

**TRANSAMERICA LIFE CANADA CLASS ACTION
NOTICE OF CERTIFICATION & SETTLEMENT APPROVAL HEARING
AUGUST 10 – 12, 2009**

A court-ordered review of the Defendant Transamerica Life Canada's records indicates that because you purchased one or more specified investment and life insurance products from the Defendant, you are a Class Member in this proceeding.

Please read this notice carefully as it may affect your legal rights.

1. Summary

The Representative Plaintiff Joseph Fantl ("Fantl") and the Defendant Transamerica Life Canada ("Transamerica") have reached a proposed agreement to settle the Plaintiff's claim for the overcharging of management fees for all of the affected funds listed in section 2 of this notice.

The aim of the settlement is to return any excess management fees that were charged to Class Members and to compensate affected Class Members for any related losses. The parties have developed a formula for calculating the amounts owing to individual Class Members. The settlement formula and the financial and policyholder information used to calculate the amounts owing to Class Members are being examined and verified for their accuracy and fairness by independent accounting experts retained by each party.

The purpose of this notice is to advise you of the proposed settlement agreement and to inform you of your rights as a Class Member under the proposed settlement agreement.

The law firm of **Roy Elliott O'Connor LLP ("REO")** acts for the Representative Plaintiff on behalf of the Class Members. Should you have any questions about this class action or wish to receive information about this class action, you should contact REO at the address or telephone number below.

The Fantl action concerns various Investment Manager Series ("IMS") funds that were offered for sale by NN Life and subsequently Transamerica after its purchase of NN Life in 2000. The IMS funds were offered to Class Members under various individual variable insurance contracts and universal life contracts. The statement of claim alleges that NN Life and later Transamerica charged management fees for the IMS funds that exceeded the fixed rates or maximums stated in the various relevant policy forms and related summary information folders.

Under the proposed settlement agreement, compensation will be paid to Class Members pursuant to the provisions of a restitution program. The terms of the restitution program are set out in the settlement agreement. The settlement agreement is subject to Court approval and has not yet been approved by the Court. A complete copy of the settlement agreement (which sets out the details of the restitution or compensation program for Class Members) may be viewed at www.fundfees.ca.

This notice provides only a very brief summary of the settlement agreement. In case of a conflict between this notice

and the settlement agreement, the terms of the settlement agreement prevail.

As of today, this action has not yet been certified as a class proceeding. Under the terms of the proposed settlement, Transamerica has agreed to a consent certification of the Plaintiff's lawsuit as a class proceeding for settlement purposes.

If the settlement agreement is approved and the class action is certified by the Court, you will be bound by the terms of the proposed agreement unless you decide to exclude yourself by opting-out of the agreement and this class action. The opt-out procedure is described below in section 5.

2. Who Is Included In The Settlement?

You do not have to do anything to participate in this action. Under Ontario law, if the settlement agreement is approved and the class action is certified, Class Members will automatically be included in a class action unless they choose to opt-out of the proceeding after it has been certified as a class proceeding by the Court.

The proposed class definition in this action is as follows:

"All persons, or beneficiaries, trustees or other legal or personal representatives of such persons, in Canada and elsewhere who had at any time entered into contracts with the defendant, NN Life Insurance Company of Canada or its predecessors pursuant to which the persons beneficially or notionally invested in units of, or which contracts otherwise provided benefits based upon the value of, the segregated funds listed below which were offered as investment options by the defendant, NN Life Insurance Company of Canada or its predecessors:

1. American Asset Allocation Fund
2. American Equity Index Fund
3. Asset Allocation Fund (also known as the Balanced Fund)
4. Bond Fund
5. Canadian 35 Index Fund
6. Canadian Communications Fund
7. Canadian Financial Services Fund
8. Canadian Growth Fund
9. Canadian Resources Fund
10. Canadian Small Cap Fund
11. Can-Am Fund
12. Can-Asian Fund
13. Can-Daq 100 Fund (also known as the Can-Daq Fund)
14. Can-Emerge Fund
15. Can-Euro Fund
16. Can-Global Bond Fund
17. Dividend Fund
18. Equity Fund
19. European Equity Index Fund
20. 5 Year Pooled Fund
21. Global Fund
22. Information Technology Fund
23. International Bond Index Fund

24. International Brands Fund
25. Mid-Term Bond Fund (also known as the Bond Fund, but distinct from # 4 above)
26. Money Market Fund
27. NN Elite Fund (also known as the Elite Fund and Global Market Neutral Fund)
28. T-Bill Fund"

An additional aspect of the claim relates to just the performance of the Can-Am Fund, and whether that fund effectively "cloned" or replicated on "best efforts basis" the performance of the S&P 500 Total Return Index. That claim is not being settled at this time.

3. When Will The Settlement Agreement Be Approved By The Court?

The Court must approve the settlement agreement for it to bind the parties or the Class Members. **A court fairness and settlement approval hearing is currently scheduled for August 10 through 12, 2009 in Toronto.** If the Court is satisfied with the fairness of the settlement, it should be approved by the Court by way of written reasons to be delivered by the Court following the hearing. The foregoing dates are tentative and subject to change. If the Court does not approve the settlement agreement, the lawsuit will continue and a further notice will be published advising you that the settlement agreement has not been approved.

4. Financial Consequences to You

(a) Amount & Timing of Compensation Payable to Class Members – As of today, the amount of any compensation you may receive under the proposed settlement is unknown. Under the proposed settlement, Transamerica has agreed to compensate Class Members who invested in the various funds for any excess management fees charged and for related losses. Compensation will be paid pursuant to the restitution program agreed by the parties and approved by the Court. Assuming the Court approves the terms of the settlement, compensation will not be paid until some reasonable period after the Court has rendered its decision in respect of the settlement approval hearing.

(b) Legal Fees & Disbursements – If the settlement agreement is approved by the Court **you will not** be responsible for legal fees and disbursements of counsel to Fantl and the Class Members. Pursuant to the proposed settlement, the Class Members will not have to pay any legal fees and disbursements that may be owing to counsel and which counsel would otherwise be entitled to recover from the settlement funds generated for the Class Members because these fees and disbursements will be paid directly by Transamerica. In short, as a result of this agreement, the legal fees and disbursements owing to counsel for Fantl and for the Class Members will not affect or reduce any Class Members' compensation for excessive fees charged and other related losses. The amount of the fees and disbursements for Counsel must be agreed upon by the parties and approved by the Court or, if the parties are unable to agree, the Court will be asked to fix the amount.

5. Opting-Out

If the settlement agreement is approved and the Court certifies this action as a class proceeding, Class Members may then opt-out of this proceeding. If you choose to opt-out of this class you will be confirming that you do not wish to participate in this class action. If you decide to opt-out of this class action you will be excluded from any settlement, you will not be entitled to any benefits under the settlement agreement and you will not be able to object to the terms of the settlement agreement.

The timing and method of opting-out of this proceeding will be determined by a further order of the Court after the approval of the settlement and the certification of the action as a class proceeding. You may not opt-out until the opt-out procedure has been determined by the Court.

6. How to Comment on the Settlement Agreement

Class Members who wish to make submissions to the Court in support of, or in opposition to, the proposed settlement must provide notice to the court by sending a written submission to REO (Roy Elliott O'Connor LLP). REO will forward any such submissions to Transamerica and to the Court. Submissions are optional (no Class Member is required to make submissions). Any such written submissions must be delivered to REO at the address below by no later than **July 31, 2009**. The written submissions should include:

- (a) the Class Member's name, address and telephone number;
- (b) a brief statement of the reasons that the Class Member is supporting or opposing the proposed settlement; and,
- (c) whether the Class Member plans to attend at the settlement approval hearing.

7. Where Can I Obtain Further Information?

PLEASE DO NOT CONTACT OR CALL OR THE COURT ABOUT THIS CLASS ACTION.

For more information about the fairness hearing process, who is covered by the proposed settlement agreement, and for a list of frequently asked questions, please consult: www.fundfees.ca

General Enquiries – for other general information (e.g. the time and place of the hearing or whether your specific policy is included in the settlement), but not legal advice, you may contact Transamerica's general enquiries line at: Tel: 1-800-387-8879

Legal Enquiries – for legal enquires about the process, information about your rights under this class action or to submit a written submission for the fairness hearing, call, fax, email or write to Class Counsel, (Roy Elliot O'Connor LLP) by July 31, 2009 at:

Roy Elliott O'Connor LLP
2300-200 Front St. W
Toronto ON, M5V 3K2
Attn: Laura Carey

Email: info@fundfees.ca
Tel: 1-866-423-1362
Fax: 1-416-362-6204

THIS NOTICE WAS APPROVED BY THE ONTARIO SUPERIOR COURT OF JUSTICE