevocable power to replace the trustee.

9.3 **Insolvency Event**

- 9.3.1 Subject to clause 9.3.2, the occurrence of an Insolvency Event shall have no effect on the operation of the Scheme which shall, so far as permitted by law, continue in full force and effect until completed in accordance with clause 8.1 save that the obligation to make payments under clause 2 shall be replaced by an obligation to make such payments as shall be permitted in the insolvency of the Scheme Company.

- 9.3.2 The Board or any liquidator, administrator or provisional liquidator of a Scheme Company may, following an Insolvency Event, resolve that the Scheme be terminated, and the Scheme shall terminate immediately thereupon.
- 9.3.3 The termination of the Scheme in accordance with clause 9.3.2 shall be without prejudice to:
- 9.3.3.1 any Net Ascertained Claim which has become final and binding in accordance with clause 2.4 prior to such termination; and
- 9.3.3.2 any resulting obligation of the Scheme Company to make payment in accordance with clause 3.
- 9.3.4 As soon as reasonably practicable after the Scheme has terminated in accordance with clause 9.3.2, the Scheme Manager shall Advertise the termination and place a notice of termination on the Website and send notice to that effect to all Scheme Creditors to whom notice of the Creditors' Meeting was sent.

9.4 Co-operation between Scheme Creditors, Scheme Manager and Scheme Company

The Scheme Creditors, Scheme Manager and Scheme Company shall co-operate with each other and provide such assistance and information as any of them may reasonably require in connection with the Scheme and the enforcement of obligations owed to the Scheme Company pursuant to the Scheme including, but not limited to, the provision of information and documents in connection with Scheme Claims and the operation of the Scheme. Each Scheme Creditor is deemed to acknowledge that its obligations under the Scheme shall continue in the event that it becomes a Net Debtor.

9.5 Prohibited payments

- 9.5.1 For the avoidance of doubt, where the Scheme Company is prevented by any law or regulation imposing international sanctions or prohibitions promulgated by the United Kingdom or any other jurisdiction to which the Scheme Company is subject from making a payment to a Scheme Creditor or otherwise complying with any term of the Scheme, the requirements of such law or regulation shall override the terms of the Scheme and for the avoidance of doubt, compliance with such law or regulation will constitute full discharge of such Scheme Creditor's Scheme Claims under the Scheme.
- 9.5.2 Any Blocked Monies shall be applied by the Scheme Company in accordance with the requirements of such law or regulation or the instructions of the relevant authority. The Scheme Company shall be under no obligation to make any application to the relevant authority for a waiver of such law or regulation in any particular case.
- 9.5.3 In the event that the applicable law or regulation does not contain provisions as to how to deal with Blocked Monies, the Scheme Company shall, prior to

the Completion Date, hold them in an account with a United Kingdom clearing bank until such time prior to the Completion Date as the Scheme Company is instructed by the relevant authority as to how to deal with the Blocked Monies or it becomes legal to pay them to the relevant Scheme Creditor. Any interest earned on such account shall be applied at the discretion of the Scheme Company. In the event that no such instruction is received prior to the Completion Date, the Scheme Company shall become entitled to take possession of the Blocked Monies immediately following the Completion Date and the relevant Scheme Creditor shall cease to have any entitlement to them. The Scheme Claim in respect of which such Blocked Monies would otherwise have been payable shall be deemed to be cancelled and the Scheme Creditor shall have no rights in respect of it.

9.6 Notices

- 9.6.1 All notices and other written communications and documents required to be sent pursuant to the provisions of the Scheme shall be sent by Post, unless otherwise specifically provided in the Scheme.
- 9.6.2 Notices, written communications and documents to be sent to the Scheme Manager and/or a Scheme Company shall be sent to Oslo Reinsurance Company ASA, P.O. Box 1753 Vika, N-0122 Oslo, Norway marked for the attention of Bjørn Morten Skordal or such other address as may be notified to Scheme Creditors from time to time. Where the Scheme provides for notices, written communications or documents to be sent to the Scheme Manager by facsimile, they shall be sent to +47 22 312 974 or such other facsimile number as may be notified to creditors from time to time and such facsimile transmission shall be clearly marked "For the attention of the Scheme Manager of Oslo Re, c/o Bjørn Morten Skordal".
- 9.6.3 Notices, written communications and documents to be sent to Scheme Creditors may be sent to such postal or e-mail address as they notify to the Scheme Manager following the Effective Date and, failing such notification, to such address as may be shown in the Scheme Company's records, or to any other address being the last known address of the Scheme Creditor which the Scheme Manager may reasonably believe is appropriate.
- 9.6.4 Notices, written communications and documents to be sent to the Scheme Adjudicator shall be addressed to Peter Matthews, EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom. Where the Scheme provides for notices, written communications or documents to be sent to the Scheme Adjudicator by facsimile, the appropriate facsimile number shall be +44(0) 1372 751061 or such other facsimile number as may be notified to Scheme Creditors from time to time and such facsimile transmission shall be clearly marked "For the attention of Peter Matthews as Scheme Adjudicator of Oslo Re".
- 9.6.5 Notices, written communications and documents to be sent to the Scheme Actuary shall be addressed to Daniel Sykes at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, United Kingdom.

- 9.6.6 Notices and any other written communications or documents sent in hard copy by Post to Scheme Creditors pursuant to the Scheme shall be deemed, in the absence of evidence to the contrary, to have been received by the relevant Scheme Creditor on the second Business Day after despatch, where the Scheme Creditor's address is in the United Kingdom, and on the seventh Business Day after despatch in all other cases, and references to the receipt by a Scheme Creditor of any such notice, communication or document shall be construed accordingly.
- 9.6.7 Any notice or other communication or document sent by e-mail shall be deemed to have been received twenty-four hours after it is sent, provided the sender has no reasonable grounds for believing it has not been received.
- 9.6.8 References to a Scheme Creditor's address in this clause are to that Scheme Creditor's address as established in accordance with clause 9.6.3. Notice periods laid down by the Scheme are to be calculated by reference to clear days from the date on which the notice concerned, where applicable, was sent by Post. Where any period of time referred to in the Scheme expires on a day which is not a Business Day, it shall be deemed to expire on the next Business Day.
- 9.6.9 A sworn statement by a member of the Scheme Manager's staff or the Scheme Adjudicator that an envelope containing a notice was sent by Post shall be conclusive evidence that the notice was given.

9.7 Law and jurisdiction

- 9.7.1 The Scheme shall be governed by, and construed in accordance with, English law and Scheme Creditors hereby agree that the Court shall (save as provided in clause 9.7.2) have exclusive jurisdiction to hear and determine any dispute or Proceedings arising out of the Explanatory Statement or the Scheme or the operation of the Scheme and the Scheme Creditors hereby submit to the exclusive jurisdiction of the Court for such purposes.
- 9.7.2 Notwithstanding the provisions of clause 9.7.1, the Scheme Company and the Scheme Manager retain the right to bring Proceedings, in the name of the Scheme Company or otherwise, in the courts of any other country having jurisdiction under its own laws to hear such Proceedings.
- 9.7.3 In the event of any inconsistency between the terms of the Scheme and any statutory provision, so far as the law permits, the terms of the Scheme shall prevail.
- 9.7.4 For the avoidance of doubt, nothing in this clause 9.7 shall affect the validity of provisions determining law and jurisdiction as between the Scheme Company and any Scheme Creditor, contained in a Scheme Insurance Contract.

APPENDIX A
SCHEME INSURANCE CONTRACTS

A Scheme Claim is any Liability arising out of a Scheme Insurance Contract as at the Ascertainment Date, including Liabilities arising under any agreement entered into prior to the Effective Date by which the Scheme Company has commuted, settled or compromised all or part of its Liability under any such Scheme Insurance Contract.

1 Oslo Re UK

In respect of Oslo Re UK, a Scheme Insurance Contract is any contract of insurance or reinsurance written in the name of one of the companies listed in Table 1, other than any excluded business listed in Table 2 below. Table 3 shows business that is not covered by the Scheme, having been transferred out of Oslo Re UK. No underwriting was carried out in the name of Oslo Re UK itself.

Table 1 – Business included in the Oslo Re UK Scheme

In this table 1, * indicates a previous name of Oslo Re UK.

Company name in which business written	Dates business written	Date transferred to Oslo Re UK
UNI Polaris Insurance Company Limited UK Branch	1989 – 1991	1993
Polaris Assuranse AS UK Branch	1981 – 1989	1993
Storebrand Insurance Company (UK) Limited*	1972 – 1990	N/A
UNI Storebrand Insurance Company (UK) Ltd.*	1991 – 1994	N/A

Table 2 – Oslo Re UK Excluded business

Company name in which business written	Excluded business
<ul style="list-style-type: none"> • Storebrand Insurance Company (UK) Limited; and 	<ul style="list-style-type: none"> • Non-Marine, Marine or Aviation business, which was underwritten and/or administered by Willis Faber (Underwriting Management) Limited between 1972 and 1990, known as the WFUM Pools.
<ul style="list-style-type: none"> • UNI Storebrand Insurance Company (UK) Limited 	<ul style="list-style-type: none"> • Business written pursuant to a fronting arrangement via UNI Storebrand Insurance Company (UK) Limited for Christiania General Insurance Corporation of New York, managed by Trident Marine Managers Inc between

Company name in which business written	Excluded business
	1990 and 1994.
<ul style="list-style-type: none"> • Norden Insurance Company (UK) Limited. 	<ul style="list-style-type: none"> • Non-Marine, Marine, Aviation account underwriting within the Community Re-London City Underwriting Agencies, known as the Community Re Pool, between 1979 and 1983. • Non-Marine and Aviation account underwritten within the Toa Re Oatley Pool between 1981 and 1985.
<ul style="list-style-type: none"> • Storebrand Insurance Company (UK) Limited (following a business transfer in 1983 from Marine Insurance Company Alpha pursuant to Section 51 of the Insurance Companies Act 1982) 	<ul style="list-style-type: none"> • Any reinsurance of the stamp companies in the R.W. Gibbon pool, in relation to their participations in that pool between the years 1962 and 1972.
<ul style="list-style-type: none"> • Any of the previous company names as listed in Table 1 	<ul style="list-style-type: none"> • Any Liability arising from a claim under a Scheme Insurance Contract to which Section 6 of the Policyholders Protection Act 1975 refers, including, but not limited to, claims under compulsory United Kingdom employers' liability policies and the compulsory element of United Kingdom motor policies.

Table 3 – business not covered by the Oslo Re UK Scheme

Company name	Business
<ul style="list-style-type: none"> • Polaris Assuranse AS UK Branch; and • Polaris Norske Sjø UK Branch. 	<ul style="list-style-type: none"> • Marine and Aviation business within the Mariner Underwriting Agency written between 1973 and 1980. This business was transferred via Section 51 of the Insurance Companies Act 1982 to AGF Insurance Limited.
<ul style="list-style-type: none"> • Norden Insurance Company (UK) Limited. 	<ul style="list-style-type: none"> • Non-Marine business underwritten by Sphere Drake Agencies Limited between 1977 and 1979. This business was transferred to RiverStone in 2004 via Part VII of the Financial Services and Markets Act 2000.

2 Oslo Re ASA

In respect of Oslo Re ASA, a Scheme Insurance Contract is any contract of reinsurance (including for the avoidance of doubt both international treaty and facultative reinsurance business) written under one of the company names listed in Table 4, other than any excluded business listed in Table 5 below. Table 6 shows business that is not covered by the Scheme, having been transferred out of Oslo Re ASA. No underwriting was carried out in the name of Oslo Re ASA itself.

Table 4 – Business included in the Oslo Re ASA Scheme

In this table 4, * indicates a previous name of Oslo Re ASA.

Company name in which business written	Dates business written	Date transferred to Oslo Re ASA
Storebrand General Insurance Company AS	Prior to 1972	1972
Storebrand International Reinsurance Company Limited AS*	1972 - 1982	N/A
Storebrand-Norden Reinsurance Company Limited AS*	1983 - 1985	N/A
Storebrand Reinsurance Company Limited AS*	1986 - 1987	N/A
Storebrand International Insurance AS*	1988 - 1990	N/A
Uni Storebrand International Insurance AS*	1991 - 1994	N/A
Norden Skadeforsikring AS	Prior to 1983	1983
Norden Sjøforsikring AS (Norden Marine Insurance Company Ltd / Neptune Marine Insurance Company)	Prior to 1988	1988
Polaris Norske Sjø AS / Polaris Assuranse AS	Prior to 1990	1991
Uni-Polaris Insurance Company AS / Uni-Polaris Forsikringsaksjeselskap	1989 - 1990	1991
Storebrand Ruckversicherungs AS, Hamburg	1977 - 1984	1985
Branch Office of Storebrand Re / Storebrand International in Singapore	1991 - 1994	1996

Table 5 – Oslo Re ASA Excluded business

Company Name in which business written	Excluded business
<ul style="list-style-type: none"> Any of the previous company names as listed in Table 4 	<ul style="list-style-type: none"> Any Liability arising from a claim under a Scheme Insurance Contract to which Section 6 of the Policyholders Protection Act 1975 refers, including, but not limited to, claims under compulsory United Kingdom employers' liability policies and the compulsory element of United Kingdom motor policies.

Table 6 – Business not covered by the Oslo Re ASA scheme

Company Name in which business written	Business
<ul style="list-style-type: none"> Storebrand International Insurance AS Uni Storebrand International Insurance AS Storebrand Marine Insurance Company AS Polaris Assuranse AS Norden Marine Limited 	<ul style="list-style-type: none"> direct marine business or business written in the marine division of these companies or any of their predecessors.
<ul style="list-style-type: none"> Storebrand International Insurance AS Uni Storebrand International Insurance AS Polaris Assuranse AS 	<ul style="list-style-type: none"> direct energy business or business written in the energy division of these companies or any of their predecessors.
<ul style="list-style-type: none"> Any of the previous company names as listed in Table 4 	<ul style="list-style-type: none"> direct or facultative international liability business as written in the facultative department.
<ul style="list-style-type: none"> Any of the previous company names as listed in Table 4 	<ul style="list-style-type: none"> international satellite or space business.
<ul style="list-style-type: none"> Any of the previous company names as listed in Table 4 	<ul style="list-style-type: none"> Any Liability arising from a claim under a Scheme Insurance Contract to which Section 6 of the Policyholders Protection Act 1975 refers, including, but not limited to, claims under compulsory United Kingdom employers' liability policies and the compulsory element of

Company Name in which business written	Business
	United Kingdom motor policies.

The business listed in Table 6 was transferred to Storebrand Skadeforsikring AS on 1 January 1993 and therefore is not included in the Oslo Re ASA Scheme.

APPENDIX B
SAMPLE CLAIM FORM AND INSTRUCTIONS FOR ITS COMPLETION
OSLO REINSURANCE COMPANY (UK) LIMITED ("OSLO RE UK") AND
OSLO REINSURANCE COMPANY ASA ("OSLO RE ASA")

Words and phrases defined in the Scheme shall have the same meaning in this Claim Form.

THIS CLAIM FORM, ALONG WITH APPROPRIATE SUPPORTING EVIDENCE, MUST BE RETURNED TO OSLO REINSURANCE COMPANY ASA, P.O. Box 1753 Vika, N-0122 OSLO, NORWAY, BY POST, FAX OR EMAIL MARKED FOR THE ATTENTION OF BJØRN MORTEN SKORDAL AS SOON AS POSSIBLE AND BY NO LATER THAN THE CLAIMS SUBMISSION DATE, AFTER WHICH NO NEW OR REVISED CLAIM FORM WILL BE ADMITTED OR ANY REVISED OR FURTHER INFORMATION ACCEPTED, EXCEPT IN THE LATTER CASE, IN RESPONSE TO A REQUEST FROM THE SCHEME MANAGER OR THE SCHEME ADJUDICATOR.

For each claim arising under a Scheme Insurance Contract, in relation to which you are a Scheme Creditor, please complete this Claim Form following the instructions on the following pages. **You should read the instructions carefully.**

The numbers in the brackets correspond to the numbered instructions contained on the following pages of this form.

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

SEE PAGES 106 to 108 FOR INSTRUCTIONS FOR COMPLETION OF THE CLAIM FORM

To the best of my knowledge and belief the information on this Claim Form as completed and any supporting evidence is correct and fair.

Signed: Name:

Position/Capacity:

For and on behalf of (Scheme Creditor name):

Date: E-mail

Telephone Fax

SCHEME CLAIMS ARISING AGAINST OSLO REINSURANCE COMPANY (UK) LIMITED

AS AT 30 JUNE 2006

CURRENCY: _____

(1) Scheme Insurance Contract reference numbers	(2) Type of business	(3) Participation percentage (%)	(4) Inception date	(5) Broker	(6) Broker reference	(7) Agreed claims	(8) Outstanding claims	(9) Value of discount	(10) IBNR claims	(11) Value of discount	(12) Subtotal	(13) Security, letters of credit or any other set-off or counter- claims	(14) Net total
											(A)	(B)	(C)

SCHEME CLAIMS ARISING AGAINST OSLO REINSURANCE COMPANY (UK) ASA

AS AT 30 JUNE 2006

CURRENCY: _____

(1) Scheme Insurance Contract reference numbers	(2) Type of business	(3) Participation percentage (%)	(4) Inception date	(5) Broker	(6) Broker reference	(7) Agreed claims	(8) Outstanding claims	(9) Value of discount	(10) IBNR claims	(11) Value of discount	(12) Subtotal	(13) Security, letters of credit or any other set-off or counter- claims	(14) Net total
											(A)	(B)	(C)

ELECTION AS TO FORM OF PAYMENT OF NET ASCERTAINED CLAIM(S)

Subject to the processes outlined in the Scheme regarding the agreement of Scheme Claims, please indicate in the table below (*by ticking one box only*) the manner in which you would like to receive payment of any Net Ascertained Claim determined in accordance with the Scheme. Please complete a separate table for each currency.

Currency: _____	
<input type="checkbox"/>	By bank transfer to the following account: Name of Bank: _____ Address of Bank: _____ _____
Account in the name of : _____	
Account number: _____	
Account Sort Code: _____	
Please note that if you elect to be paid by bank transfer the Scheme Companies will not be liable for any costs of the transfer.	
<input type="checkbox"/>	By cheque sent by post: Cheque payable to: _____ Address: _____ _____

INSTRUCTIONS FOR COMPLETION OF THE CLAIM FORM

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

A Claim Form should be completed in respect of all Scheme Claims by a Scheme Creditor. The numbers below refer to the numbers in the Claim Form. Please state amounts of all Scheme Claims in original currency.

(1) **Scheme Insurance Contract reference number**

Specify the Scheme Insurance Contract reference numbers under which each of your Scheme Claims may arise against Oslo Re UK or Oslo Re ASA and 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.

(2) **Type of Business**

Specify the type of business to which the Scheme Insurance Contract relates.

(3) **Participation percentage**

The participation percentage for each Scheme Insurance Contract represents the percentage line underwritten or assumed by Oslo Re UK or Oslo Re ASA under the Insurance Contract. If known, insert the percentage line for each Scheme Insurance Contract to apportion the value of each of your claims against Oslo Re UK or Oslo Re ASA when completing columns (7), (8) and (9).

(4) **Inception date**

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

(5) **Broker**

Specify the name of the broker who placed the Scheme Insurance Contract or, if the placing broker is not known, any other broker or intermediary (if known) who acted on your behalf in relation to the Scheme Insurance Contract. Enter, in addition, either "placing broker" or "other" as applicable.

(6) **Broker reference**

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

(7) **Agreed Claims**

Specify the amount of any claim or (where there is more than one claim) the aggregate amount of any claims you have arising under each Scheme Insurance Contract underwritten by Oslo Re UK or Oslo Re ASA that has been established by agreement, or otherwise, but not yet paid.

(8) **Outstanding Claims**

Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses notified to you for which you assert that an amount will become due for payment to you by the Scheme Companies (excluding any amounts included in (7) above). These values must be before discounting.

(9) **Value of discount**

Specify the amount to be deducted from the Outstanding Claims value as a discount to reflect the time value of money. The percentage discount to be applied is shown in the Actuarial Methodology. Alternatively you may use your own discount percentage, in which case you must also provide documentation substantiating your percentage. If no discount is entered, discount percentages will be applied by the Scheme Manager in accordance with the Actuarial Methodology.

(10) **IBNR Claims**

Enter the estimated total value, as at the Ascertainment Date, as per your records, of Scheme Claims in respect of losses which have been incurred by you but not notified to you, for which you assert that an amount will become due for payment to you by the Scheme Companies (excluding any amounts already included in (7) or (8) above). These values must be before discounting.

(11) **Value of Discount**

Specify the amount to be deducted from the IBNR Claims value as a discount to reflect the time value of money. The percentage discount to be applied is shown in the Actuarial Methodology. Alternatively, you may use your own discount percentage, in which case you must also provide documentation substantiating your percentage. If no discount is entered, discount percentages will be applied by the Scheme Manager in accordance with the Actuarial Methodology.

(12) **Subtotal**

Subtract column (9) from column (8) and column (11) from column (10), and add the resulting values to the value of Agreed Claim in column (7) to obtain the subtotal in respect of each Scheme Insurance Contract. Enter the total sum of all boxes in column (10) in the Totals box marked (A).

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

Specify in brackets the amount of any Security, Letter of Credit, trust, set-off or counter-claim which you believe exists in relation to each Scheme Insurance 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. Enter the total sum of all boxes in column (13) in the Totals box marked (B).

(14) **Net total**

Enter the total of column (12) less the amount specified in column (13) to achieve the Net total in respect of each Insurance Contract. Enter the total sum of all boxes in column (14) in the Totals box marked (C).

You are requested to return the Claim Form, together with any supporting evidence, to Oslo Reinsurance Company ASA, P.O. Box 1753 Vika, N-0122 Oslo, Norway, marked for the attention of Bjørn Morten Skordal to be received by the Claims Submission Date. There are three ways in which you may return the Claim Form (together with any supporting evidence) to Oslo Re ASA:

- **by post;**
- **by facsimile transmission to facsimile number +47 22 31 29 74/ 22 31 29 00; or**
- **by e-mail of a pdf format showing a scanned image of the completed Claim Form to scheme.enquiries@oslore.no (but note that a scanned signature on the Claim Form is required if email is the method adopted). The Claim Form set out in the Scheme at Appendix B must be used, not any alternative presentation or format.**

Any queries regarding the Claim Form, its completion or submission should be addressed to Bjørn Morten Skordal on +47 22 31 28 91.

**APPENDIX C
SAMPLE VALUATION STATEMENT**

OSLO REINSURANCE COMPANY (UK) LIMITED AND OSLO REINSURANCE COMPANY ASA VALUATION STATEMENT

Notes for the Valuation Statement in relation to the Oslo Reinsurance Company (UK) Limited/Oslo Reinsurance Company ASA Scheme of Arrangement (the "Scheme")

SCHEME CREDITOR: pre-populated name

REF: pre-populated

Date Issued: dd/mmm/yyyy

Capitalised terms not defined in this letter have the meaning defined in the Scheme.

Please find enclosed the Valuation Statements and accompanying notes prepared in respect of your Scheme Claims pursuant to clause 2.4 of the Scheme. There is a separate Valuation Statement for each Scheme Company.

If the Scheme Manager does not receive notice from you disputing a Valuation Statement within 42 days of the date shown on it, data on it will, so far as the law permits, become final and binding on you and the relevant Scheme Company.

If you sign this Valuation Statement where indicated, confirming your irrevocable agreement to it, and return it to the Scheme Manager earlier than the 42 days referred to above, you may receive payment from the Scheme Companies in respect of it earlier than would otherwise be the case.

You may elect to receive a single payment (in each applicable currency) in respect of the Valuation Statements issued on behalf of both Scheme Companies. A statement aggregating your Valuation Statements issued in respect of the Scheme Companies ("a Combined Valuation Statement") is enclosed. Please note that the aggregation of amounts in respect of the Scheme Companies on a Combined Valuation Statement may result in the setting off of amounts owing from you to one Scheme Company against amounts owing to you by the other Scheme Company.

If you wish to receive a single payment as described above, please sign the attached Combined Valuation Statement where indicated and return to the Scheme Manager. Signature of the Combined Valuation Statement will constitute your irrevocable agreement to:

- the Combined Valuation Statement and the contents of each of the Valuation Statements to which it relates being final and binding;
- the application of clause 2.4.8 of the Scheme to any net amount shown as due to you on the Combined Valuation Statement; and
- all Scheme Claims being deemed to have been fully and finally discharged, if there is a sum shown in favour of the Scheme Companies on the Combined Valuation Statement.

If you do not sign and return the Combined Valuation Statement, cross-company set-off will not be applied and you will receive a separate payment from each Scheme Company.

If you dispute an individual Valuation Statement on grounds of Manifest Error or otherwise as permitted by the Scheme (see clauses 2.4.4 and 2.4.7 of the Scheme) please return the form indicating the areas of dispute and provide any available evidence and/or explanation of the dispute to the Scheme Manager. If you would like to adopt a Combined Valuation Statement, but believe that the one enclosed is incorrect, please notify the Scheme Manager.

Please send any signed individual Valuation Statements, Combined Valuation Statements or any notice disputing a Valuation Statement to the Scheme Manager via post, fax or e-mail, marked for the attention of Bjørn Morten Skordal, to:

- Post: Oslo Reinsurance Company ASA
P.O. Box 1753 Vika
N-0122 Oslo
Norway
- Fax: +47 22 31 29 74/ 22 31 29 00
- E-mail: scheme.enquiries@oslore.no

Please note that a scanned signature on the Valuation Statement is required if e-mail is the method adopted.

Please note that if the Scheme Manager does not receive legible notice of a dispute within 42 days of the date of a Valuation Statement, that Valuation Statement will become final and binding.

Forms returned by fax or e-mail will not be acted upon unless legible. Please also post the original form within 7 days of sending such fax or e-mail to the Scheme Manager at the above address.

Scheme in respect of the Valuation Statements aggregated on this Combined Valuation Statement. Please note that the aggregation of amounts in respect of both Scheme Companies on a Combined Valuation Statements may result in the setting off of amounts owing from you to one Scheme Company against amounts owing to you by other Scheme Company. If you would prefer to receive payment from each Scheme Company individually, do not sign this form below.

Signed by the Scheme Creditor* to signify

irrevocable agreement to the contents: Date:

.....

* This should be signed by an appropriately authorised person from within your organisation. In doing so you warrant that you have the appropriate authority.

Valuation Statement

INDIVIDUAL SCHEME COMPANY NAME pre-populated

SCHEME CREDITOR: *pre-populated name*

REF: *pre-populated*

Date Issued: *dd/mmm/yyyy*

Currency: *pre-populated*

Note: positive values are in your favour; negative values (in brackets) are in favour of the Scheme Company.

Individual Valuation Statement

- 1) Total undiscounted agreed claims
- 2) Total agreed present value discount
- 3) Total Agreed Claims (1 + 2 above)
- 4) Total Scheme Debts
- 5) Set-off
- 6) Security
- 7) Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date
- 8) Adjudicators' fees and costs
- 9) Advance payments
- 10) Tax adjustments
- 11) Other adjustments
- 12) Scheme Creditor's Net Ascertained Claim or Net Debt.

(3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 above)

Signed by the Scheme Manager:

Date:

.....

.....

Oslo Reinsurance Company ASA

Please do not sign and return this Valuation Statement if you would prefer to receive a single payment from the Scheme Companies combined, in which case, please sign the Combined Valuation Statement.

Signed by the Scheme Creditor* to signify

irrevocable agreement to the contents: Date:

.....

* This should be signed by an appropriately authorised person from within your organisation. In doing so you warrant that you have the appropriate authority.

If no notice disputing the Valuation Statement is received by the Scheme Manager within 42 days of the date of the Valuation Statement, it will be deemed to be accepted by you and will become final and binding on both you and the Scheme Company in accordance with the Scheme. Notice of dispute may only be raised on grounds of Manifest Error or otherwise as permitted by the Scheme (see clauses 2.4.3 and 2.4.6 of the Scheme).

Valuation Statement Guidance Notes

Note no	Comment
1)	<p><u>Total undiscounted agreed claims</u></p> <p>Total agreed claims before the application of present value discount</p>
2)	<p><u>Total present value discount</u></p> <p>The discount value applied to the values of agreed claims as determined in accordance with the Scheme.</p>
3)	<p><u>Total Agreed Claims</u></p> <p>The total of the Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.4.1.1 of the Scheme)</p>
4)	<p><u>Total Scheme Debts</u></p> <p>The value of the Scheme Creditor's Scheme Debts (if any).</p> <p>(Clause 2.4.1.3 of the Scheme)</p>
5)	<p><u>Set-off</u></p> <p>The amount of adjustments reflecting payments by or to the Scheme Company or transactions effecting netting off or set-off in respect of a Scheme Creditor's Agreed Claims and/or Scheme Debts prior to the date of the Valuation Statement.</p> <p>(Clause 2.4.1.2 of the Scheme)</p>
6)	<p><u>Security</u></p> <p>The amount of any Scheme Claims which have been satisfied by the application of Security or Security Interests since the Ascertainment Date and the amount of any Security or Security Interests, excluding any regulatory trust fund, to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.4.1.4 of the Scheme)</p>

7)	<p><u>Adjustment to unwind the discount on Outstanding Claims, IBNR Claims and other amounts from the Ascertainment Date</u></p> <p>Any adjustments required to eliminate the present value discount applied, pursuant to the Estimation Methodology, to amounts on the Valuation Statement for the period between the Ascertainment Date and the date of the Valuation Statement.</p> <p>(Clause 2.4.1.6 of the Scheme)</p>
8)	<p><u>Adjudicators' fees and costs</u></p> <p>The amount of any sums in respect of the Scheme Adjudicator's unpaid remuneration, costs and expenses pursuant to clause 2.3(f) to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.4.1.5 of the Scheme)</p>
9)	<p><u>Advance payments</u></p> <p>The amount of any advance payment treated as having been received by the Scheme Creditor for the purposes of clause 4.1(b) or 4.1(c) which is to be deducted from the total of such Scheme Creditor's Agreed Claims.</p> <p>(Clause 2.4.1.6 of the Scheme)</p>
10)	<p><u>Tax adjustments</u></p> <p>Any amounts which are required to be deducted or withheld by the Scheme Company for or on account of Tax in respect of Admissible Interest.</p> <p>(Clause 2.4.1.8 of the Scheme)</p>
11)	<p><u>Other adjustments</u></p> <p>Any other amounts in relation to Scheme Claims or Scheme Debts not expressly referred to above which the Scheme Manager considers ought to be taken into account for the purpose of calculating the Scheme Creditor's Net Ascertained Claim or the Scheme Company's Net Debt, as the case may be.</p> <p>(Clause 2.4.1.9 of the Scheme)</p>

12)	<p><u>Scheme Creditor's Net Ascertained Claim or Net Debt</u></p> <p>The final balance following aggregation of the amounts referred to above, which shall be your Net Ascertained Claim or Net Debt, as the case may be.</p> <p>(Clause 2.4.2 of the Scheme)</p>
13)	<p><u>Scheme Creditor's Aggregate Net Ascertained Claims or Net Debts</u></p> <p>The final balance following aggregation of the amounts referred to above which shall be that Scheme Creditor's Net Ascertained Claim or Net Debt, as the case may be.</p>

**APPENDIX D
STATEMENT OF ACTUARIAL METHODOLOGY**

1. INTRODUCTION

The purpose of this Appendix is to explain the methods that the Scheme Actuary will use to estimate those components of Scheme Claims that are referred to him by the Scheme Manager for advice and assistance. Within this Appendix those components of a Scheme Claim that are referred to the Scheme Actuary are collectively denoted a “Referred Claim”. For the avoidance of doubt, a Referred Claim may include part or all of the Incurred But Not Reported (“IBNR”) component of a Scheme Claim and any other components of a Scheme Claim where the Scheme Manager considers that actuarial analysis will assist in reaching agreement with the Scheme Creditor.

Section 5 of this Appendix lists the information that Scheme Creditors will be asked to submit to support their claims.

If any Scheme Creditor is in doubt as to any aspect of this paper or as to the action he should take, then he should consider seeking appropriate professional actuarial or other advice.

The terms defined in the Scheme bear the same meanings within this Appendix, except where otherwise indicated. Throughout this Appendix the term “Claim Filing” means an asbestos or other mass tort related claim made by or on behalf of an individual against an assured company, and “reserve” means the sum of notified outstanding and IBNR claims.

2. SUMMARY OF METHODS

The methods the Scheme Actuary will use are summarised in the following table. A more detailed explanation of each method is provided in section 4.

Claim Type	Policy Type	Recommended Method		Fallback Method	
		Type	Section	Type	Section
Non-APH	London Market excess of loss (“LMX”)	Event Level	4.1	Benchmark	4.5
Non-APH	Other	Link Ratio	4.2	Benchmark	4.5
Asbestos (“A”)	Direct, Facultative and Treaty	Exposure	4.3	Benchmark	4.5
Environmental Pollution (“P”)	Direct, Facultative and Treaty	Exposure	4.4	Benchmark	4.5
Health Hazard (“H”)	Direct, Facultative and Treaty	Exposure	4.3	Benchmark	4.5

The above table sets out the recommended method by class where the data is available. The fallback method will be used where the data is not available to perform the recommended method.

Scheme Creditors should note that the vast majority (approximately 90%) of business to be included in the Scheme is non-APH exposed, however due to the complexity associated with estimating APH reserves they are set out separately in this document.

The benchmark ratios and development link factors will, if the Scheme Actuary considers it appropriate, be derived from relevant data supplied by the Scheme Creditor, or from other appropriate data for the relevant claim types and classes of business.

3. DISCOUNTING

Once the inwards notified outstanding claims and IBNR claims have been ascertained, they will be discounted to take account of the time value of money. Both notified outstanding claims and IBNR claims will be discounted to Ascertainment Date, with the discount being unwound to the date of the relevant Valuation Statement.

The discount factors to be applied will be calculated by applying estimated claims payment patterns to the estimated reserve.

The Scheme Actuary will estimate different claims development patterns for each of the main claim and business types. The Scheme Actuary will take into account specific information supplied by the Scheme Creditor relating to payment patterns relevant to their Scheme Claim, where he considers that information relevant.

The interest rate selected for each main claim or business type will be the gross redemption yield, as published in the Financial Times (United Kingdom edition) on the Ascertainment Date, for US Treasury securities of a term equal to the mean payment period of that claim or business type.

Attachment A shows the discount factors as at the Ascertainment Date. These factors will be used, unless the Scheme Actuary deems it appropriate to adjust either the interest rates or claims development patterns.

4. METHODS

4.1 LMX – event based approach

The method described will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of its Scheme Claim.

For individual events the Scheme Actuary will proceed as follows.

- Where the Scheme Creditor's underlying gross loss development is available for each event, project that development to ultimate using paid and/or incurred claim link ratio or curve fitting methods, and then apply that gross loss estimate to the relevant Scheme Creditor's policies.
- Alternatively, if the underlying gross loss development data is not available, but loss development data for the relevant Scheme Creditor's policies for that event are available, then these will be projected to ultimate in a similar way.
- If development data is not available, then appropriate benchmark factors for each of the relevant events will be applied to the Scheme Creditor's data for that event. For example, an appropriate benchmark IBNR to outstanding claim ratio, or ultimate to paid or incurred claim

ratio for the event might be multiplied by the notified outstanding claims, paid or incurred claims respectively, for that event under the relevant Scheme Creditor's policies.

- Limits under the Scheme Creditor's policies will need to be considered in the above approach, taking into account erosion of the limits from all events.

For certain events where a particular approach has been adopted by the Scheme Manager for valuing such claims due to special circumstances relating to the event (for example, those where there are specific issues surrounding the original market loss), the Scheme Actuary will consider whether it is appropriate to take this approach into account. Without evidence to the contrary, it is likely, however, that the Scheme Actuary will follow the Scheme Manager's approach for such claims.

4.2 Development link ratio approach

The method described will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of its claim submission under the Scheme.

For this method, appropriate development factors by class of business will be derived by application of standard actuarial techniques, such as the link ratio (or chain ladder) method to paid and/or incurred claims development triangles. These factors will either be derived from relevant data supplied by the Scheme Creditor, or, if the Scheme Actuary considers it more appropriate, other data for the relevant class of business.

4.3 Asbestos and other mass tort health hazard claims - exposure based approach

The method described will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of its Scheme Claim submission under the Scheme.

In essence, exposure methods project claims against the original assured and then model those projected claims through successive tiers of insurance and reinsurance up to and including the Scheme Creditor's policies. In some cases the Scheme Creditor may itself be the assured. Where the Scheme Creditor's policies are contracts of reinsurance then the Scheme Creditor is not the assured, rather it is an insurer or reinsurer of the assured.

A frequency/severity approach will be used to determine the estimate of the future losses associated with pending and unasserted asbestos Claim Filings against each assured. Specifically, an average indemnity cost per Claim Filing, trended for future inflation, is multiplied by a projected number of settled Claim Filings to determine the future amount of indemnity losses. An expense-to indemnity ratio is then applied.

The analysis considers products and non-products claims separately. Generally, it will be assumed that for products claims, available insurance coverage will be exhausted vertically. For non-products claims, appropriate assumptions will be made regarding the definition of "occurrence" based upon the particular situation of each assured.

The estimated exposure will then be allocated to the assured's insurance coverage. Where the Scheme Creditor's policies are contracts of reinsurance, the Scheme Creditor's estimated exposure to each assured will further be allocated to the Scheme Creditor's policies.

For direct and facultative Scheme Creditor policies and for the estimation of inwards liability to Scheme Creditors on treaty Scheme Creditor policies, the appropriate trigger and allocation methodologies will be determined by the choice of law. In states where this issue is uncertain,

probability weighted averages will be adopted. The weights will be derived from estimated likelihoods that can be applied to each methodology, perhaps based on legal or other expert opinion.

In the absence of clear evidence on the appropriate allocation methodologies to be applied, claims will be allocated evenly across triggered primary layer coverage. Where this process exhausts one or more policies, the remaining unallocated claims will be allocated evenly across the remaining primary layer coverage. This process will continue until all claims are allocated or where all triggered primary layer coverage is exhausted. If all the triggered primary layer coverage is exhausted, remaining unallocated claims will be allocated on a similar basis across triggered excess layer coverage.

Where the prevailing law is “All-Sums”, then the Scheme Actuary will apply an “All-Sums Net of Contribution Rights” (“ASCOR”) approach as described in the following paragraph.

With an All-Sums approach, the insured selects the year in which all of its loss is to be initially allocated and the claim is then initially paid by the insurer(s) on that year alone. ASCOR allocates part of the loss originally allocated to the initial year to some of the other coverage years (including possibly to Scheme Creditor’s policies other than those policies on which the loss has been allocated initially and/or other insurers). The application of ASCOR will, where known, take into account relevant issues relating to non-recoverability of certain coverage (intentional or insolvent).

Where the Scheme Creditor’s policies are contracts of reinsurance then the allocation of claims to these contracts will also take into account the terms of the reinsurance contracts including, amongst other things, the method of aggregation of claims and recoverability.

The reserve will be calculated as estimated ultimate indemnity and expense estimate under Scheme Creditor’s policies less paid indemnity and expense amounts. Without specific information to the contrary, the Scheme Actuary will assume that, for primary layers, expenses are in addition to limits and, for excess layers, expenses are included within limits.

For the avoidance of doubt, the ultimate amount of claims on Scheme Creditor’s policies will not exceed the aggregate limit under the policy.

4.4 Environmental pollution claims - exposure based approach

The method described will be modified if alternative, more accurate data and information is supplied by the Scheme Creditor as part of its claim submission under the Scheme.

The approach will involve the estimation of each assured’s financial exposure to significant polluted sites in which that assured is known to be involved. The cost over the period of involvement for each site will be allocated to each assured in accordance with its appropriate share (as set out in the relevant record of decision) or an estimate of the appropriate share based on knowledge of the time for which an assured was involved in a site and the number of other companies at that site. The estimated exposure will then be allocated to the assured’s insurance coverage. Where the Scheme Creditor’s policies are contracts of reinsurance, the Scheme Creditor’s estimated exposure to each assured will further be allocated to the Scheme Creditor’s policies.

In the absence of firm information regarding a particular assured’s share at a particular site, the Scheme Actuary will assume an even share of known and likely future involvements at a particular site.

For direct and facultative Scheme Creditor policies and for the estimation of inwards liability to Scheme Creditors on treaty Scheme Creditor policies, the appropriate trigger and allocation

methodologies will be determined by the choice of law. In states where this issue is uncertain, probability weighted averages will be adopted. The weights will be derived from estimated likelihoods that can be applied to each methodology, perhaps based on legal or other expert opinion.

In the absence of clear evidence on the appropriate allocation methodologies to be applied claims will spread each site's cost evenly across the triggered years from the ground up. Where the prevailing law is "All-Sums", then the Scheme Actuary will apply the ASCOR approach as described in section 4.3.

Where the Scheme Creditor's policies are contracts of reinsurance then the allocation of claims to these contracts will also take into account the terms of the reinsurance contracts including, amongst other things, the method of aggregation of claims and recoverability.

The Scheme Actuary will take into account the specific circumstances of each claim for each relevant site when determining whether, and by how much, the claim amount should include an adjustment for the likelihood of a successful defence to the claim ("win factor"). Factors such as the history of relevant legal decisions in particular states will be taken into account and where necessary, the Scheme Actuary will take appropriate legal advice.

4.5 Benchmark approach

In circumstances where the exposure based approach and development link ratio approach cannot be applied (for example, due to lack of data or the method is not appropriate) then a simpler approach will be used. This will involve one or more of the following for a given Scheme Creditor.

- Collect information on the nature of the inwards business written by the Scheme Creditor, and on the Scheme Creditor's underlying inwards paid, reported incurred and estimated IBNR claims.
- Collect information on the current and prior historical development of paid and incurred claims to each Scheme Creditor policy under review.
- Select appropriate benchmark paid or incurred survival ratios, IBNR to outstanding claims ratios or ultimate to paid or incurred ratios.
- Select final reserve estimate.

5. DATA REQUESTED FROM SCHEME CREDITORS

5.1 LMX – event based approach

Quarterly or annual historical paid and incurred claims development by year for each event, gross to the Scheme Creditor and to each of the Scheme Creditor's policies on which reserves are being asserted.

Full details of method and calculations used to derive reserves to each policy and event, including choice of development factors, curve fitting, recoveries from layers etc.

Relevant internal and/or external actuarial reports.

5.2 Development link ratio approach

Quarterly or annual historical paid and incurred claims development by year for each class of business, gross to the Scheme Creditor and to each of the Scheme Creditor's policies on which reserves are being asserted. Large claims should be shown separately.

Full details of method and calculations used to derive reserves to each policy, including choice of development factors, curve fitting, recoveries from layers etc.

If the claim relates to a specific underlying cause, event or incident, then full details of that should be supplied, including any associated legal reports or opinions.

Relevant internal and/or external actuarial reports.

5.3 Asbestos and other mass tort claims - exposure based approach

Details of method and calculation of ultimate losses used by the Scheme Creditor to estimate reserves, across all relevant years and Scheme Creditor's policies, split into products and non-products.

Sufficient data to enable the Scheme Actuary to follow the Scheme Creditor's estimate of reserves from the progression of claim filings for each asbestos assured through to the allocation to the Scheme Creditor's policies.

Trigger and policy allocation, including rationale for the basis.

Details of treatment of all specific issues affecting estimation of future claims including treatment of non-products exposures.

Copies of relevant internal and /or external actuarial reports.

Copies of attorney reports, explanation as to how these reconcile by policy to claims submitted by the Scheme Creditor and basis for any differences in approach adopted by the Scheme Creditor compared to the attorney reports.

5.4 Environmental pollution claims - exposure based approach

Details of method and calculation of ultimate losses used by the Scheme Creditor to estimate reserves across all relevant years (by site, if exposed to more than one site) and Scheme Creditor's Policies.

Sufficient data to enable the Scheme Actuary to follow the Scheme Creditor's estimate of reserves from the cost estimate for each assured/site combination through to the allocation to the Scheme Creditor's policies.

Trigger and policy allocation, including rationale for the basis.

Details of treatment of all specific issues affecting estimation of claims, including win factors.

Relevant internal and/or external actuarial reports.

Copies of attorney reports, explanation as to how these reconcile by policy to claims submitted by the Scheme Creditor and basis for any differences in approach adopted by the Scheme Creditor

compared to the attorney report, including where relevant adjustments made by the attorneys for win factors.

5.5 Benchmark approach

Full details of method and calculations used to derive reserves to each policy, including choice of benchmark factor used.

Relevant internal and/or external actuarial reports.

Attachment A: Discount Factors as at Ascertainment Date

Introduction

This Attachment summarises the discount factors by claim type as at the Ascertainment Date, as referred to in section 3. The “Discount Factor” shown in the final column of this table represents the percentage reduction that will be applied to the undiscounted reserve, except where the Scheme Actuary elects to amend it.

Reserving Category	Mean Term (years)	Interest Rate	Discount Factor
US Asbestos Other Direct	9.0	5.14%	36%
US Asbestos Other Treaty	11.5	5.17%	44%
US Pollution Direct	6.0	5.11%	26%
US Pollution Treaty	8.5	5.13%	35%
US Health Direct	3.0	5.13%	14%
US Health Treaty	4.0	5.12%	18%
Marine Major Losses	3.0	5.13%	14%
Marine Liability	3.5	5.12%	16%
Marine Other	2.0	5.19%	10%
Non-Marine Liability	7.0	5.11%	29%
Non-Marine Other	5.5	5.10%	24%
Aviation Excess of Loss	1.5	5.21%	7%
Aviation Other	2.5	5.19%	12%