THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND ACTION

In order to accept the Early Final Dividend Offer, Eligible Scheme Creditors must complete the actions outlined in Section 6 of this letter no later than 5pm GMT on 14 November 2025.

OIC Run-Off Limited and The London and Overseas Insurance Company Limited (together the "Companies"), both subject to a Scheme of Arrangement dated 20 November 1996 ("Original Scheme"), as amended by a Scheme of Arrangement dated 11 December 2014 ("Amending Scheme"), and the Final Scheme dated 24 April 2025 ("Final Scheme" which together with the Original Scheme and the Amending Scheme is referred to as the "Scheme").

To all Scheme Creditors with Eligible Net Liabilities under the Amending Scheme ("Eligible Scheme Creditors"). The Early Final Dividend Offer does not apply to liabilities arising under Qualifying ILU Policies (the "Excluded Creditors").

Capitalised terms used in this letter and not otherwise defined have the meanings given to them in the Scheme.

Eligible Scheme Creditors should not construe the contents of this letter as legal, tax, financial or other advice. Eligible Scheme Creditors should consult their own professional advisors for legal, tax, financial or other advice as appropriate in connection with the contents of this letter.

22 July 2025

OFFER FOR THE EARLY PAYMENT OF THE FINAL DIVIDEND

Dear Sir/Madam

1. The Early Final Dividend Offer for Eligible Scheme Creditors

We are writing to provide you with the opportunity to receive a final dividend in late 2025/ early 2026, much earlier than would otherwise be the case.

The current dividend rate is 76.00%. It was expected that a final dividend would be paid to all Scheme Creditors with Eligible Net Liabilities once all claims submitted by the Bar Date under the Amending Scheme had been agreed. All of these claims have now been agreed but a number of issues have arisen that will, in the absence of the proposal made in this letter, delay the final dividend until the Scheme terminates in approximately 2038. The main issue relates to tax and further details of this are provided in Section 5(a) below.

The Scheme Administrators have explored various options for mitigating these issues so as to enable an earlier final dividend. A solution has been identified in the form of (1) a Final Scheme for Qualifying ILU Opt Out Creditors that elected not to participate in the crystallisation provisions of the Amending Scheme solely in respect of their Qualifying ILU Policies, and (2) an early final dividend offer ("Early Final Dividend Offer") to all Eligible Scheme Creditors and separately to Nationale-Nederlanden Overseas Finance and Investment Company ("NNOFIC") which is a Scheme Creditor as a result of the funds it has made available to settle the Eligible Net Liabilities of Qualifying ILU Policyholders.

The Final Scheme received Court sanction on 23 May 2025 and crystallised the claims of Qualifying ILU Opt Out Creditors that would otherwise be notified after 31 December 2035.

This letter contains details of the offer being made to all Eligible Scheme Creditors in full and final settlement of their claims against the Companies. The terms of the Early Final Dividend Offer are that:

- Eligible Scheme Creditors who accept the Early Final Dividend Offer will receive a final dividend of 4.00%, taking the cumulative dividend from 76.00% to 80.00% in 2025/ early 2026; and
- Eligible Scheme Creditors who do not accept the Early Final Dividend Offer will receive a final dividend in 2038 that, taking into account certain assumptions and approximations as explained below, equates to what they would have received if the Early Final Dividend Offer had not been made, with that final dividend ranging from 0.00% to 5.74% taking the cumulative dividend to between 76.00% and 81.74%.

Whilst the maximum final dividend payable in 2038 in the absence of the Early Final Dividend Offer will be 5.74%, this outcome will only be achieved if no tax whatsoever is payable by the Companies. There are multiple other realistic scenarios where tax would be payable in the future so that some increase above the current 76.00% dividend rate will be possible but the cumulative dividend rate will be less than 81.74%. It is also possible that the potential tax issues will be such that no increase in the current 76.00% dividend rate will be possible.

2. What does the Early Final Dividend Offer mean for you and NNOFIC?

The payments that will apply if you accept or decline the Early Final Dividend Offer can be seen in your creditor specific Early Final Dividend Offer Schedule that accompanies the Early Final Dividend Agreement. Please read the explanatory notes accompanying the schedule carefully.

The terms of the Early Final Dividend Offer for NNOFIC are substantially similar to the Early Final Dividend Offer being made to Eligible Scheme Creditors, save for the final dividend figure which is 5.76% rather than 4.00%. The higher figure will be paid to NNOFIC because NNOFIC's position is different to those of other creditors in that (1) it has historically supported, at a cost to itself, the overall operation of the Scheme by making significant funds available to the Companies, (2) it agreed to subordinate certain claims against the Companies behind all other liabilities, and (3) the rights it is compromising when it accepts the Early Final Dividend Offer will have some differences to those applying to other creditors.

3. The Creditors' Committee view of the Early Final Dividend Offer

The Scheme Administrators have consulted a number of key stakeholders in relation to the Early Final Dividend Offer, including the Creditors' Committee, which has a duty to act in the interests of Scheme Creditors as a whole. The Creditors' Committee, having received an independent evaluation from the "Delegate" (further details of the Delegate are provided in section 5(d) below), is unanimously supportive of the Early Final Dividend Offer to Eligible Scheme Creditors and NNOFIC. The Creditors' Committee members have also unanimously confirmed they intend to accept the Early Final Dividend Offer in relation to their own claims.

4. Payment of the Early Final Dividend

Whilst the Scheme Administrators consider that the Early Final Dividend Offer is beneficial to all Eligible Scheme Creditors, they recognise that each creditor will need to make its own decision on the attractiveness of the offer. The Scheme Administrators are conscious that it has not been possible to canvas the views of all Eligible Scheme Creditors in advance of launching this Early Final Dividend Offer. However, the Scheme Administrators are very conscious of respecting the views of Eligible Scheme Creditors, and so if they are not content with the reaction to the Early Final Dividend Offer, the Scheme Administrators, in their absolute discretion, will not proceed with it. In these circumstances, which are currently not envisaged to occur, all Eligible Scheme Creditors will be unable to receive further dividends until 2038.

Assuming the Scheme Administrators are content with the reaction of Eligible Scheme Creditors to the Early Final Dividend Offer, they will issue a 'Notice of Effect' on the Companies' website at https://www.oicrun-offltd.com/. The Early Final Dividend Offer will at that time be binding on those Eligible Scheme Creditors that have accepted it and payments will be made shortly thereafter.

In the event that you elect to accept the Early Final Dividend Offer, the Companies reserve the right to make payment of the amounts set out in your creditor specific schedule to your last known bank account that the Companies have on their files, or otherwise by way of cheque. Uncashed cheques will be dealt with in accordance with paragraph 41 of the Amending Scheme. If you would like to confirm your bank account or provide an updated bank account for receipt of the payment, please email OICClosureHelpdesk@hampden.co.uk. No payment will be made in contravention of applicable law or regulation (including sanctions).

If the Early Final Dividend Offer does not proceed as contemplated above, the Scheme Administrators will issue a 'Notice of Lapse' on the Companies' website at https://www.oicrun-offltd.com, and the Early Final Dividend Offer will be withdrawn.

5. Further details of the Early Final Dividend Offer

(a) Outline of the tax issue

The Companies have historically used brought forward tax losses to offset profits which would otherwise be taxable. However, a change in tax legislation has occurred since the Amending Scheme became effective. Brought forward tax losses can now only be utilised to offset 50% of taxable profits above £5 million in any given accounting period. However, this updated legislation does provide insolvent insurers with an exemption from this restriction. The Companies, which have significant brought forward losses, have relied on this exemption since the change in legislation and no tax has so far been payable.

The fundamental issue is that the Scheme currently provides that unpaid liabilities are legally extinguished when the Scheme is terminated. In addition, when a final dividend is paid such that there is certainty as to the obligations of the Companies to those creditors, it is necessary to revalue the liabilities to reflect these obligations. This will therefore give rise to a large 'accounting profit' at that time, driven by the difference between the value of total agreed claims held in the Companies' accounts and the total dividends paid to Scheme Creditors. As the Scheme is currently expected to terminate in approximately 2038, and the tax legislation that would apply at that time is impossible to predict, the Scheme Administrators have concluded that no further dividends can be paid to Scheme Creditors absent the Early Final Dividend Offer until 2038.

(b) Other solutions that have been considered

The Final Scheme in conjunction with the Early Final Dividend Offer is considered to be the only viable solution to ensure Eligible Scheme Creditors can be paid now as opposed to many years in the future. In reaching this conclusion, the Scheme Administrators have considered a variety of other solutions to the issues being considered, including:

- Seeking to impose on all Scheme Creditors an early release of their unpaid liabilities in exchange for receiving an earlier final dividend payment, so that the related tax consequences could be dealt with in an earlier period when there is considerably more certainty over the tax that might be payable. Legal advice has confirmed that this is not possible under the existing terms of the Amending Scheme. A new scheme of arrangement to achieve this would be possible although this would entail certain risks, significant delay and cost. The Scheme Administrators considered that this offers no material advantages over the solution which is now being pursued and, indeed, the current solution is considered by the Scheme Administrators to be fairer in that each Scheme Creditor can decide what is best according to their own circumstances.
- Considering an amendment to the Scheme so that unpaid liabilities are not legally extinguished on the termination of the Scheme so that no 'accounting profit' arises. This option is not viable given that (1) an accounting revaluation is likely to occur in any event at the point that a final dividend is paid, and (2) any such amendment to the Scheme could only be achieved through another scheme of arrangement and, as above, this would entail certain risks, significant delay and cost.
- Seeking to enter into an insurance arrangement to cover the risk of any future tax liability becoming payable by the Companies from 2025 to 2036. Having consulted mainstream brokers and insurers, it is clear that currently no insurer is willing to underwrite tax liabilities that could

occur so far into the future on a standalone basis.

All these alternatives were discussed with the Creditors' Committee and the Scheme Administrators then alighted on the solution of the Final Scheme (which is focused on a select group of Scheme Creditors) and the Early Final Dividend Offer. The Final Scheme is comparatively simple and did not entail the same level of risk, delay and cost which would arise from a Scheme amendment of the sort considered above.

(c) Risk mitigation

In order to ensure that the Early Final Dividend Offer could be made without disadvantaging Eligible Scheme Creditors who do not accept it, and any taxes can be paid on completion of the Early Final Dividend Offer and on subsequent termination of the Final Scheme, the Scheme Administrators have arranged certain protections (by way of insurance and guarantee arrangements) for the Companies which will become effective if the Notice of Effect is issued.

As highlighted in section (b) above, insurance for tax risks relating to a period extending so many years into the future is not currently available in the open market. However, a combination of insurance and guarantee solutions was found. This includes cover to ensure (1) any tax liability becoming payable by the Companies in relation to profits arising after 2025 is settled, and (2) Eligible Scheme Creditors who do not accept the Early Final Dividend Offer receive a final dividend in 2038 that equates, subject to certain assumptions and approximations as explained below, to what they would have received if the Early Final Dividend Offer had not been offered to, or accepted by, any Eligible Scheme Creditor ("Insured/Guaranteed Amounts"). To the extent that the Companies do not have sufficient assets to meet these obligations, these risks are covered by an insurance policy ("Marco Re Insurance") written by an AM Best A- ("Excellent") Financial Strength rated insurer, Marco Re Limited ("Marco Re"). Furthermore, to provide both Marco Re and Eligible Scheme Creditors with further reassurance, the UK firm of PricewaterhouseCoopers LLP ("PwC UK") will provide an on-demand guarantee ("PwC UK Guarantee") in respect of any claims made by the Companies under the Marco Re Insurance, and as a result, PwC UK will settle such claims on demand. Both the Marco Re Insurance and the PwC UK Guarantee are capped at $40m ("Limit"), a level which the Scheme Administrators consider more than sufficient to cover the Insured/Guaranteed Amounts.

The Scheme Administrators want to provide creditors with as much certainty as possible in making their decision on the Early Final Dividend Offer. To do so, certain assumptions and approximations are being made now in the calculation of the final dividend (if any) payable to Eligible Scheme Creditors who do not accept the Early Final Dividend Offer. In particular, it is not possible to know what investment returns would have been achieved in the absence of the Early Final Dividend Offer. The Scheme Administrators have therefore determined that it would be appropriate to fix the investment returns at 1.8% per annum from the date of the Notice of Effect. This is the average short-term interest rate earned over past decades, and the Scheme Administrators believe this is an appropriate rate to use as, in the absence of the Early Final Dividend Offer, a short-term investment strategy would have been followed.

(d) The Delegate

The involvement of PwC UK in the solution as described above is a conflict of interest for the Scheme Administrators. As a consequence, the Scheme Administrators have put in place a number of safeguards, being the disclosures in both this letter and the Final Scheme documents, obtaining separate legal advice, interactions with the Creditors' Committee and adherence to the PwC UK governance process for such situations. In addition, Chris Laughton of Mercer & Hole, a licensed insolvency practitioner, has been appointed as Delegate to provide an independent assessment of the Final Scheme, the Early Final Dividend Offer, the Marco Re Insurance and the PwC UK Guarantee, including the Limit. Under the terms of his engagement with the Scheme Administrators, the Delegate is required to evaluate the Early Final Dividend Offer to ensure it is in the best interests of the Scheme Creditors as a whole. The Delegate has received independent legal advice from Jon Yorke, a partner in the firm of McCarthy Denning. The appointments of Chris Laughton as Delegate and Jon Yorke as his legal adviser, and the terms of reference of their work, were both confirmed by the Creditors' Committee. The Delegate has provided his report to the Creditors' Committee and this has formed an important part of their decision to unanimously support the Early Final Dividend Offer approach. The Delegate is satisfied that the Early Final Dividend Offer is in the best interests of the Scheme Creditors as a whole.

(e) The premium for the Marco Re Insurance and the PwC UK fee for the PwC UK Guarantee

PwC UK recognise that the Scheme has been running for nearly 30 years and individuals from PwC UK have been acting as Provisional Liquidators or Scheme Administrators throughout this period. As a result, the main driver for PwC UK in providing the PwC UK Guarantee is to facilitate the Early Final Dividend Offer and to ensure Eligible Scheme Creditors do not wait until 2038 to receive any further dividends.

The risk underlying the Marco Re Insurance is substantially reduced because of the PwC UK Guarantee and this has been reflected in the premium charged for the Marco Re Insurance of c.$0.5m. PwC UK will therefore be bearing the significant risk. PwC's fee for the PwC UK Guarantee ("Guarantee Fee"), which is capped at the same amount as the Limit, should the Early Final Dividend Offer proceed, will comprise the remaining assets of the Companies but excluding the value of:

1. The Opt Out Scheme Assets on the basis that Excluded Creditors will not receive the Early Final Dividend Offer solely in respect of their Qualifying ILU Policies.

2. An appropriate reserve for any tax liability, even though this risk and cost is ultimately supported by the Marco Re Insurance and PwC UK Guarantee.

3. An appropriate reserve for the other expenses of the Scheme excluding Opt Out Expenses, on the basis that Eligible Scheme Creditors that do not accept the Early Final Dividend Offer will not receive their final dividend until 2038 and costs for the continued run off of the Companies will need to be met.

4. An appropriate reserve to allow for payments to Eligible Scheme Creditors who do not accept the Early Final Dividend Offer.

The Creditors' Committee has received a copy of a report from the Delegate which includes the Delegate's assessment of the Guarantee Fee. In considering the various risks, a range of potential outcomes for the Guarantee Fee has been modelled by the Scheme Actuarial Adviser. These outcomes in 2038 vary from zero where a call under the Guarantee is required, to a maximum of $33.0m where no tax is payable. At a risk adjusted discount rate of 10% the maximum present value of the Guarantee Fee is $9.5m.

Accordingly, there are scenarios in which PwC UK will suffer loss on the PwC UK Guarantee and related Guarantee Fee, and other scenarios in which it stands to profit. The risk will remain with PwC UK, and the final position will not be crystallised until post 2036. PwC UK has agreed to provide the PwC UK Guarantee on these terms because it considers itself more likely to ultimately make a profit on the arrangements than to ultimately suffer a loss. Any Eligible Scheme Creditor that does not take up the Early Final Dividend Offer will not be impacted by these PwC arrangements. Those Eligible Scheme Creditors that do choose to take up the Early Final Dividend Offer should do so recognising the possible outcome for PwC UK in connection with it, as well as appreciating that this novel and bespoke tailored solution is unlocking significant benefit for creditors in facilitating the Early Final Dividend Offer.

6. Action required

The Scheme Administrators, supported by the Delegate, consider that the Early Final Dividend Offer will be attractive to Eligible Scheme Creditors and see this proposal as a one-off opportunity for Eligible Scheme Creditors to accept the Early Final Dividend Offer.

The Creditors' Committee, having received an independent evaluation from the Delegate, is unanimously supportive of the Early Final Dividend Offer. The Creditors' Committee members have also unanimously confirmed they intend to accept the Early Final Dividend Offer in relation to their own claims.

The terms of the Companies' proposal set out in this letter are subject to the execution of the Early Final Dividend Agreement.

If you wish to accept the Companies' proposal, please:

1. **Access the creditors' portal via the Companies' website - oicrun-offltd.com**
2. **Create an account using the email address we have contacted you with.**
3. **Review your specific Early Final Dividend Offer Schedule and Agreement and sign before the deadline of 14 November 2025.**

By accepting the Early Final Dividend Offer and executing the Early Final Dividend Agreement, you will be representing and warranting to the Companies that you are fully authorised to do so, and that the persons executing the Early Final Dividend Agreement have the necessary authority to do so.

Failure to submit the Early Final Dividend Agreement by this deadline will mean that the relevant Eligible Scheme Creditor will not be entitled to participate in the Early Final Dividend Offer. If you need any assistance in completing the agreement or have any queries about the Early Final Dividend Offer, please contact the Scheme Administrators by phone on +44 (0) 207 583 5000 or by email on uk_oic_run_off_limited@pwc.com.

Further information regarding the Companies is available on the Companies' website at https://www.oicrun-offltd.com/

Yours faithfully
For and on behalf of
OIC Run-Off Limited and
The London and Overseas Insurance Company Limited

DY Schwarzmann
Joint Scheme Administrator

Dan Schwarzmann and Nigel Rackham were appointed as Joint Scheme Administrators of OIC Run-Off Limited and The London and Overseas Insurance Company Limited to manage their affairs, business and property as agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Scheme Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken.

PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Scheme Administrators. Personal data will be kept secure and processed only for matters relating to the scheme of arrangement. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Scheme Administrators.