

28 August 2006

Dear Sir or Madam

**Proposed Solvent Schemes of Arrangement for Oslo Reinsurance Company (UK) Limited (“Oslo Re UK”) and Oslo Reinsurance Company ASA (“Oslo Re ASA”) (together the “Scheme Companies”)**

We write to advise you that each of the above companies intends to propose a solvent scheme of arrangement under Section 425 of the English Companies Act 1985 (the “Schemes”).

We are writing to you as we believe that you are, or may be, a creditor of one or both of the Scheme Companies in respect of an insurance, reinsurance or retrocession contract written by one of the Scheme Companies (a “Scheme Creditor”) and that as such you may be affected by the Schemes. Alternatively, you may have represented such Scheme Creditors, in which case we ask that you pass a copy of this letter on to any potential Scheme Creditors for which you act or have acted.

In accordance with guidance issued by the High Court of Justice of England and Wales, we are writing to inform you of:

- (a) the objectives which the proposed Schemes are designed to achieve; and
- (b) the composition of the meetings of Scheme Creditors which the Scheme Companies propose to convene for the purpose of voting on the Schemes.

**The Objectives of the Schemes**

Both Scheme Companies have been in run-off since 1994. The primary objective of the Schemes is to conclude the run-off of the Scheme Companies earlier than would be the case if claims were left to mature in the normal course of business.

With certain exceptions, the Schemes will apply to:

- all of the insurance and reinsurance business of Oslo Re UK; and
- all of the business of Oslo Re ASA, which is pure reinsurance.

More detail of the business to be included in the Schemes can be obtained on the website at [www.oslore.no](http://www.oslore.no), or by contacting Oslo Re ASA (the proposed Scheme Manager) whose details are given on page 3.

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**Oslo Reinsurance Company ASA**

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N-0122 Oslo  
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0251 Oslo  
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815 832 272

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Once the Scheme becomes effective, Scheme Creditors with actual, contingent or future claims (including accrued, notified outstanding and incurred but not reported (“IBNR”) claims) against the Scheme Companies will have a period of 180 days to submit their claims to the Scheme Manager for valuation and subsequent payment. Claims will be agreed, or failing agreement, determined by a Scheme Adjudicator. Further details of this process are set out below. Payment of the agreed or adjudicated amounts will be made in full, subject to a discount to reflect the time value of money and to certain amounts which may be set-off under the Scheme. Scheme Creditors who do not file their claims against the Scheme Companies within the 180 day period will not be entitled to receive any payment from the Scheme Companies in respect of such claims except in relation to claims which have been previously agreed, but not paid, by the Scheme Companies.

The Scheme will establish a method by which claims filed against the Scheme Companies may be agreed or determined and paid. In the first instance, the Scheme Manager will seek to agree the value of a Scheme Creditor’s claims with that Scheme Creditor. The Scheme Manager will be assisted in this by the Scheme Actuary, Dan Sykes of KPMG LLP, who will (at the Scheme Manager’s request) apply an Actuarial Methodology, which will be set out in the Scheme, to claims which require estimation. If agreement cannot be reached, there will be a process for adjudication of disputed claims by an independent adjudicator, Peter Matthews of EMB Consultancy.

### **Composition of the Creditors’ Meetings**

Legally separate schemes of arrangement are proposed for each Scheme Company, although as the terms of the Schemes will be largely the same for each Scheme Company they will be contained within a single document. For each Scheme Company’s scheme to be implemented, it must be approved by a majority in number, and not less than 75% in value, of those creditors who vote (in person or by proxy) at the meeting in respect of that Scheme Company, or at each such meeting if there were to be more than one class of creditors. If the rights of creditors are so different or would be affected so differently by a scheme of arrangement as to make it impossible for them to consult together in their common interest, they must be divided into classes and vote at separate class meetings.

The Scheme Companies have taken account of recent decisions of the High Court in determining the appropriate constitution of the meetings of Scheme Creditors for the purpose of considering and, if thought fit, approving their Schemes. Accordingly, the meetings are proposed to be convened as follows:

- A single meeting of the Scheme Creditors of Oslo Re ASA. This is considered appropriate as Oslo Re ASA’s business is pure reinsurance, and the rights of its reinsurance creditors should be sufficiently similar for them to be able to consult together in their common interest as a single class.
- Two meetings of the Scheme Creditors of Oslo Re UK. These meetings will be convened as follows:
  - (i) a meeting of Scheme Creditors in relation to their claims other than IBNR claims; and
  - (ii) a meeting of Scheme Creditors in relation to their IBNR claims.

As some direct business will be included in the Scheme of Oslo Re UK, together with its reinsurance business, it is considered appropriate to separate creditors with IBNR claims into a separate class for voting on its Scheme.



### **The Court Hearing**

The Scheme Companies intend to apply to the High Court of Justice for permission to convene the creditors' meetings. It is expected that the application will be heard at the Royal Courts of Justice, Strand, London WC2A 2LL, United Kingdom on 3 October 2006. Any changes to this date will be notified on the website at [www.oslore.no](http://www.oslore.no).

If any potential Scheme Creditor has concerns, having considered any appropriate professional advice, regarding the proposed constitution of classes, they should inform us in writing, using the contact details below, as soon as possible and in any event seven days prior to the date of the hearing. Any concerns which Scheme Creditors communicate in writing to us on this issue will be drawn to the attention of the Court at the hearing. Scheme Creditors also have the right to attend the hearing for the purpose of making representations and we ask that any Scheme Creditor who intends to do so informs us at least seven days prior to the date of the hearing.

### **Contact Details**

If you have any questions or concerns in relation to this letter, please contact the proposed Scheme Manager 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](mailto:scheme.enquiries@oslore.no)

By fax:            +47 22 31 29 74 / 22 31 29 00 / 22 31 59 43

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

Contact:          Jan C H Endresen / Bjørn Morten Skordal

Yours faithfully,

A handwritten signature in black ink, appearing to read "Jan C H Endresen", is written over a horizontal line.

Jan C H Endresen

Managing Director  
**Oslo Reinsurance Company ASA**  
Chairman of the Board of Directors  
**Oslo Reinsurance Company (UK) Limited**