

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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IN RE TREMONT SECURITIES LAW,	:	Master File No. 08-Civ-11117 (TPG)
STATE LAW AND INSURANCE	:	
LITIGATION	:	<u>CLASS ACTION</u>
_____	:	
This Document Relates To:	:	NOTICE OF PENDENCY OF CLASS
	:	ACTION AND PROPOSED PARTIAL
	:	SETTLEMENT AND SETTLEMENT
INSURANCE ACTION, 09-Civ-557	:	FAIRNESS HEARING
_____	X	

**If you purchased and/or otherwise acquired Variable Universal Life (“VUL”) insurance policies or Deferred Variable Annuities (“DVA”) policies (collectively, the “Policies”) issued by Tremont International Insurance Limited (“TIIL”) or Argus International Life Bermuda Limited (“Argus International”) from May 10, 1994 through December 11, 2008 (the “Class Period”), including any and all past and present heirs, executors, administrators, successors and assigns, policyholders, policy owners, policy beneficiaries, parties responsible for payment of policy premiums, trusts, trustees, insureds and/or any other party with any direct or indirect interest in the VUL or DVA Policies issued by TIIL or Argus International during the Class Period, and are not excluded (the “Settlement Class”), your rights may be affected by this partial settlement (the “settlement”) of a class action.**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.*

- The proposed partial settlement, as memorialized in the Stipulation of Partial Settlement (the “Settlement Stipulation”) resolves a consolidated class action (the “Action”) against defendants Argus Group Holdings Limited, a company registered in Bermuda under the Companies Act of 1981 and located at 12 Wesley Street, Hamilton, Bermuda (“Argus Group”), Argus International Life Bermuda Limited, a company incorporated and existing under the laws of Bermuda and located at 12 Wesley Street, Hamilton, Bermuda (“Argus International”), and Tremont International Insurance Limited (“TIIL” and, collectively with Argus Group and Argus International, the “Argus Defendants” or the “Settling Defendants”) brought in connection with losses caused by the exposure of investment accounts of the Policies to the Ponzi scheme perpetrated by Bernard L. Madoff.

- The partial Settlement, if approved by the Court, will provide for: (i) the option to participate in a loan facility for the payment of premiums for Settlement Class Members whose Policies are at risk of lapsing by virtue of investments in the Rye Select Funds<sup>1</sup> or the SHL Multi

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<sup>1</sup> “Rye Select Funds” means Rye Select Broad Market Insurance Portfolio LDC and Rye Select Broad Market XL Portfolio Ltd., any of their predecessors, and any other fund managed or sub-managed by Tremont Capital Management, Tremont (Bermuda) Ltd. or Rye Investment Management, in which the investment accounts of the Policies invested. Some of the other funds

Strategy Insurance Dedicated Fund (the “SHL Fund”); (ii) enhanced policy loan terms for Settlement Class Members whose Policies are not at risk of lapsing, but who suffered investment account losses by virtue of investments in the Rye Select Funds or the SHL Fund; (iii) an assignment of certain Argus International claims to a Litigation Trust for the benefit of the Settlement Class Members; (iv) an interest in a certain claim asserted in Bermuda by Argus International against Tremont Life Holdings, Ltd. and Tremont Group Holdings, Inc.; (v) the right to consult with Argus International with respect to the Cayman Rye Funds Liquidation; and (vi) certain documents and information disclosure by Argus International as set forth herein.

- Your legal rights are affected whether you act or do not act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SELECT PREMIUM PAYMENT LOAN FACILITY BY NOVEMBER 26, 2009 (“Premium Loan Deadline”)	If your VUL Policy is at risk of lapsing, you can take advantage of the Premium Payment Loan Facility (described below).  Write or call Plaintiffs’ Interim Co-Lead Counsel (contact information provided below) by November 26, 2009, and tell them you want to participate in the Premium Payment Loan Facility.
EXCLUDE YOURSELF BY NOVEMBER 26, 2009	Receive no access to the Settlement consideration. This is the only option that allows you to ever be part of any other lawsuit against the Settling Defendants and the other Released Parties about the Released Claims. Please refer to question 10 for further instructions.
OBJECT BY DECEMBER 1, 2009	Write to the Court about why you do not like the

were called Tremont Broad Market Fund, LDC; AIM Market Neutral Insurance Fund, LDC; American Masters Market Neutral Insurance Fund; and Rye Select Broad Market IDF.

	Settlement.
GO TO A HEARING ON DECEMBER 11, 2009 at 11 A.M.	Ask to speak in Court about the Settlement.
DO NOTHING	If your VUL Policy is threatened with lapsing, give up the opportunity to participate in the Premium Payment Loan Facility, and if your premiums are not paid by the Premium Loan Deadline (November 26, 2009), your Policy may lapse.

- These rights and options - **and the deadlines to exercise them** - are explained in this Notice.

- The Court in charge of this case still has to decide whether to approve the partial Settlement. The Settlement consideration will be provided if the Court approves the Settlement and after appeals are resolved. Please be patient.

- This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations or the merits of the claims or defenses asserted in this case.

### BASIC INFORMATION

#### 1. Why did I get this notice package?

You purchased or otherwise acquired the Policies between May 10, 1994 through December 11, 2008, inclusive.

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed partial Settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the partial Settlement. If the Court approves the partial Settlement, and after objections and appeals are resolved, the Settlement consideration will be provided by the Argus Defendants.

This package explains the lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *In re Tremont Securities Law, State Law and Insurance Litigation*, Master File No. 08 Civ. 11117 (TDG), Insurance Action, 09 Civ. 557. This case was assigned to United States District Judge Thomas P. Griesa. The people who sued are called plaintiffs, and the persons and companies they sued are called the Defendants. The partial Settlement is between plaintiffs and the Argus Defendants. The Action will continue against the other named Defendants,<sup>2</sup> who are not part of this Settlement.

## **2. What is this lawsuit about?**

The Consolidated Amended Class Action Complaint (the "Complaint") alleged claims against the Argus Defendants for violations of common law fraud, breach of fiduciary duty, gross negligence, unjust enrichment, injunctive relief, promissory estoppel and violations of New York General Business Law § 349 relating to the Policies in connection with the investment account of Settlement Class Members' Policies with Madoff, BLMIS and its affiliates. The investment accounts of most of the Policies were invested in the Rye Select Funds that were managed by one or more of the Tremont Defendants who, in turn, invested with Madoff. Plaintiffs allege the Tremont Defendants failed to conduct adequate due diligence and failed to monitor fund assets that were invested with Madoff, and that the offering materials for the funds contained false and misleading

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<sup>2</sup> The other Defendants are: Tremont Group Holdings, Inc.; Tremont Capital Management Inc.; Tremont (Bermuda) Ltd.; Tremont Partners, Inc.; Rye Investment Management, Inc.; Rye Select Broad Market Fund L.P.; Rye Select Broad Market Insurance Portfolio, LDC; Sandra L. Manzke; Robert Schulman; Oppenheimer Acquisition Corporation; MassMutual Holding LLC; Massachusetts Mutual Life Insurance Co.; Ernst & Young; and KPMG.

statements. Plaintiffs also allege that the Argus Defendants wrongfully permitted the Policies' investment accounts to be ultimately invested with Madoff, and that the Policies contained false and misleading statements concerning the Argus Defendants' discretion to deem investments inappropriate. Plaintiffs claim that Oppenheimer/MassMutual knew or recklessly disregarded that one or more of the Tremont Defendants was investing with Madoff, and, in addition, claim that Ernst & Young ("E&Y") and KPMG wrongfully certified the Rye funds' financial statements despite the fact that the funds had no assets. You can get a copy of the Complaint, which is on file with the Court, by writing or calling Plaintiffs' Interim Co-Lead Counsel or on [www.whafh.com](http://www.whafh.com) and [www.csgr.com](http://www.csgr.com). The partial Settlement is between Plaintiffs and the Argus Defendants only.

### **3. Why is this a class action?**

In a class action, one or more people called class representatives (in this case Plaintiffs Chateau Fiduciaire S.A., The Geoffrey Rabie Credit Shelter Trust and the Joanne Brenda Rabie Credit Shelter Trust, the Harriet Rutter Klein Revocable Trust and the Matthew L. Klein Irrevocable Trust) sue on behalf of individuals and entities who have similar claims. All of these individuals and entities are referred to collectively as a class, or individually as class members. Bringing a case, such as this one, as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class.

### **4. Why is there a Settlement?**

The Court did not finally decide in favor of Plaintiffs or the Argus Defendants. Instead, both sides agreed to a Settlement. That way, they avoid the risks and cost of a trial, and Plaintiffs will get consideration under the Settlement. The Plaintiffs and their attorneys think the Settlement serves the best interests of the Settlement Class.

Plaintiffs' Interim Co-Lead Counsel, on behalf of Plaintiffs, has conducted an extensive investigation relating to the claims and the underlying events and transactions alleged in the Complaint. Plaintiffs believe that the claims asserted in the Action have merit. However, Plaintiffs and Plaintiffs' Interim Co-Lead Counsel recognize the expense, length, and complexity of continued proceedings necessary to prosecute the Action against the Argus Defendants through trial and appeal. Plaintiffs and Plaintiffs' Interim Co-Lead Counsel also have taken into account the difficulty of establishing jurisdiction over the Bermuda-based Argus Defendants, and the uncertain outcome and risk of litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs' Interim Co-Lead Counsel also are mindful of the inherent problems of proof of, and possible defenses to, the allegations and claims asserted in the Action.

The Argus Defendants have denied, and continue to deny, all allegations of any wrongdoing or liability against them whatsoever arising out of any of the conduct, statements, acts or omissions alleged in the Action. The Defendants also have denied, and continue to deny, *inter alia*, the allegations that they committed any wrongdoing.

Nonetheless, the Argus Defendants have concluded that further conduct of the Litigation would be protracted, time-consuming, expensive, and distracting, and that it is desirable that the Action be fully and finally settled as to them. The Argus Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action. The Argus Defendants have, therefore, determined that it is desirable and beneficial that the Action be settled in the manner and upon the terms and conditions of the Settlement.

## **WHO IS IN THE PARTIAL SETTLEMENT**

To see if you will recover from this partial Settlement, you first have to determine if you are a Settlement Class Member.

### **5. How do I know if I am part of this partial Settlement?**

The Court directed, for the purposes of the proposed Settlement, that everyone who fits this description is a Settlement Class Member: all persons and entities that purchased and/or held variable universal life insurance policies or deferred variable annuities issued by Tremont International Limited or Argus International and managed by Tremont Capital Management or Rye Investment Management or SHL Capital Ltd. from May 10, 1994 through December 11, 2008.

### **6. Are there exceptions to being included?**

Excluded from the Settlement Class are: the Individual Settling Parties (identified in Section 1.11 of the Settlement Stipulation) and the Defendants, and any entity in which the Defendants have a controlling interest, and the officers, directors, affiliates, legal representatives, heirs, successors, subsidiaries, and/or assigns of any such individual or entity. Also excluded from the Class are any putative Settlement Class Members who timely and validly exclude themselves from the Settlement Class in accordance with the requirements set forth in this Notice.

### **7. What if I am still not sure if I am included?**

If you are still not sure whether you are included, you may ask for free help. You can call or write Plaintiffs' Interim Co-Lead Counsel (contact information provided below) or visit [www.whafh.com](http://www.whafh.com) or [www.csgr.com](http://www.csgr.com).

## **THE SETTLEMENT BENEFITS — WHAT YOU GET**

### **8. What does the Settlement provide?**

In exchange for the Settlement and dismissal of the Action against the Argus Defendants, the Argus Defendants have agreed to provide the following: (i) the option to participate in a special loan facility for the payment of premiums for Settlement Class Members whose Policies are at risk of lapsing by virtue of investments in the Rye Select Funds or the SHL Fund; (ii) enhanced policy loan terms for Settlement Class Members whose Policies are not at risk of lapsing, but who also suffered investment account losses by virtue of investments in the Rye Select Funds or the SHL Fund; (iii) an assignment of certain Argus International claims to a Litigation Trust for the benefit of the Settlement Class Members; (iv) an interest in a certain claim asserted in Bermuda by Argus International against Tremont Life Holdings, Ltd. and Tremont Group Holdings, Inc.; (v) the right to consult with Argus International with respect to the Cayman Rye Funds Liquidation; and (vi) documents and other information relating to the claims brought in the Action and the Assigned Claims, to assist Plaintiffs' Counsel's pursuit of claims against third parties, including the other Defendants in the Action, relating to the allegations concerning the Policies issued by THIL or Argus International during the Class Period.

### **9. What am I giving up to stay in the Settlement Class?**

Unless you exclude yourself, you are staying in the Settlement Class, and that means that, upon the Effective Date, you will release all "Released Claims" (as defined below) against the "Released Parties" (as defined below).

"Released Claims" means any and all direct, indirect and/or derivative claims, demands, rights, liabilities, causes of action, or lawsuits whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or

liability whatsoever), whether based on federal, state, local, statutory or common law or any U.S. or foreign law, including Bermudian or Cayman Islands law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, mature or un-matured, whether class or individual in nature, including both known claims and Unknown Claims (as defined in Section 1.28 of the Settlement Stipulation), that have been asserted in the Action, or, to the extent they relate to investments in the Rye Select Funds or the SHL Fund through the Policies, in any of the Related Cases (as defined in the Settlement Stipulation), or that could have been asserted in any forum by Plaintiffs, any Settlement Class Member, or Individual Settling Party or any of them against any of the Released Parties that arise out of, or are based upon, or related to, the allegations, transactions, facts, matters, or occurrences, representations or omissions involved, set forth, or referred to in the Complaint.

“Released Parties” means any of the Argus Defendants, any of their respective present or former officers, directors, agents, employees, attorneys, servants, parents, affiliates, predecessors, successors and assigns, and any entity in which any Argus Defendant has a controlling interest. Released Parties does not include the former officers, directors, agents, employees, attorneys, servants, parents, affiliates, predecessors, successors and assigns of TIIL prior to the acquisition (as that term is defined in the Settlement Stipulation) limited to their capacity as such for TIIL. Released Parties also does not include: (a) Tremont Group Holdings, Inc., Tremont Capital Management, Tremont (Bermuda) Ltd., Tremont Partners, Inc., Rye Investment Management, Robert Schulman, Rupert Allan, Jim Mitchell and Sandra L. Manzke (collectively, the “Tremont Defendants”); (b) Rye Select Broad Market Fund L.P. and Rye Select Broad Market Insurance Portfolio, LDC (“Rye SBM Funds”), and any other Rye Funds or Tremont funds managed by Tremont Partners, Inc., Rye Investment Management or Tremont Capital Management, or otherwise

affiliated with Tremont Group Holdings, Inc.; (c) Oppenheimer Acquisition Corp. (“Oppenheimer”); (d) Mass Mutual Holding LLC and Massachusetts Mutual Life Insurance Co. (“Mass Mutual”); (e) KPMG LLP; (f) Ernst & Young LLP; (g) Bank of New York Mellon (“BNY Mellon”); and (h) SHL Capital, Ltd. (collectively, “Non-Argus Defendants”), who are named as Defendants in the Action or in any complaint to be filed by the Individual Settling Parties, and any of their respective present or former officers, directors, agents, employees, attorneys, servants, parents, affiliates, predecessors, successors and assigns, and any entity in which the Non-Argus Defendants currently have a controlling interest.

The Effective Date will occur when an order entered by the Court approving the Settlement becomes final and not subject to appeal.

If you remain a member of the Settlement Class, all of the Court’s orders will apply to you and legally bind you.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want to participate in the relief provided under the Settlement, but you want to keep any right you may have to sue or continue to sue the Argus Defendants and the other Released Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself – or is sometimes referred to as “opting out” of the class.

#### **10. How do I get out of the proposed Settlement?**

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you “request exclusion from the Settlement Class in *In re Tremont Securities Law, State Law and Insurance Litigation*, Master File No. 08 Civ. 11117 (TPG), Insurance Action, 09 Civ. 577.” Be sure to include your name, address, telephone number, Policy number, and your signature. You must mail your exclusion request postmarked no later than November 26, 2009 to:

*In re Tremont Securities Law, State Law and Insurance Litigation,  
Insurance Action*

**EXCLUSIONS**

Wolf Haldenstein Adler  
Freeman & Herz, LLP  
270 Madison Avenue  
New York, NY 10016  
Attn: Demet Basar

or

*In re Tremont Securities Law, State Law and Insurance Litigation,  
Insurance Action*

**EXCLUSIONS**

Coughlin Stoia Geller  
Rudman & Robbins LLP  
58 South Service Road, Suite 200  
Melville, NY 11747  
Attn: Edward Kroub

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not have access to the Settlement consideration, and you cannot object to the partial Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Settling Defendants and the other Released Parties in the future.

**11. If I do not exclude myself, can I sue the Settling Defendants and the other Released Parties for the same thing later?**

No. Unless you exclude yourself, you give up any rights to sue the Argus Defendants and the other Released Parties for any and all Released Claims.

**THE LAWYERS REPRESENTING THE CLASS**

**12. Do I have a lawyer in this case?**

The Court ordered that the law firms of Coughlin Stoia Geller Rudman & Robbins LLP and Wolf Haldenstein Adler Freeman & Herz LLP to serve as Interim Co-Lead Counsel for the Settlement Class. You will not be separately charged for these lawyers.

**13. How will the lawyers be paid?**

The Settling Defendants have agreed to pay Plaintiffs' Interim Co-Lead Counsel, who were appointed by the Court to represent the Settlement Class Members, and Berger & Montague, PC, who represent the Individual Settling Parties, attorneys' fees and expenses in the aggregate amount of \$600,000 and up to an additional \$30,000 in out-of-pocket expenses, subject to Court approval.

Settlement Class Members are not personally liable for any such fees or expenses.

**OBJECTING TO THE PARTIAL SETTLEMENT**

You can tell the Court that you do not agree with the partial Settlement or some part of it.

**14. How do I tell the Court that I do not like the proposed partial Settlement?**

If you are a Settlement Class Member you can object to the partial Settlement or any of its terms. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed partial Settlement in *In re Tremont Securities Law, State Law and Insurance Litigation*, Master File No. 08 Civ. 11117 (TPG), Insurance Action, 09 Civ. 577. Be sure to include your name, address, telephone number, and your signature, identify the number/amount of Policies purchased or held during the Class Period, and state the reasons why you object to the partial Settlement. Your objection must be filed with the Court and served on all the following counsel on or before December 1, 2009:

**COURT**

Clerk of the Court  
United States District Court  
Southern District of New York  
500 Pearl Street  
New York, NY 10007

**PLAINTIFFS' INTERIM  
CO-LEAD COUNSEL**

David A. Rosenfeld  
Edward Y. Kroub  
Coughlin Stoia Geller  
Rudman & Robbins LLP  
58 South Service Road, Suite 200  
Melville, NY 11747

Daniel W. Krasner  
Demet Basar  
Wolf Haldenstein Adler  
Freeman & Herz, LLP  
270 Madison Avenue  
New York, NY 10016

**SETTLING DEFENDANTS'  
COUNSEL**

Jack C. Auspitz  
Joel C. Haims  
Morrison & Foerster, LLP  
1290 Avenue of the Americas  
New York, NY 10104-0050

**COUNSEL FOR  
INDIVIDUAL SETTLING  
PARTIES**

Sherrie R. Savett  
Glen L. Abramson  
Berger & Montague, P.C.  
1622 Locust Street  
Philadelphia, PA 19103

You do not need to attend the hearing to have your written objection considered by the Court. At the hearing, any Settlement Class Member who has not previously submitted a request for exclusion from the Class and who has complied with the procedures set out in this question 14 and question 18 below for filing with the Court and providing to counsel for Plaintiffs, the Individual Settling Parties and Defendants a statement of an intention to appear at the hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the partial Settlement. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the hearing.

**15. What is the difference between objecting and excluding?**

Objecting is simply telling the Court that you do not like something about the proposed partial Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

### **PARTICIPATING IN THE PARTIAL SETTLEMENT RECOVERY**

The partial Settlement provides that for Settlement Class Members whose VUL Policies are threatened with lapsing beginning December 1, 2008 through the 4 year term described below by virtue of losses due to investments in the Rye Select Funds or the SHL Fund, Argus International will offer the option to participate in a loan facility sufficient to fund minimum policy premiums (the "Premium Payment Loan Facility"). The Premium Payment Loan Facility provides: (i) the initial term of the loan will be up to 4 years but in no event extend beyond 4 years from the Execution Date (July 21, 2009) of the Settlement Stipulation; (ii) the principal amount of the loans shall include all premiums advanced by the Argus Defendants on behalf of the policyholders between December 1, 2008 through the Premium Loan Deadline; (iii) the interest rate on the loan will be fixed at 2.5% per annum for as long as the loan is outstanding; (iv) policyholders will have the option to take out a Premium Payment Loan at any time during a 4-year period so long as their Policy is in effect at the time, or may take loans for less than the full premium due provided that they pay the balance of the full premium due; (v) at the end of the initial 4-year term, policyholders will be required to repay only the interest then outstanding on the loan and any principal, at the option of the holder of a Premium Payment Loan, shall be paid out of the Death Benefit (as that term is defined in the VUL policy) or by the holder of the Premium Payment Loan in whole or in part, as long as the Policy remains in force; and (vi) at the

end of the initial 4-year term, Argus International and any policyholder who took out a Premium Payment Loan can agree by mutual consent to extend the Premium Payment Loan.

If a policyholder dies after the Execution Date but before the Premium Loan Deadline (the "Interim Period"), premium payments paid by Argus International during the Interim Period to prevent policy lapses, including interest calculated at 2.5% per annum on such payments, shall be paid out of the Death Benefit. If a policyholder elects not to participate in the Premium Payment Loan and instead allows his or her policy to lapse, Argus International shall retain the right to seek recovery of any premium payments paid by Argus International during the Interim Period to prevent policy lapses, including interest calculated at 2.5% per annum on such payments, from the underlying insured or from the party paying the premium for the VUL policy where the insured is not the party payment the premium for the VUL policy.

In the event that a Premium Payment Loan is not repaid, Argus International may seek repayment of the loan, interest and associated costs solely from the underlying insured, not any trustee(s) of the insured. Argus International may seek repayment of the loan from the party paying the premium for the VUL policy were the insured is not the party paying the premium for the VUL policy.

**IF YOUR VUL POLICY IS THREATENED WITH LAPSING, AND YOU WANT TO SELECT THE PREMIUM PAYMENT LOAN FACILITY, YOU MUST NOTIFY INTERIM CO-LEAD COUNSEL BY NOVEMBER 26, 2009.**

The Settlement also provides that VUL policyholders whose policies are not at risk of lapsing are eligible to take out a special policy loan on enhanced terms. The enhanced terms include 2.5% interest rate per annum on the loan and that the loan limit will be increased to 90% of the cash value of the policies. Policyholders whose policies are not now at risk of lapsing but

that are threatened with lapsing during a 4 year period commencing on the Execution Date, can take out a Premium Payment Loan for the remainder of the 4 years.

VUL policyholders not at risk of policy lapse shall receive a credit to their respective separate accounts equal to the amount of any Administrative Fees, Cost of Insurance and M&E Charges (as those terms are defined in the Policies) paid between December 1, 2008, and March 31, 2009.

Under the Settlement, a Litigation Trust will be created for the benefit of Settlement Class Members and Argus International will assign certain claims to the Litigation Trust. These claims include, *inter alia*, Rye Select Funds shareholders' claims: (i) against the Tremont Defendants/Oppenheimer/MassMutual in connection with investment advisory services provided to Argus International by one or more Tremont Defendants; and (ii) against E & Y/KPMG arising from audit opinions sent to Rye Select Funds shareholders concerning the funds' investments and values. The Assigned Claims also include Argus International's claims against Tremont Bermuda Ltd. based on its recommendation to THIL/Argus International to offer the Rye Select Funds as an investment option for policyholders, and Argus International's claims as a shareholder of the SHL Fund.

If the Litigation Trust obtains any recovery in connection with the Assigned Claims, after deduction of appropriate fees and costs, the recovery will be divided between Settlement Class Members and Individual Settling Parties pro rata to the losses suffered by each of them as determined by reference to the value of their share of the affected Investment Accounts (as that term is defined in the VUL or DVA policy) as of November 30, 2008. The recovery will be deposited into the respective Investment Account(s) of Settlement Class Members and Individual

Settling Parties on whose behalf the recovery was obtained or, in the case of policies that have lapsed, paid directly to the policyholder of record at the time the respective policy lapsed.

The Settlement also provides that Settlement Class Members be assigned an interest in a certain claim asserted in Bermuda by Argus International against Tremont Life Holdings, Ltd. and Tremont Group Holdings, Inc.; the right to consult with Argus International with respect to the Cayman Rye Funds Liquidation; and documents and other information relating to the claims brought in the Action and the Assigned Claims, to assist Plaintiffs' Counsel's pursuit of claims against third parties, including the other Defendants in the Action, relating to the allegations concerning the Policies issued by TIIL or Argus International during the Class Period.

**IF YOU DO NOT EXCLUDE YOURSELF FROM THE SETTLEMENT,  
YOU DO NOT HAVE TO DO ANYTHING TO PARTICIPATE IN  
THESE ASPECTS OF THE SETTLEMENT, IF APPROVED. YOU  
WILL BE AUTOMATICALLY ENTITLED TO THESE BENEFITS.**

#### **THE COURT'S SETTLEMENT FAIRNESS HEARING**

The Court will hold a hearing to decide whether to approve the proposed partial Settlement. You may attend and you may ask to speak, but you do not have to.

**16. When and where will the Court decide whether to approve the proposed Settlement?**

The Court will hold a Settlement fairness hearing at 11:00 a.m., on December 11, 2009, at the United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 26B, New York, NY 10007. At this hearing the Court will consider whether the partial Settlement is fair, reasonable, and adequate. The Court will take into consideration any written objections filed in accordance with the instructions in question 14. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but

decisions regarding the conduct of the hearing will be made by the Court. *See* question 18 for more information about speaking at the hearing. The Court will also consider whether to approve the negotiated attorneys' fees and expenses. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the hearing. Thus, if you want to come to the hearing, you should check with Plaintiffs' Interim Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

**17. Do I have to come to the hearing?**

No. Plaintiffs' Interim Co-Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

**18. May I speak at the hearing?**

If you object to the partial Settlement, you may ask the Court for permission to speak at the hearing. To do so, you must include with your objection (*see* question 14 above) a statement stating that it is your "Notice of Intention to Appear" in *In re Tremont Securities Law, State Law and Insurance Litigation*, Master File No. 08 Civ. 11117 (TPG), Insurance Action, 09 Civ. 557." Persons who intend to object to the partial Settlement and desire to present evidence at the hearing, must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Unless otherwise ordered by the Court, you cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the hearing by the deadline identified, and in accordance with the procedures described in question 14 above.

**IF YOU DO NOTHING**

**19. What happens if I do nothing at all?**

If your Policy is threatened with lapsing now and you do nothing, you will give up the opportunity to participate in the Premium Payment Loan Facility, and, if your premiums are not paid by the Premium Loan Deadline (November 26, 2009), your Policy may lapse. However, if your Policy is not threatened with lapsing now but may become threatened with lapse during the 4-year period commencing on the Execution Date, you can still participate in the Premium Payment Loan Facility for the remainder of the 4-year period.

**GETTING MORE INFORMATION**

**20. Are there more details about the proposed Settlement?**

This Notice summarizes the proposed Settlement. More details are contained in the Settlement Stipulation. You can get a copy of the Settlement Stipulation by writing to Plaintiffs' Interim Co-Lead Counsel or visiting [www.whafh.com](http://www.whafh.com) or [www.csgr.com](http://www.csgr.com), where you will also find answers to common questions about the partial Settlement.

**21. How do I get more information?**

For even more detailed information concerning the matters involved in this Action, you may refer to the pleadings, to the Settlement Stipulation, to the Orders entered by the Court, and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, NY 10007, during regular business hours.

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

Dated: New York, New York  
October 14, 2009

By Order of the Court  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK