

Strictly Private and Confidential

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For the attention of Simon Westmacott

11 August 2005

Dear Sirs,

Stage Two Audit: Winterthur Life

In accordance with the engagement letter dated 26 November 2004, we have reviewed the processing of claims by Winterthur Life (“the Insurer”) under Standard Five of the five audit standards promulgated by the International Commission on Holocaust Era Insurance Claims (“ICHEIC”) and taking into account the additional internal standards and agreed procedures set out in Annexes A-D and J of the German Foundation Agreement. A summary of our work is set out in Appendix 1.

Ernst & Young (“E&Y”) previously reported to you on the Insurer’s compliance with ICHEIC Audit Standards 1 – 5 in a report dated 16 July 2004. We have familiarised ourselves with the content of that report and with the Management and Compliance reports enclosed as attachments to the E&Y report. We have not been asked to perform and have not performed any Peer Review Audit of the work previously undertaken by E&Y. We therefore make no representations as to the adequacy or otherwise of their work. However, we can confirm that nothing has come to our attention to indicate that the Insurer is no longer in compliance with the ICHEIC Audit Standards referred to above.

Our opinion, which is set out below, is not in any way a guarantee as to the Insurer’s conduct in respect of any particular insurance policy or claim thereon at any time or in any particular circumstances.

ICEIC

11 August 2005

Based on the work performed by us referred to above, in our opinion the Insurer has processed claims sent to it by or on behalf of ICHEIC and/or the German Foundation in accordance with ICHEIC Audit Standard 5 and the additional internal standards and agreed procedures referred to above.

Yours faithfully



C J Lemar

Partner

For and on behalf of PricewaterhouseCoopers LLP

Enclosure

ICHEIC STAGE TWO AUDIT
SUMMARY OF WORK – WINTERTHUR LIFE

Review the latest versions of the Company's claims handling procedures and any related training materials. Test the valuation model provided by ICHEIC by reference to the Valuation Guidelines.

Review the Company's reconciliation of all claims received to date from ICHEIC / Capita London Market Services Limited ("CLMS") against the claims included on the Company's own claims database.

Review the Company's reconciliation of all claims received to date from the Association of German Insurers ("GDV") against the claims included on the Company's own claims database.

Review the results of Ossenberg & Schneider's matching of the ICHEIC database of unnamed company claims against the Company's dossier recording database. Review the Company's investigation of potential matches identified by Ossenberg & Schneider.

Carry out a statistical sample of claims received by the Company and confirm that the Company followed its claims handling procedures and made appropriate claims decisions in respect of the selected sample.

For all claims where settlement offers have been made, verify that each offer calculation is in accordance with the models provided by ICHEIC