

If You Bought Certain Tax Sheltered Annuities (“TSAs”) Issued by Commercial Union Life Insurance Company of America, Now Known As CGU Life Insurance Company of America (“CGU”) at Any Time Prior to June 1, 2001

THIS COURT-ORDERED NOTICE MAY AFFECT YOUR RIGHTS.

MARIO A. VASQUEZ, MICHAEL TRUDEAU, BOBBY TEMPLETON, JUAN VILLANUEVA, INDIVIDUALLY AND ON BEHALF OF OTHERS SIMILARLY SITUATED V. COMMERCIAL UNION LIFE INSURANCE COMPANY OF AMERICA, MIKE HODSON D/B/A, ALTERNATE CONCEPTS AND SOLUTIONS, INC. D/B/A PRO FINANCIAL GROUP, AND PLATINUM INSURANCE MARKETING, INC., Cause No. 00-2116-D

NOTICE OF PROPOSED SETTLEMENT

The parties to the lawsuit described above, which is pending in the 105th Judicial District Court of Nueces County, Texas, jointly announce a proposed settlement of this case. This notice is only a summary. If you wish to obtain further information, please contact the CGU Class Action Information Center at **1-877-526-1014**.

I. The Class

This notice is intended for all persons who bought certain Tax Sheltered Annuities (“TSAs”) issued by Commercial Union Life Insurance Company of America, now known as CGU Life Insurance Company of America (“CGU”) at any time prior to June 1, 2001 (the “Class Period”). The covered Class is as follows:

1. All persons who purchased a CGU TSA from PRO Financial or any of its representatives during the Class Period; and
2. All persons who are Texas residents and who purchased the following CGU TSAs during the Class Period:
 - a. The Flex X, Certificate Form No. LC33704 and Master Policy Form No. LP 33706; and
 - b. The Flex XV, Certificate Form No. LC 33677 and Master Policy Form No. LP 33691.

Excluded from the Class are:

1. The Defendants and their present officers and directors;
2. All persons who, while represented by an attorney, have previously signed a release of liability which covers the claims made in the Lawsuit;
3. Persons who died while the policy was in force and for whom death benefits were paid;
4. Any other insurance company or entity that received funds rollover from a policy pursuant to Section 1035 exchange or other transfer;
5. Persons who completely surrendered their annuity prior to

January 1, 1994, determined as of a date that the complete surrender was effectuated by CGU; and

6. Persons who make a timely election to be excluded from the proposed Class with respect to a particular annuity.

II. Background

On April 13, 2000, the Plaintiffs listed above filed suit, alleging that CGU and its agent, PRO Financial, improperly marketed, sold, and administrated certain TSAs. Defendants have denied the allegations. For greater details on the allegations, you may review the actual court files at the office of the District Clerk, Nueces County Courthouse, Rm. 802, 901 Leopard Street, Corpus Christi, Texas 78401.

III. Settlement Terms

On October 1, 2001, the parties entered into a Stipulation of Settlement (“Settlement”). The entire Settlement is available for inspection at the District Clerk’s office. A summary of the terms of the Settlement is as follows:

1. All Class Members will receive General Relief, which consists of a shortened surrender charge schedule, a revised percentage rate on payout options, and certain changes to marketing and administrative procedures in the future.
2. A claim review process whereby Class Members who believe they were misled may seek to obtain additional relief, which may range from nothing (if ineligible) up to a full refund of all premiums, payment of certain other losses, with interest, and up to 20% in punitive damages.
3. Class Counsel shall apply for attorneys’ fees and expenses not to exceed \$1,250,000.00, which fees shall not reduce or affect the above-described award to the Class.

Concurrently with this notice, a Class Notice is being mailed to all Class Members identified in CGU’s records. If you believe you may be a member of the Class and do not receive notice, please contact the CGU Life Class Action Administrator, Rust Consulting, Inc., P.O. Box 1198, Minneapolis, Minnesota 55440-1198, or call their toll-free number at **1-877-526-1014**.

IV. Deadlines

The Court has established the following deadlines, which may affect the rights of all Class Members:

1. A Fairness Hearing at which the Court will consider whether this Settlement is fair, reasonable, and adequate is set for 1:30 p.m. on January 23, 2002. The hearing will take place in the 105th Judicial District courtroom, at the Nueces County Courthouse, 901 Leopard Street, Corpus Christi, Texas 78401, the Honorable Manuel Banales presiding.
2. All objections to the Settlement must be filed with the Nueces County District Clerk, Nueces County Courthouse, Rm. 802, 901 Leopard Street, Corpus Christi, Texas 78401, on or before December 26, 2001.
3. All elections by Class Members to opt out of the proposed Settlement must be postmarked no later than January 8, 2002. The Election must be sent to the CGU Life Class Action Administrator, Rust Consulting, Inc., P.O. Box 1198, Minneapolis, Minnesota 55440-1198

V. Temporary Injunction

The Court has temporarily enjoined all Class Members who do not exclude themselves from the Class from filing or otherwise prosecuting any other lawsuit, arbitration, or claim of any kind that relates to this action. Upon final approval of the Settlement, Plaintiffs and Defendants will ask the Court to enter a permanent injunction precluding all Class Members from instituting or continuing any lawsuit or other proceeding against Defendants. All Class Members will be bound by this permanent injunction.

VI. Further Information

This is only a summary of the proposed Settlement. Further details are contained in the Class Notice. If you are a member of the Class and have not received a detailed Class Notice or need further information, please contact the CGU Life Class Action Administrator, Rust Consulting, Inc., P.O. Box 1198, Minneapolis, Minnesota 55440-1198, or call their toll-free number at **1-877-526-1014**.

Please Do Not Telephone the Court or the Clerk of the Court.

Dated: October 5, 2001

Oscar Soliz, 105th District Court of Nueces County, Texas