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## **NOTICE TO SHAREHOLDERS**

January 21, 2009

Dear Sirs:

**New Life Capital Corp., New Life Capital Investments Inc. (“NLCII”), New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 215042 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/](http://www.kpmg.ca/en/ms/cl/newlifecapital/).

The Companies’ records indicate that you hold Class A Common Shares issued by NLCII.

### **BACKGROUND**

The appointment of the Receiver came as the result of an application made to the Court by 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.

### **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 stakeholders. 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; and (ii) a portfolio of life insurance policies issued by various insurance companies located in the United States (the “Insurers”). 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 premium amounts and due dates.



The corporate structure of the New Life group of 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 shareholders of NLCII or any of the other New Life entities.

#### **NEXT STEPS**

The Receiver is still in the review and information gathering phase of its work. Once the Receiver has obtained the necessary information from the Insurers as outlined above, the Receiver expects to be in a position to assess the realization alternatives and make a recommendation to the Court regarding same. Given the limited cash resources, the Receiver will not be in a position to make premium payments for an extended period of time.

#### **IMPACT ON SHAREHOLDERS**

Effective immediately, dividend payments to shareholders are frozen.

If you received this letter through the mail, then you are on the NLCII shareholder listing available to the Receiver. Accordingly, there is no need at this point for you to correspond with the Receiver to confirm your shareholding. If you did not receive a hardcopy of this letter directly from the Receiver's office, but obtained a copy from the Receiver's website or from another party, such as your financial adviser, then you should advise us of your contact information and the particulars of your shareholding.

We understand that there may be parties who invested funds in NLCII but did not receive share certificates and consequently may not be on the listing used by the Receiver. We are investigating this issue and will provide an update in due course.

#### **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](mailto:newlifecap@kpmg.ca).

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*