

# COALITION OF VESPERS POLICYOWNERS

P.O. Box 33253  
Washington, D.C. 20033-0253  
www.privatesectorfix.info

May 1, 2008

Dear Investor,

**THIS DOCUMENT IS VERY IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND RESPONSE.**

The Coalition of Vespers Policyowners is made up of the three professional firms, Chaconas & Wilson, PC, Yorke Burke & Lee, PA, and William A. Marr, Jr., Esq. that own the life insurance policy or policies that VESPERS, LLC ("VESPERS") acquired for you and that are listed on Schedule 1 to the attached joinder agreement. We write to inform you that the identified policy(ies) will soon lapse and terminate without additional funding for premiums required to keep such policy(ies) in-force. Despite its obligation to do so, VESPERS has refused all of our requests that VESPERS provide such required additional funding.

Since September 1, 2007, Sinomatic Investment Holdings Ltd. (the "Funder") voluntarily and temporarily has been paying the premiums for your policy(ies) while we solicited your instructions on how you would like to arrange for the payment of future premiums for your policy(ies). If the Funder had not taken this action, your policy(ies) would have already lapsed. **While your policy(ies) currently remains in-force, you must take immediate action if you wish to take advantage of this opportunity to preserve those policy(ies) and your original investment.**

Based upon the information we have obtained, we believe you have the following three options:

**Option 1** – Sign and return to us the Funder's joinder agreement. The joinder agreement creates a new "waterfall distribution" of matured VESPERS policy proceeds in return for the Funder's continuing payment of premiums and related expenses with respect to the policies.

**Option 2** – Sign and return to us the Funder's joinder agreement and elect to self-finance your proportionate share of the premiums and related expenses on your policy(ies). This also creates a new "waterfall distribution" of matured VESPERS policy proceeds that reflects both the Funder's prior payment of premiums and related expenses with respect to the policies and your individual payments of premiums.

**Option 3** – Do not respond to this opportunity, thereby placing the policies at immediate risk of lapse for failure to pay premiums.

This letter describes each of these options. We are not taking a position or providing you with any advice or recommendation on which of these options you should select. Under the operative documents, we neither have, nor have we ever had, any responsibility for funding the premium payments for your policy(ies). The Funder similarly has no such obligation, but is in a position to provide the funding as described in Option 1 below. You should note that neither VESPERS nor any of its affiliates will receive any proceeds from a matured policy under the Funder's agreement.

**We are asking you to select one option which will apply to all of the life insurance policies that VESPERS acquired for you.**

## Option 1

### **Option 1 will be implemented only if 60% or more of all investors reply and elect this option by returning an executed joinder agreement.**

The Funder is willing to continue to fund premiums for the policies acquired by VESPERS, including yours, in exchange for the Funder's contingent right to receive a residual amount of the death benefit payable under the policies, if any, on the terms described in the attached Master Funding Agreement ("Funder's agreement") that are summarized below. The Funder is affiliated with the Lifetrade Fund B.V. which, as of December 2007, held a portfolio of over \$635,000,000 in life insurance face value and net assets of over \$300,000,000.

**Under Option 1, you will not have to pay additional premiums, but at maturity of the policy(ies), you will receive at most only the amount of the cash investment you have made to date for the policy(ies).** On average, an investor's principal investment amounts to 70% of the Matured Policy's face value

This is a summary of the key provisions of the proposed agreement between you and the Funder which is conditioned on 60% of all investors electing this Option 1:

- In exchange for the "waterfall distribution" of the death benefits payable under the policy as set forth below, the Funder will pay the premiums due for the policy until the policy terminates either by maturity (the "Matured Policy") or another cause, such as an age limit on the insured, but other than lapse.
- When the proceeds of a Matured Policy become payable on the insured's death, the proceeds will be distributed under Option 1 as follows:

first, to the Funder and the Policyowners (ourselves) to reimburse these persons for their reasonable costs incurred in connection with the preparation and review of documentation for this transaction with the Funder (the "Transaction"); the unreimbursed Transaction costs accrued at the time a policy matures will be divided among all of the policies, including the Matured Policy, based on their respective face amounts;

second, to Funder's affiliate Lifetrade Management Company, N.V., and any other Administrative Agent(s) approved by the Funder an amount equal to all accrued fees due and owing to such Administrative Agents and to the Funder an amount equal to all such amounts previously paid by the Funder to such Administrative Agents in respect of the Matured Policy at such time;

third, to the Funder and any other indemnified party affiliated with the Funder the amount, if any, of all accrued and unpaid fees, reimbursements and indemnities owing to the Funder and such other indemnified parties under the Transaction Documents, e.g., fees and expenses related to the Matured Policy, and a portion of the indirect overhead expenses related to administration of these proposed agreements; the indirect, unreimbursed costs accrued at the time a policy matures will be divided among all of the then in-force policies, including the Matured Policy, based on their respective face values;

fourth, to the Option 1 investors who (while acting in an Option 2 investor capacity) made subsequent investments in the Matured Policy based on the Option 1 investor's subsequent investment in the Matured Policy divided by the total subsequent investments in the Matured Policy by all Option 1 investors, but not to exceed such investor's subsequent investments in that Matured Policy;

fifth, to each investor in the Matured Policy an amount based on the investor's Original Percentage Interest but not to exceed such investor's initial principal investment in that Matured Policy; the Original Percentage Interest is equal to the investor's initial principal investment divided by the total initial principal investment in that Policy, and

sixth, the remainder of the proceeds on such Matured Policy, if any, to the Funder.

Each distribution in the waterfall is made only after giving effect to the distributions under the preceding paragraph(s).

This waterfall distribution provides an incentive for the Funder to control its costs by granting Funder a contingent right to receive a residual amount of the death benefit payable under the Policy(ies) in which you have made an investment.

- Under the Funder's agreement, and as set forth in the joinder agreement, you will be required irrevocably to consent to the exclusive jurisdiction of United States of America courts with respect to the transactions described herein.
- Under the Funder's agreement, and as set forth in the joinder agreement, you will be required to consent and agree to all of the terms and conditions of the proposed arrangement offered by the Funder and must agree to indemnify and hold harmless the Funder on terms and conditions described in the attached Funder's agreement.
- Except as modified by the Funder's agreement, the trustee and purchase agreements that you signed when you made this investment with VESPERS remain in force, including the provisions providing indemnification protection to the Policyowners. In this regard, please understand that under a separate agreement VESPERS will waive all of its rights under those agreements if 60% of investors approve Option 1. This waiver agreement does not affect VESPERS obligations to investors.
- An Administrative Agent, Lifetrade Management Company, N.V., will administer Option 1 and Option 2. Lifetrade Management Company, N.V., is an affiliate of the Funder.

We have attached a copy of the Funder's agreement and a joinder agreement that you must sign to accept the Funder's agreement for your consideration, review, approval and execution. You should carefully review these agreements in consultation with your own attorney and advisors with specific reference to your own situation, including the application of your own country, state and local laws.

**You must sign and return all of these documents to us by July 31, 2008, in order to be counted as an investor electing Option 1 for purposes of the 60% investor approval threshold. Your failure to return the executed joinder agreement on a timely basis shall be deemed to be your rejection of the proposed arrangement for purposes of determining the 60% threshold for investor approval.**

### **Option 2**

**If both (a) Option 1 is approved and (b) the investors in a particular policy whose investments represent at least 40% of the face value of the policy have expressed an interest in Option 2, then those investors will be deemed to have elected Option 2 and agreed to self-finance their share of the policy's premiums as described below. At maturity of the policy(ies), an Option 2 investor will receive at most only the investor's Original Percentage Interest in such Matured Policy (as defined above) times the face value of the Matured Policy.**

Under Option 2, you will be obligated to (i) reimburse the Funder for all premiums and related expenses it has paid on your behalf after September 1, 2007, and (ii) pay your share of all future premiums and expenses required to maintain the policy in force until maturity. Your share of those premiums and related expenses will be based on your Original Percentage Interest. An Administrative Agent, Lifetrade Management Company, N.V., will administer Option 1 and Option 2.

Option 2 requires you to maintain from your own sources of funds a premium and administrative expense reserve set by the Administrative Agent. This reserve initially will include the amount required to reimburse the Funder. A non-binding initial Option 2 reserve estimate for your policy(ies) is enclosed with this letter. Due to privacy law restrictions you cannot pay the premium directly to the insurance company; and the Administrative Agent must perform this function. We are working out the specific details with the Administrative Agent, but if you elect Option 2, you are agreeing to sign an administration agreement with the Administrative Agent that includes a provision holding us harmless.

**Because there are multiple investors in every policy, Option 2 is only feasible if Option 1 is approved and the investors whose investments represent at least 40% of the face value of a policy elect Option 2 by signing and returning a joinder agreement after checking the Option 2 election box.**

When the proceeds of a Matured Policy become payable on the insured's death, the proceeds will be distributed under Option 2 as follows:

Please note that this example includes references to Option 1 investors because Matured Policies may include a combination of Option 1 and Option 2 investors – the Option 2 waterfall distribution takes this contingency into account.

first, to the Funder and the Policyowners (ourselves) to reimburse these persons for their reasonable costs incurred in connection with the Transaction; the unreimbursed Transaction costs accrued at the time a policy matures will be divided among all of the policies, including the Matured Policy, based on their respective face amounts;

second, to Funder's affiliate Lifetrade Management Company, N.V., and any other Administrative Agent(s) approved by the Funder an amount equal to all accrued fees due and owing to such Administrative Agents and to the Funder an amount equal to all such amounts previously paid by the Funder to such Administrative Agents in respect of the Matured Policy at such time;

third, to the Funder and any other indemnified party affiliated with the Funder the amount, if any, of all accrued and unpaid fees, reimbursements and indemnities owing to the Funder and such other indemnified parties under the Transaction Documents, e.g., fees and expenses related to the Matured Policy, and a portion of the indirect overhead expenses related to administration of these proposed agreements; the indirect, unreimbursed costs accrued at the time a policy matures will be divided among all of the then in-force policies, including the Matured Policy, based on their respective face values;

fourth, to each Option 2 investor in such Matured Policy in an amount not to exceed the Option 2 investor's Original Percentage Interest in such Matured Policy (as defined above) times the face value of the Matured Policy;

fifth, to the Option 1 investors who (while acting in an Option 2 investor capacity) made subsequent investments in the Matured Policy based on the Option 1 investor's subsequent investment in the Matured Policy divided by the total subsequent investments in the Matured Policy by all Option 1 investors, but not to exceed such investor's subsequent investments in that Matured Policy;

sixth, to each Option 1 investor in the Matured Policy an amount based on the investor's Residual Percentage Interest but not to exceed such investor's initial principal investment in that Matured Policy; the Residual Percentage Interest is equal to the investor's Original Percentage Interest divided the sum of the Original Percentage Interests for all Option 1 investors in the Matured Policy, and

seventh, the remainder of the proceeds on such Matured Policy, if any, to the Funder.

Each distribution in the waterfall is made only after giving effect to the distributions under the preceding paragraph(s).

Depending on when the policy matures, you may not receive sufficient proceeds to fully recover your investment in the policy. If you elect Option 2 and then default on your premium payment obligation, Option 1 will be implemented for you after such default. Also, if a defaulting Option 2 investor causes the policy to fall below the 40% of face value threshold for Option 2 treatment, then all other Option 2 investors in that policy will be converted to Option 1 investors.

If you are interested in electing Option 2, please check the Option 2 election box on the joinder agreement, sign the joinder agreement and return the signed agreement to us explained in the Instructions below. If Option 2 is elected, we will send you an Option 2 cost projection and instructions on how to implement Option 2.

#### **Election not to Vote in Favor of Option 1 or Option 2**

**You may vote against participating in Option 1 or Option 2, or you may do nothing, including a failure to send us an executed joinder agreement. If 40% or more of your fellow investors make such a negative election or do nothing, the Funder will withdraw from its voluntary arrangement and the policy(ies) will become at immediate risk of lapse for non-payment of premium on July 31, 2008. In the event of policy lapse, you will have forfeited all the money you have invested in the VESPERS program, but you will have no further obligation to continue to add money to maintain the policy(ies).**

**However, if 60% or more of your fellow investors elect to participate in Option 1 or Option 2, then the Funder's agreement will be implemented for the policy(ies) in which you are invested even though you have not approved them and have not returned an executed joinder agreement. If that condition occurs, you will become an Option 1 investor without further action on your part.**

#### **Instructions**

**YOU MUST MAKE AN OPTION ELECTION NO LATER THAN JULY 31, 2008 (THE "OPTION ELECTION DEADLINE").**

**If a policy matures before the Option Election Deadline, you will receive your allocable share of the death benefit net of the sum of your pro rata share of the amount of premium payments that the Funder has advanced since September 1, 2007, and related Funder and Policyowner expenses.**

To elect Option 1, you must check the Option 1 election box on the joinder agreement and sign and return the enclosed joinder agreement to us by the Option Election Deadline.

To elect Option 2, you must check the Option 2 election box on the joinder agreement, and sign and return the joinder agreement to us by the Option Election Deadline; however, please keep in mind that this will count as a vote in favor of Option 1 (which is a prerequisite to Option 2 implementation) and does not guarantee your participation in Option 2 as explained above.

Please mail your executed joinder agreement to us at P.O. Box 33253, Washington, DC. 20033-0253. We have enclosed a return envelope for your convenience. If you wish to send us your executed joinder agreement by courier service, such as Federal Express or UPS, please address the envelope to 2100 M St., NW, Suite 170-345, Washington, DC 20037-1233. Please remember to keep a signed copy of the joinder agreement for your personal records.

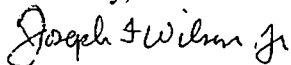
### Conclusion

We regret that VESPERS has chosen to ignore our repeated requests to correct this situation. None of the enclosed agreements and forms affects any legal rights or remedies that you may have against VESPERS. We understand that each of the choices outlined above has disadvantages, but your choices are limited under these circumstances. You should discuss these options with your personal advisors with specific reference to their own situation, including the application of your own country, state and local laws.

To further assist you, we have attached a list of questions and answers about this letter. We also have created a website -- <http://www.privatesectorfix.info> -- to maintain contact with you during the Option Election period and report the election results. We also encourage you to sign up for email updates at [www.privatesectorfix.info](http://www.privatesectorfix.info).

If you or your advisors have any questions about this letter, please write to us at the letterhead address or email us at [questions@privatesectorfix.info](mailto:questions@privatesectorfix.info).

Sincerely,



Joseph Wilson



Michael Burke



William Marr

Enclosures: Joinder Agreement, Master Funding Agreement, Non-binding Initial Option 2 Reserve Estimate, Frequently Asked Questions

cc: Sinomatic Investment Holdings, Inc.

# COALITION OF VESPERS POLICYOWNERS

P.O. Box 33253, Washington DC 20033-0253

## FREQUENTLY ASKED QUESTIONS ABOUT OUR MAY 1, 2008, LETTER

### Background Questions

**Question:** Why am I receiving your letter?

**Answer:** You made an investment in a life insurance policy or policies that VESPERS, LLC, ("VESPERS") acquired for you. The payment that you made to VESPERS included an amount necessary to fund the premiums payable on that policy for the projected life expectancy of the insured plus one year. That premium funding has been exhausted because the insured has outlived his or her projected life expectancy by over one year. There is no funding left for the policy, and VESPERS has refused our request to provide that funding, despite its obligation to do so under its agreement with you. Our letter provides you with three options to respond to this situation.

If you believe that you are receiving this letter in error or if you have transferred ownership of your interest in the policy to another person, please fill out an online form at [www.privatesectorfix.info](http://www.privatesectorfix.info).

**Question:** How did we reach this situation?

**Answer:** VESPERS refused our request to provide necessary funding for the policy(ies) in which you purchased a fractional interest from VESPERS. The Funder, Sinomatic Investment Holdings, Ltd., is willing to pay your premiums in return for a change in the way the policy proceeds will be distributed when the policy matures as is explained in our letter.

**Question:** When will the policy in which I invested mature?

**Answer:** We have no idea when a policy will mature. The Funder's Administrative Agent is in the process of reinstating a tracking service on the policies. We cannot share information about the insured with investors due to privacy laws. The Policyowners have a service that does check periodically as to whether a policy has matured. You will be notified of a policy maturity.

**Question:** What will happen if my policy matures before July 31, 2008, the Option 1 election date?

**Answer:** If a policy matures before the Option Election Deadline, you will receive your allocable share of the death benefit net of your pro rata share of the amount of premium

payments that the Funder has advanced since September 1, 2007, and related Funder and Policyowner expenses.

**Question:** Apart from accepting the arrangement that the Funder proposes, what options do I have?

**Answer:** You can approve the proposed agreement but elect to self finance the premiums under Option 2 or you can do nothing. If less than 60% of investors approve the Master Funding Agreement, the Master Funding Agreement will not be implemented, thereby placing your policy at immediate risk of lapse for lack of premium payment.

**Question:** I understand that under Option 1 I will have the opportunity to receive a share of the proceeds up to my original investment. Is there a way that I can obtain some excess beyond my original investment?

**Answer:** Yes, you can elect self-financing under Option 2, but there is no guarantee that Option 2 will be implemented for any particular policy. Option 2 implementation hinges on the participation of investors whose investments represent at least 40% of the face value of the policy. If you elect Option 2 and if Option 2 is implemented for the policy in which you have invested, you will have the potential, but no guarantee, of receiving proceeds which exceed your original investment.

**Question:** I invested in more than one life insurance policy with VESPERS. How do I know which policy is affected by the funding problem?

**Answer:** Schedule 1 to the joinder agreement enclosed with this letter identifies the affected policy(ies). There is a small subset of policies without current funding problems. The VESPERS' viator numbers for those policies without current funding problems are as follows:

V0065 V0072 V0078 V0099 V0124  
V0137 V0138 V0146 V0160 V0172  
V0173 V0176 V0186 V0186#2 V0193

Option 1 described in the accompanying letter does not include these policies.

**Question:** If a policy does not have current funding problems, what is the Investors' situation?

**Answer:** A policy will be placed outside the Master Funding Agreement until the reserve fund designed by VESPERS has been exhausted

to pay premiums. Please bear in mind that there are a few policies that do not require premium funding because they are Federal Employees Group Life Insurance policies or the insured is under a waiver of premiums due to the insured's disability. Those policies also are placed outside the Master Funding Agreement.

If a policy outside the Master Funding Agreement matures while a reserve fund exists or premium funding is not required, the proceeds will be paid out to the Investors under the terms of the original Purchase Agreement.

If one of these policies later develops funding problems and Option 1 has been implemented, you will be notified that the policy is being placed under the Master Funding Agreement and you will be given an opportunity to make an Option 2 self-financing election.

**Question:** Who is the volunteer funder?

**Answer:** Sinomatic Investment Holdings, Ltd. ("Sinomatic") is a company formed in the British Virgin Islands for the purpose of supporting the VESPERS policies by acting as the funder in this transaction.

**Question:** How secure is the proposed arrangement?

**Answer:** The Master Funding Agreement is a contractual undertaking by Sinomatic. Sinomatic is affiliated with the Lifetrade Fund B.V. which, as of December 2007, held a portfolio of over \$635,000,000 in life insurance face value and net assets of over \$300,000,000.

**Question:** Were any offers made to purchase the portfolio of VESPERS life insurance policies?

**Answer:** There were two parties who expressed to the Policyowners and/or to VESPERS an interest in purchasing the portfolio of VESPERS policies. Those parties indicated that they might consider making an offer of 40% of the face value of the VESPERS policies. However, no such offer actually was made. In contrast, Option 1 offers the investors an opportunity to receive a return of their principal investment in the VESPERS policies at policy maturity which represents 70% of the face value of the policies on average.

### **Option 1 Questions**

**Question:** Please provide examples of how the Option 1 waterfall would operate.

**Answer:** For example, assume that the face value of the Matured Policy is \$100,000, and the investor's principal investment was \$70,000. If the reimbursable expenses on the Matured Policy are \$10,000 (and the amount of expenses will vary with the maturity date and the policy's face value), then the waterfall distribution would operate as follows:

- The expenses totaling \$10,000 would be reimbursed
- The investors would receive a return of their principal investment totaling \$70,000, and
- The Funder would receive the \$20,000 balance.

For purposes of these examples, the term "reimbursable expenses" include the fees of the Administrative Agent Lifetrade Management Co., N.V., and our and the Funder's allocable expenses. The Administrative Agent is an affiliate of the Funder with whom the Funder contracts to pay the premiums on the policy, periodically check on whether the policy has matured, and interact with the insurance company. The Administrative Agent files the insurance claim when the policy matures, collects the proceeds, and pays them out in accordance with the waterfall distribution.

If the reimbursable expenses are \$30,000, then the waterfall distribution would be as follows

- The expenses totaling \$30,000 would be reimbursed, and
- The investors would receive a return of their principal investment totaling \$70,000, and
- The Funder would receive no return on its premium payments.

If the reimbursable expenses were \$35,000, then the waterfall distribution would be as follows:

- The expenses totaling \$35,000 would be reimbursed, and.
- The investors would receive \$65,000 toward their total principal investment of \$70,000, and
- The Funder would receive no return on its premium payments.

**Question:** Your letter mentions that at the maturity of a policy, an Option 1 Investor "will receive at most only the" originally invested amount. This implies that I could receive less if the accrued costs and premiums exceed the difference between the original invested amount

and the full proceeds upon Maturity. Is that correct?

**Answer:** Yes, that is correct. The Funder is not guaranteeing a minimum return to the investors or itself. However, the Funder will not receive a profit on a matured policy unless you and your fellow investors recoup the amount of your original investment.

**Question:** What is the meaning of the following statement made in your letter: "you will be required to grant to the Funder a contingent right to receive a residual amount of the death benefit payable?"

**Answer:** This is simply a legal description of the transaction, noting that the lender may receive amounts of death benefits (after payment of the waterfall elements, including the investor's original invested amount), if any, left after the waterfall payments.

### **Option 2 Questions**

**Question:** Please provide an example of how the Option 2 waterfall would operate.

**Answer:** For example, assume that the face value of the Matured Policy is \$100,000, and there are five investors. Investors A and B who initially invested \$40,000 elect Option 2 and the other three investors, who initially invested \$10,000 each, elect Option 1. If the reimbursable expenses on the Matured Policy are \$10,000 (and the amount of expenses will vary with the Maturity Date), then the waterfall distribution would operate as follows:

- The expenses totaling \$10,000 would be reimbursed;
- The Option 2 investors would receive \$57,142 which represents their original percentage interest (\$40,000/\$70,000) times the face value of the policy;
- The Option 1 investors would receive a return of their principal investment totaling \$30,000, and
- The Funder would receive the \$2,857 balance.

**Question:** Why are there restrictions on the self-financing Option 2?

**Answer:** Because the self financing option is expensive to administer, there must be a minimum number of investors who are willing to self-finance the policy in order for the option to be feasible. If Option 1 is approved, Option 2

may be used for a particular policy if investors with interests representing at least 40% of the face value of the policy have expressed interest in Option 2.

For example, assume the face value of the policy is \$100,000 and there are five investors with equal interests of 20%. If Option 1 is approved and two of these investors have expressed interest in Option 2, those investors will be allowed to self finance the premiums. If only one investor expresses interest in Option 2, there will be no self-financing Option implemented with respect to that policy.

**Question:** What is my cost to participate in Option 2?

**Answer:** The Option 2 administrator, Lifetrade Management Company, N.V., an affiliate of the Funder, will set a reserve requirement for your policy. The Option 2 administrator will pay premiums and expenses out of the reserve which must be replenished periodically until the policy matures. The Option 2 administrator also will reimburse the Funder for the premiums that it paid for you and related Funder and Policyowner expenses before Option 2 was implemented. Your share of the reserve funding obligation will be based on your Original percentage interest for that policy. A non-binding, initial Option 2 reserve estimate for your policy(ies) is included with our letter.

### **Vote against Option 1 and Option 2 Questions**

**Question:** What will happen if less than 60% of investors vote for Option 1?

**Answer:** In that case, Option 1 will not be implemented. The Funder will stop voluntarily funding premiums and the policies will become at immediate risk of lapse for lack of funding. The Funder will take a loss on the premiums that it voluntarily paid.

**Question:** What will happen if I vote against Option 1 or take no action but 60% or more of all investors vote for Option 1?

**Answer:** You will become an Option 1 investor automatically.

### **General election questions**

**Question:** How will the votes be counted?

**Answer:** Each investor will receive one vote, regardless of the number of policies in which he or she is invested. If the investor fails to respond to the letter or fails to return the executed joinder

agreement for Option 1, the investor will be counted as a vote against Option 1.

There currently are 532 investors who are eligible to vote. If an investor's only VESPERS policy eligible for the Master Funding Agreement matures before the Option Election Deadline, his or her vote will not be counted, and the number of eligible voters will be reduced. 60% of 532 investors is 320 investors. If 320 or more of these investors vote for Option 1 by returning the executed joinder agreement by the deadline – July 31, 2008 – then Option 1 will be implemented. If the vote threshold is not reached, the Funder will withdraw from the voluntary arrangement, thereby placing the policies at immediate risk of lapse for non-payment of premium soon after July 31, 2008.

**Question:** Will an Option 2 election count toward the 60% threshold for Option 1 approval.

**Answer:** Yes, because in order to elect Option 2 you must execute the joinder agreement.

**Question:** How will I learn about the election results?

**Answer:** We will send you a report on the election results, and we will post the election results on our website. We will be counting the votes as we receive them and we will implement Option 1 shortly after receiving executed joinder agreements from 60% of investors. For example, if the 60% of investors threshold is met on June 15, 2008, Option 1 will be implemented on July 1. We will continue to collect joinder agreements for Option 1 after Option 1 implementation. However, the deadline for submitting an Option 2 self-financing election is July 31, 2008.

**Question:** Will I receive any other notices from you?

**Answer:** We will provide you with a weekly update on the election results by electronic mail beginning on June 27. This will allow you an opportunity to engage in contingency planning with your advisors.