



KPMG Inc.
Suite 3300 Commerce Court West
PO Box 31 Stn Commerce Court
Toronto ON M5L 1B2
Canada

Telephone (416) 777-8500
Fax (416) 777-3364
Fax (416) 777-8818
Internet www.kpmg.ca

NOTICE TO CAPITAL ADVANTAGE INVESTORS

February 9, 2009

Dear Sirs:

New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc. (“Advantage Inc.”), New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc. and 2100228 Ontario Inc. (collectively, the “Companies”)

We are writing to advise that KPMG Inc. was appointed Receiver and Manager (the “Receiver”) of all of the property, assets and undertaking of the Companies on December 17, 2008 pursuant to an Order made by the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “Court”) (the “Appointment Order”). A copy of the Appointment Order is available at www.kpmg.ca/en/ms/cl/newlifecapital/.

The Companies’ records indicate that you are a participant in the Capital Advantage Program, managed by Advantage Inc. The Capital Advantage Program generally provided the opportunity to purchase preferred shares in certain Ontario private corporations (including 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc. and 2100228 Ontario Inc.), (collectively, the “Numbered Companies”) which, in turn, were to invest in one or more life insurance policies.

BACKGROUND

The Receiver was appointed upon the application of the Ontario Securities Commission (“OSC”). The Companies have been under investigation by the OSC since the summer of 2008. The OSC issued a Temporary Cease Trading Order (“TCTO”) on August 6, 2008. On that same date, the OSC also issued a Direction which froze the funds in the Companies’ bank accounts. The TCTO was continued by the OSC and the Direction, as varied from time to time, was continued by the Court. The OSC has issued a Statement of Allegations alleging that the Companies’ activities have breached various provisions of the *Securities Act* R.S.O. 1990, c. S.5. The OSC’s hearing with respect to these allegations is scheduled to be heard in August 2009.

RECEIVER’S MANDATE

The Receiver is presently taking possession and control of the Companies’ property and undertaking a review of the Companies’ assets with a view to developing a realization strategy. Pursuant to the Appointment Order, the Receiver’s principal mandate is to realize on the Companies’ assets for the benefit of the stakeholders of the Companies. The Receiver’s actions are subject to supervision and approval by the Court.



CURRENT STATUS

The principal assets of the Companies are:

- (i) cash on deposit in the aggregate amount of approximately \$2.9 million in nine different accounts in the name of some of the Companies; and
- (ii) a portfolio of life insurance policies issued by various insurance companies located in the United States (the "Insurers").

The Receiver is still in the review and information gathering phase of its work.

The Receiver has been communicating directly with the Insurers in order to advise the Insurers of the Receiver's interest in the policies and to obtain each Insurer's recognition of the Receiver's interest. The Receiver has also requested from the Insurers certain information regarding the status of the policies, including confirmation of the ownership, beneficiary interests, and premium amounts and due dates.

The Receiver is investigating the Companies' corporate structure and financial position. The corporate structure of the Companies is complex, and it is premature for the Receiver to speculate on the entitlements and order of priorities of the various stakeholders, including the Capital Advantage Investors, in each of the Companies.

NEXT STEPS

Once the Receiver has obtained the necessary information from the Insurers as outlined above, and has further investigated the Companies' corporate structure and financial position, the Receiver expects to be in a position to assess the realization alternatives and make a recommendation to the Court regarding same.

COMMUNICATION

The Receiver's periodic reports to the Court will be available at the website noted above. The Receiver anticipates that its first report to the Court will be issued in February 2009.

Should you have any questions, you may call the Receiver's inquiry line at 1-866-930-4921 or send an email to newlifecap@kpmg.ca. Please note, however, that the Receiver is not in a position to provide, amongst other things, specific information regarding the shareholders of the Numbered Companies or the life insurance policies in which the Numbered Companies may have a beneficial interest.

Yours very truly,

KPMG Inc.

Court Appointed Receiver and Manager of all
of the property, assets and undertaking of
New Life Capital Corp. et al

Per: J. Bradley Butcher
Vice President