

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

IN RE TREMONT SECURITIES  
LAW, STATE LAW AND  
INSURANCE LITIGATION

MASTER FILE NO.:  
08 CIV. 11117 (TPG)

This Document Relates To:  
All Actions

SUMMARY NOTICE OF PENDENCY OF  
CONSOLIDATED ACTIONS, MOTION FOR FINAL  
APPROVAL OF PROPOSED SETTLEMENT,  
HEARING ON PROPOSED SETTLEMENT AND  
MOTION FOR ATTORNEYS' FEES AND EXPENSES

IF YOU:

(a) were a holder of limited partnership interests in or shares of the Rye Funds<sup>1</sup> (other than Rye Select Broad Market Insurance Portfolio LDC<sup>2</sup>) or the Tremont Funds<sup>3</sup> as of December 11, 2008 (the "State Law Subclass");<sup>4</sup>

(b) purchased limited partnership interests in or shares of the Rye Funds (other than Rye Select Broad Market Insurance Portfolio LDC<sup>2</sup>) or the Tremont Funds between May 10, 1994 through and including December 11, 2008 (the "Securities Subclass"); or

(d) are a holder of limited partnership interests in or shares of any of the Settling Funds ("Fund Distribution Claimants"), then

YOU COULD RECEIVE A PAYMENT FROM A SETTLEMENT AND YOUR LEGAL RIGHTS MAY BE AFFECTED.

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

SUMMARY OF IMPORTANT INFORMATION

This Notice summarizes a proposed Settlement that has been reached between the Settling Plaintiffs on behalf of themselves, the Settling Funds and the subclasses they represent, and the Settling Defendants that, if approved by the Court, will resolve the Actions arising from the Settling Defendants' investment of Settling Fund assets with Bernard L. Madoff ("Madoff") and Bernard L. Madoff Investment Securities LLC ("BLMIS"), in their entirety.

INSPECT AND/OR DOWNLOAD COPIES OF  
THE SETTLEMENT-RELATED DOCUMENTS  
AND MOTION PAPERS:

This notice is only a summary of important information. More details can be found in the Stipulation of Settlement dated February 25, 2011 and Long-Form Notice. You can obtain copies of these documents and other papers filed in the Actions or more information about the Settlement by visiting [www.tremontlitigationsettlements.com](http://www.tremontlitigationsettlements.com) or by writing to Plaintiffs' Settlement Class Counsel or the Claims Administrator, The Garden City Group, Inc., as set forth below. Copies of these documents and motion papers will also be available for inspection during regular business hours at the offices of Plaintiffs' Settlement Class Counsel as set forth below.

**Securities and Time Period:** (1) limited partnership interests or shares in the Settling Funds held during the period of May 10, 1994 through December 11, 2008; and (2) limited partnership interests or shares currently held in any of the Settling Funds.

**Total Settlement Amount:** \$100 million in cash, plus interest ("Gross Settlement Fund"). Additional monies are expected to be added to the Gross Settlement Fund from the amounts remaining in Tremont Group Holdings, Inc. after the wind down of its and its subsidiaries' operations ("Remaining Tremont Funds") and pursuant to the Settling Defendants' assignment of certain legal claims ("Assigned Claims") and litigation interests (the "Fidelity Bond Recovery") as part of the Settlement.<sup>6</sup>

**Statement of the Settlement Class Recovery:** Assuming that all Settlement Class Members participate in the Settlement, Plaintiffs' Settlement Class Counsel estimate that the average recovery per damaged interest or share (before the deduction of Court-awarded attorneys' fees and expenses and the costs of notice and administration of the Settlement and excluding Swap Counterparties) that Settlement Class Members will receive will be approximately 5.7% of his or her net investment (*i.e.*, the amount by which his or her contributions to a Settling Fund exceeded his or her redemptions).

**Please note that this amount is only an estimate.** Any actual payment to Settlement Class Members will depend on, among other things: (i) the total number of claims filed; (ii) the amount each Settlement Class Member invested in limited partnership interests or shares in the Settling Funds; (iii) whether Settlement Class Members redeemed all or a portion of their investment; (iv) the percentage of fund assets that were invested with Madoff; (v) the recognized losses of other Settlement Class Members; (iv) administrative costs, including the costs of notice for the Actions; and (v) the amount awarded by the Court for attorneys' fees and expenses. Distribution to Settlement Class Members will be made based on the Plans of Allocation discussed in the Long-Form Notice on page 10 or as otherwise ordered by the Court.

Any actual payment to Fund Claimants from the Fund Distribution Account will depend on, among other things: (i) the amount each Fund Claimant invested; (ii) whether a Fund Claimant redeemed all or a portion of their investment; (iii) the amount of money received by the Rye Funds in the Madoff Trustee Proceedings; (iv) the amount of money remaining in the fund in which each Fund Claimant invested after resolution of the Madoff Trustee Proceedings; and (v) the amount of the recognized losses of the limited partners or shareholders in the fund in which you invested. Distribution to Fund Claimants will be made based on the Fund Distribution Plan of Allocation discussed in the Long-Form Notice on page 10 or as otherwise ordered by the Court.

**Reasons for the Settlement:** The Settlement of the Actions, among other things, avoids delay and the substantial costs and risks that both sides would face from continuing the lawsuits, and pays money to the Settlement Class Members and Fund Claimants. *See* Long-Form Notice at page 5.

**Statement of Potential Outcome of the Case:** If the Actions had not settled, there may have been a trial and Plaintiffs would have faced an uncertain outcome. The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per limited partnership interest or share that would be recoverable if the Settling Plaintiffs were to prevail on each claim asserted against the Settling Defendants. The Settling Parties also disagree about: (a) whether the statements made or facts allegedly omitted were materially false or misleading, or otherwise actionable under the federal securities laws and state common law; (b) whether any allegedly materially false or misleading statements made by the Settling Defendants subject to securities and common law fraud claims were made with the requisite level of intent or recklessness; (c) the appropriate economic methodology for determining the amounts by which limited partnership interests and shares were damaged; (d) whether

and to what extent the adverse material facts that the Settling Plaintiffs alleged were concealed were publicly disclosed in Securities and Exchange Commission filings, Settling Fund materials, such as marketing literature, performance updates, annual reports or otherwise; (e) whether the subclasses could have been certified; (f) whether the Settling Plaintiffs could demonstrate reliance on the alleged false and misleading statements; (g) whether the Settling Defendants conducted appropriate due diligence in connection with the investment of Settling Fund assets with Madoff and BLMIS; (h) whether the Settling Plaintiffs could demonstrate that their losses were caused by the acts, breaches of duty, statements and omissions of the Settling Defendants; (i) whether the parent Corporate Settling Defendants were culpable participants and/or aiders and abettors in the wrongs alleged; and (j) whether the Settling Defendants acted diligently and with good faith in discharging their responsibilities.

**Attorneys' Fees and Expenses:** The attorneys representing the Settling Plaintiffs and the Settlement Class have expended considerable time and effort in prosecuting the Actions on a contingent fee basis, and have advanced all of the expenses of the Actions. Plaintiffs' State Law and Securities Settlement Class Counsel will make an application to the Court for an award of attorneys' fees from the Gross Settlement Fund (after deduction of the Insurance Settlement Fund) in connection with the Settlement. It is expected that the application will seek up to 30% of the Gross Settlement Fund and 3% of the Fund Distribution Account, plus interest earned at the same rate as the Gross Settlement Fund. Plaintiffs' State Law and Securities Settlement Class Counsel will also apply for reimbursement of out-of-pocket costs and expenses incurred in prosecuting the State Law Subclass and Securities Subclass's claims, including the fees of the Settling Plaintiffs' damages and other experts and consultants, in the estimated total amount of \$500,000.00, plus interest earned at the same rate as the Gross Settlement Fund. If the above requested amounts are approved by the Court, based upon current information, fees and expenses are estimated at approximately 1.7% of net investments. **Please note that this amount is only an estimate.**

**Settling Plaintiffs' Representatives:** The Court has appointed the following lawyers as counsel for the Settlement Class:

Plaintiffs' State Law Settlement Counsel	
Andrew J. Entwistle Robert N. Cappucci Entwistle & Cappucci LLP 280 Park Avenue 26th Floor West New York, NY 10017 (212) 894-7200	Reed R. Kathrein Lee Gordon Hagens Berman Sobol & Shapiro LLP 715 Hearst Avenue, Suite 202 Berkeley, CA 94710 (510) 725-3000
Plaintiffs' Securities Law Settlement Class Counsel	
Jeffrey M. Haber Bernstein Liebhart LLP 10 East 40th Street New York, NY 10016 (212) 779-1414	

DEADLINES

• **Deadline to Submit a Claim Form: August 31, 2011 (This date is 90-days after the Final Fairness Hearing in this case).**

Eligible Settlement Class Members are required to submit a valid and timely Proof of Claim and Release Form ("Claim Form") in order to participate in the Settlement. Copies of the Claim Form can be obtained at [www.tremontlitigationsettlements.com](http://www.tremontlitigationsettlements.com). Your Claim Form must be addressed as follows:

In re Tremont Securities Law and State  
Law Litigation Claim Forms  
c/o Notice and Claims Administrator  
P.O. Box 9675  
Dublin, Ohio 43017-4975

Eligible Settlement Class Members who do not submit a Claim Form and do not request exclusion from the Settlement Class will be deemed to have provided the release described above.

• **Deadline to Request Exclusion from the Settlement Class: May 11, 2011 (21 days before the Final Fairness Hearing).**

Settlement Class Members may elect to be excluded from the Settlement Class. Settlement Class Members who request exclusion will not be eligible to receive any payment from the Net Settlement Fund and cannot object to the terms of the Settlement, the Plans of Allocation or counsel's applications for attorneys' fees and reimbursement of expenses. Settlement Class Members who request exclusion will not be legally bound by the Settlement or any related events relating to the lawsuits and will be able to pursue the claims that are being released in this Settlement. This is the only option that allows Settlement Class Members to file or participate in another lawsuit against the Settling Defendants concerning any of the Released Claims. If you wish to exclude yourself from the Settlement Class, please follow the instructions in the Long-Form Notice. If you chose to remain in the Settlement Class, and the Court approves the Settlement and enters a binding judgment, you will forever release all Released Claims against the Settling Defendants.

If you are eligible for a distribution from the Fund Distribution Account, this distribution will be made irrespective of whether you choose to exclude yourself from the Settlement Class. You may, however, object to the Fund Distribution Plan of Allocation as set forth below.

The Settling Defendants shall have the option to withdraw from the Settlement in the event that certain threshold levels of investors who would otherwise be entitled to participate as members of the Settlement Class timely and validly request exclusion from the Settlement Class.

• **Deadline to Object to the Settlement: May 11, 2011 (21 days before the Final Fairness Hearing).**

Settlement Class Members and Fund Claimants may object to the Settlement, the Plans of Allocation or counsel's request for attorneys' fees and reimbursement of expenses for any reason. To object, a Settlement Class Member or Fund Claimant must notify the Court and Counsel for the Settling Parties in writing, of his, her or its reason(s) for the objection, as set forth in the Long-Form Notice at pages 12-13. Settlement Class Members may object *only if* they stay in their respective Subclass and do not opt-out of the Settlement.

If you are a Fund Claimant, you can object to the Settlement, the proposed Fund Distribution Plan of Allocation and the requests for attorneys' fees and expenses, as set forth in the Long-Form Notice at pages 13-14.

If you wish to object, you may mail your objection to the Clerk of the Court, United States District Court, Southern District of New York, 500 Pearl Street, New York, NY 10007-1312, with a copy mailed to Counsel for the Settling Parties (set forth below), no later than May 11, 2011:

Andrew J. Entwistle Robert N. Cappucci Entwistle & Cappucci LLP 280 Park Avenue, 26th Floor West New York, NY 10017 (212) 894-7200	Jeffrey M. Haber Bernstein Liebhart LLP 10 East 40th Street New York, NY 10016 (212) 779-1414
Reed R. Kathrein Lee Gordon Hagens Berman Sobol & Shapiro LLP 715 Hearst Avenue, Suite 202 Berkeley, CA 94710 (510) 725-3000	Seth M. Schwartz Skadden Arps Slate Meagher & Flom LLP Four Times Square New York, NY 10036 (212) 735-3000

• **Deadline for Plaintiffs' Settlement Class Counsel to Submit the Motion for Final Approval of Proposed Settlement and Motion for Approval of Attorneys' Fees and Expenses: Moving Papers Must be Filed on or Before May 4, 2011 and Reply Papers Must be Filed on or Before May 25, 2011.**

• **Court Hearing on the Fairness of the Settlement: June 1, 2011.**

The Court will hold a Settlement Fairness Hearing at 2:30, p.m. on June 1, 2011, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, NY 10007-1312, Courtroom 26(B). At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate and should be approved, and will also consider the proposed Plans of Allocation, and the application of Plaintiffs' Settlement Class Counsel for attorneys' fees and reimbursement of expenses. You may apply to the Court for permission to appear at this hearing, and you may retain an attorney, at your own expense, to represent you at this hearing. You are not required to retain a lawyer to exclude yourself from the Settlement Class or to object to the Settlement. Further detail is available in the Long-Form Notice, available at [www.tremontlitigationsettlements.com](http://www.tremontlitigationsettlements.com). Please note the date of the Settlement Fairness Hearing is subject to change without further notice. If you plan to attend the hearing, you should check the website, [www.tremontlitigationsettlements.com](http://www.tremontlitigationsettlements.com), or with one of Plaintiffs' Settlement Class Counsel listed above to be sure that no change to the date and time of the hearing has been made.

• **Special Notice to Brokerage Firms and other Nominees:**

If you purchased or otherwise acquired limited partnership interests or shares in any of the Settling Funds for the beneficial interest of a person or organization other than yourself, the Court has directed that, within ten (10) calendar days of the receipt of the Notice, you either (a) provide to the Notice and Claims Administrator the name and last known address of each person or organization for whom or which you purchased such shares or interests during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and, within ten (10) days, mail the Notice and Proof of Claim form directly to the beneficial owners of that Settling Fund. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Notice and Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Gross Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Notice and Claims Administrator at the address set forth above.

• **More Information:**

Visit the website: [www.tremontlitigationsettlements.com](http://www.tremontlitigationsettlements.com), where copies of all papers related to the motion for final approval and all other documents related to the proposed Settlement will be available for inspection and download.

• **Write the Claims Administrator, The Garden City Group**

In re Tremont Securities Law and State  
Law Litigation Claim Forms  
c/o Notice and Claims Administrator  
P.O. Box 9675  
Dublin, Ohio 43017-4975  
(800) 636-7614

• E-mail questions to:  
[questions@tremontlitigationsettlements.com](mailto:questions@tremontlitigationsettlements.com)

• The Stipulation of Settlement and all other papers filed in the Actions are available for inspection in the Clerk's Office at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, NY 10007-1312, and at the offices of Plaintiffs' Settlement Class Counsel during regular business hours.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

<sup>1</sup> The "Rye Funds" are: (i) Rye Select Broad Market Fund, L.P.; (ii) Rye Select Broad Market XL Fund, L.P.; (iii) Rye Select Broad Market Prime Fund, L.P.; (iv) Rye Select Broad Market Insurance Fund, L.P.; (v) Rye Select Broad Market Portfolio Limited; (vi) Rye Select Broad Market XL Portfolio Limited; and (vii) Broad Market XL Holdings Limited.

<sup>2</sup> The following shareholders of Rye Select Broad Market Insurance Portfolio LDC are included in the State Law Subclass: INTAC Independent Technical Analysis Centre Ltd., LifeInvest Opportunity Fund, LDC, Scottish Annuity Company (Cayman) Limited, The Scottish Annuity and Life Insurance Company (Bermuda) Ltd. and The Scottish Annuity Life Insurance Co. (Cayman) Ltd.

<sup>3</sup> The "Tremont Funds" are: (i) Tremont Market Neutral Fund L.P.; (ii) Tremont Market Neutral Fund II, L.P.; (iii) Tremont Market Neutral Fund Limited; (iv) Tremont Opportunity Fund Limited; (v) Tremont Opportunity Fund II L.P.; (vi) Tremont Opportunity Fund III L.P.; (vii) Tremont Arbitrage Fund, L.P.; (viii) Tremont Arbitrage Fund-Ireland; and (ix) Tremont Strategic Insurance Fund, L.P.

<sup>4</sup> All capitalized terms used herein shall have the meanings set forth in the Stipulation of Settlement dated February 25, 2011 and the Notice of Pendency of Consolidated Actions, Proposed Settlement, Hearing on Proposed Settlement and Motion for Attorneys' Fees and Expenses (the "Long-Form Notice").

<sup>5</sup> The following shareholders of Rye Select Broad Market Insurance Portfolio LDC are included in the Securities Subclass: INTAC Independent Technical Analysis Centre Ltd., LifeInvest Opportunity Fund, LDC, Scottish Annuity Company (Cayman) Limited, The Scottish Annuity and Life Insurance Company (Bermuda) Ltd. and The Scottish Annuity Life Insurance Co. (Cayman) Ltd.

<sup>6</sup> Pursuant to the terms of the Settlement, 8.2% of the Initial Settlement Payment, the Fidelity Bond Recovery and the Remaining Tremont Funds will be paid from the Gross Settlement Fund to the Insurance Settlement Fund in connection with the partial settlement of the consolidated Tremont Insurance Actions, 09-Civ-557.