



OVERSEAS PARTNERS LTD.

Cumberland House
One Victoria Street . Hamilton HM 11

P.O. Box HM1581
Hamilton HM GX . Bermuda

Tel 441 295 0788
Fax 441 292 9142

September 26, 2005

Dear Shareowner,

We are pleased to announce the sale of Overseas Partners Re Ltd. ("OPRe"), effective September 21, 2005, for a total cash consideration of \$170.5 million. As discussed further below, the sale represents another significant step towards our goal of returning capital to shareowners and, ultimately, dissolving Overseas Partners Ltd. ("OPL" or the "Company").

Although the sale generates a loss of approximately \$27 million, compared to the carrying value of OPRe's net assets, we believe that the transaction results in the following benefits:

1. Eliminates the risk of adverse claims experience on OPRe's remaining accrued losses and loss expense reserves of approximately \$140 million. In particular, there are significant uncertainties associated with the estimated ultimate losses on a residual value reinsurance program on which OPRe has up to \$180 million of claims exposure arising from potential lease income shortfalls on a portfolio of aircraft through 2013;
2. Obviates the need to hold significant capital and reserves for further ten years or more in respect of OPRe's remaining reinsurance agreements. It was becoming increasingly difficult to reach agreement with our remaining cedants to commute or novate our remaining reinsurance liabilities;
3. Eliminates the uncertainty associated with the collection of OPRe's remaining losses recoverable from reinsurers totaling \$30.3 million. Such balances are subject to various disputes with our reinsurers and have necessitated the initiation of arbitration proceedings which are likely to take at least a year to complete and possibly significantly longer;
4. Reduces the ongoing administrative costs associated with a pro-longed runoff; and
5. Releases \$170.5 million of capital for eventual distribution to shareowners.

OPL's net book value following the sale is approximately \$229 million, equivalent to \$1.93 per share. We expect to distribute a further portion of this capital once certain tax matters have been resolved to our satisfaction. In particular, our former real estate holding company, Overseas Partners Capital Corporation ("OPCC"), claimed both net operating and capital loss carrybacks from its 2003 tax return. The refund claim, and all the related tax returns for 2000 through 2003, is subject to review by the Joint Committee on Taxation of the United States Congress ("Joint Committee"). The Internal Revenue Service ("IRS") may audit these tax returns, either as part of the Joint Committee review process or subsequently, and may seek to impose additional taxes. Although the normal statutes of limitations on the relevant tax years do not expire until as late as March 2008, we have been advised that, as a practical matter, it is unlikely that any tax assessments would be made after completion of the Joint Committee review process.

We hope to receive clearance from the Joint Committee by the end of 2005, although it is possible that the process may take longer, especially if the IRS decides to audit the returns. Once clearance is received, we expect to make application to our Bermuda insurance regulators for a further distribution to shareowners. The amount and timing of the distribution will be determined after the results of the Joint Committee review process are known.

In addition to the sale of OPRe, we also recently completed the sale of our investment in Annuity & Life Re (Holdings) Ltd., a Bermuda based life reinsurance company, for \$1.5 million, an amount slightly in excess of our carrying value at June 30, 2005. OPL has one remaining investment, a 16% ownership interest in a privately held Barbados reinsurance company, with a carrying value of \$2.5 million. We are currently reviewing exit alternatives for this investment. Further, we are in the process of commuting OPL's last open reinsurance contract and anticipate that this commutation will be completed in the next few weeks.

Upon the satisfactory resolution of the above matters, we expect to initiate the formal process to wind up the affairs of OPL. This will necessitate the holding of a General Meeting of Shareowners to pass resolutions in favor of the commencement of the winding up and the appointment of a liquidator. We expect to issue a Proxy Statement to shareowners with further details of the proposed resolutions and winding up process nearer that time. Once the liquidator's appointment is confirmed, the liquidator will assume responsibility for the winding up, including the settlement of all remaining creditor claims, if any, the distribution of remaining capital to shareowners and the ultimate dissolution of the Company. Unfortunately, it is too early to accurately determine the date of final dissolution at this time, although we expect that it could be completed by the end of 2006 if events unfold according to plan.

We will notify you of the amount and payment date of the next distribution once we have received approval from the Bermuda regulators. In the meantime, shareowners may keep up to date with our progress by accessing our SEC filings through our website at www.overseaspartners.com.

Sincerely,



Mark R. Bridges
President and Chief Executive Officer



Robert J. Clanin
Chairman of the Board of Directors

Safe Harbor Disclosure

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Some of the statements contained in this Letter to Shareowners contain forward-looking information. Forward-looking statements are statements other than historical information or statements of current condition. Some forward looking statements can be identified by the use of such words as "hope," "expect," "anticipate," "believe," "goal," "plan," "intend," "estimate," "may" and "will" or similar words. These forward-looking statements relate to our plans and objectives for future operations including our operating strategy, our expectations relating to OPCC's tax refund claim and its open tax years and our policy on future distributions to shareowners. We do not undertake to update these forward-looking statements in any manner.

You should be aware that these statements are subject to risks, uncertainties and other factors that could cause the actual results to differ materially from those suggested by the forward-looking statements. Accordingly, there can be no assurance that those indicated results will be realized. Among the important factors that could cause actual results to differ materially from those indicated by our forward-looking statements are:

- Loss of the services of any of the Company's remaining executive officers;
- Uncertainties relating to government and regulatory policies (such as subjecting us to taxation in certain jurisdictions);
- Losses due to interest rate fluctuations;
- Volatility in U.S. financial markets which could affect our investment portfolio; and
- Adverse outcomes from any the Joint Committee's review of OPCC's tax refund claim or from current, pending or future state or federal tax audits.