

Our Ref WGS/OGH/ALH/N00112/PF7

[Name]
[Address]

Recovery and Reorganisation

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

7 December 2009

Dear [Name]

Defined Returns Limited - In Administration (the Company)
[Plan Name]

As you are aware, Martin Ellis and I were appointed as joint administrators of the Company on 14 October 2009. I now write with more specific details concerning your position.

I understand that the Company has been liaising with you concerning the impact of the insolvency of Lehman Brothers Holdings Inc and its respective European operations (together the Lehman Entities).

I also understand that, where possible, the Company has already submitted claims, on your behalf, in the respective insolvency proceedings of the Lehman Entities. One exception of this being claims in relation to Lehman Brothers Bankhaus AG, who would not accept a claim from the Company on behalf of investors. Management have informed me that all investors affected in this scenario have made claims themselves.

I am aware that a number of investors have lodged claims with the Financial Ombudsman Service (FOS) alleging that these products may have been mis-sold by the Company. As a result of the insolvency of the Company, the involvement of the FOS has ceased and all claims have been passed to the Financial Services Compensation Scheme (FSCS) who will take on responsibility for determining claims.

The FSCS has been investigating whether investors may have claims for compensation in respect of certain investment products sold by the Companies which were backed by the Lehman Brothers Group. We understand that FSCS will be writing to all investors in 'Capital Secure' funds promoted by the Companies during December to invite claims. FSCS is still considering whether investors with investments in 'Capital At Risk' funds may have grounds for claim and has indicated that it will confirm its position as soon as it is able to. Further information about FSCS is available on its website: www.fscs.org.uk.

Until the FSCS determines on the above claims you will not be considered a creditor of the Company. However, it is clear to me that you have a contingent claim against the Company, subject to any determinations by the FSCS. As such I enclose my statement of proposals as distributed to the Company's creditors. Please note that, at this stage, you are not considered

Chartered Accountants

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a creditor of the Company and cannot therefore vote on the resolutions contained in the proposals or seek to sit on the creditors committee if such a committee is appointed.

I will continue to run the helpline and website and will update the latter regularly with further information about how the insolvency is progressing and any further impacts on investors.

Dedicated helpline: 0844 770 2203 Website: <http://ndfa.creditorhelpline.co.uk/>

Yours sincerely
for and on behalf of Defined Returns Limited

A handwritten signature in black ink, appearing to read 'A Hosking', written over a horizontal line.

Andrew Hosking
Joint Administrator

The affairs, business and property of Defined Returns Limited are being managed by Andrew Hosking and Martin Ellis, appointed as joint administrators on 14 October 2009.