

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE: CSO HEDGE FUND
LITIGATION

No. 12-cv-7717 (GHW)
ECF Case

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION
AND PLAN OF ALLOCATION**

A Federal Court Authorized This Notice.¹ This Is Not A Solicitation From A Lawyer.

TO: ALL PERSONS WHO PURCHASED, HELD, OR OTHERWISE ACQUIRED SHARES OF ANY CLASS IN **CSO LTD.** OR **CSO US LTD.** (THE “FEEDER FUNDS”), INCLUDING ANY AND ALL OF THEIR RESPECTIVE SUCCESSORS-IN-INTEREST, PREDECESSORS, LEGAL REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, HEIRS, ASSIGNEES, OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, AND THE LEGAL REPRESENTATIVES, AGENTS, AFFILIATES, HEIRS, SUCCESSORS, AND ASSIGNS OF THE ABOVE.²

- PLEASE READ THIS NOTICE CAREFULLY.
- IF YOU WISH TO COMMENT IN FAVOR OF THE SETTLEMENT OR OBJECT TO THE SETTLEMENT, YOU MUST FOLLOW THE DIRECTIONS IN THIS NOTICE.
- YOU MAY BE ELIGIBLE TO RECEIVE MONEY FROM THE SETTLEMENT OF THIS LAWSUIT.
- YOUR LEGAL RIGHTS MAY BE AFFECTED BY THIS LAWSUIT.
- TO RECEIVE MONEY FROM THIS SETTLEMENT, YOU MUST SUBMIT A VALID VERIFICATION OF CLAIM AND RELEASE FORM (“VERIFICATION FORM”) POSTMARKED OR SUBMITTED BY EMAIL ON OR BEFORE MARCH 14, 2016.
- IF YOU DO NOT WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MAY REQUEST TO BE EXCLUDED FROM THE SETTLEMENT BY SUBMITTING A VALID REQUEST FOR EXCLUSION FORM THAT MUST BE POSTMARKED ON OR BEFORE NOVEMBER 25, 2015.
- IF YOU RECEIVED THIS NOTICE ON BEHALF OF A SETTLEMENT CLASS MEMBER WHO IS DECEASED, YOU SHOULD PROVIDE THE NOTICE TO THE AUTHORIZED LEGAL REPRESENTATIVE OF THAT SETTLEMENT CLASS MEMBER.

¹ A copy of this Notice may be found at www.csohedgefundsettlement.com.

² All capitalized terms that are not defined in this Notice have the meaning ascribed to them in the Settlement Agreement dated August 10, 2015 which is available on the website established for the Settlement at www.csohedgefundsettlement.com

This Notice is being sent pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the “District Court”) to inform you: (a) of a class action lawsuit that is pending in the District Court under the above caption (the “Action”) against (i) Citigroup Alternative Investments LLC (“CAI”) and (ii) Citigroup, Inc. (“Citigroup”) (collectively, the “Defendants”); (b) that the Action has been certified by the District Court to proceed as a class action on behalf of the Class of investors who purchased, held or otherwise acquired shares in CSO Ltd. and CSO US Ltd. (the “Feeder Funds”)³; and (c) a proposed settlement (the “Settlement”) has been reached by the Parties in the Action. The District Court has preliminarily approved the Settlement, whose terms are set forth in the Settlement Agreement, which is available at www.csohedgefundsettlement.com. You have received this Notice because Citigroup’s records indicate that you may be a member of the Class. This Notice is designed to inform you of your rights, how you can submit a Verification Form, and how you can comment in favor of the Settlement or object to the Settlement. If the Settlement is finally approved by the District Court, the Settlement will be binding upon you, unless you exclude yourself, even if you do not submit a Verification Form to obtain money from the Net Settlement Fund and even if you object to the Settlement. The Settlement resolves the Class’s claims asserted against all the Defendants.

There will be a hearing on the Settlement (the “Settlement Hearing”) before the Honorable Gregory H. Woods, United States District Court Judge, at 10:00 a.m. on December 17, 2015, in Courtroom 12C of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THE LAWSUIT AND OF THE FINAL SETTLEMENT HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY, OR MAY NOT, WISH TO TAKE IN RELATION TO THE LAWSUIT.

I. BACKGROUND OF THE LAWSUIT

During the relevant period of 2004 to 2008, alternative investment products were sold by CAI to clients of Citigroup and its affiliates, including the Corporate Special Opportunities hedge fund (“CSO Fund” or the “Fund”). The CSO Fund consisted of a master fund and three feeder funds, and it invested principally in distressed debt. A “private placement memorandum” (PPM) for the two feeder funds open to outside investors (CSO Ltd. and CSO US Ltd.) was prepared for investors in 2004, and revised in October 2006 and July 2007. The revised 2006 PPM added a “Key Man Event” (or “KME”) clause that gave all investors the right to redeem upon the resignation or termination of the fund manager’s CEO. The 2006 and 2007 PPMs represented that the Fund’s investment objective was “to generate attractive risk-adjusted returns with low volatility” and also

³ The “Class” as certified by the Court, consists of: All persons or entities who purchased, held, or otherwise acquired (directly or indirectly) any class of shares in CSO US Ltd. or CSO Ltd. The Class shall exclude Defendants Citigroup and CAI and their affiliates and successors, to the extent they invested proprietary capital, as well as Former Defendants in the Litigation, to the extent they or their spouse or any entity personally controlled by them invested in the CSO Fund; this exclusion is not intended to exclude investments made and/or held by Defendants or their affiliates as nominees for outside investors. The Class shall also exclude any person who served as a member of the Board of Directors of the CSO Fund or the Board of Directors of Former Defendant CSO Partners Ltd., or any entity personally controlled by that person. The Class shall also exclude any persons who have either (i) released relevant claims related to or arising from the subject matter of this dispute against Defendants or their affiliates and/or employees in a settlement, or (ii) have secured a final judgment from an arbitrator or a court that would preclude further litigation. The Class shall also exclude persons who affirmatively exclude themselves from the Class pursuant to the procedures described in this Notice (collectively, “Excluded Persons”).

represented that Citigroup and/or CAI would monitor the Fund's risk profile to ensure adherence to various restrictions consistent with the Fund's investment objective.

In May 2007, the CSO Fund offered to participate in a €7.2 billion syndicated loan arranged for a German broadcast company called ProSieben. The lead arrangers allocated €58 million to the Fund on June 29, 2007, an amount that Plaintiffs contend exceeded the CSO Fund's entire net asset value ("NAV") and violated at least one of the Fund's internal investment restrictions. The investment manager attempted to cancel the ProSieben order, arguing that certain terms had been materially changed, prior to allocation. Both sides explored litigation.

In November 2007, the Fund agreed in principle to settle with the lead arrangers for €12 million, but the market value of the assets had fallen since allocation. The CEO of the investment manager disagreed with the decision and resigned on December 12, 2007. Two days later, the Fund informed investors of the CEO's departure (and thus the triggering of the KME redemption right) and encouraged investors to stay in the Fund, representing that "the quality of the CSO fund's overall portfolio is fundamentally sound." A loss reserve of \$62.4 million was taken with respect to the ProSieben allocation (the "ProSieben Loss"), and this was reported to investors. Following a substantial volume of redemption requests, the Fund suspended redemptions on January 24, 2008. A compulsory redemption occurred on or about November 18, 2008, and investors lost the bulk of their investment.

Beginning in 2008, some investors commenced litigation or arbitrations, alleging that they were misled into investing or holding their CSO shares by statements allegedly made to them by employees of Citigroup affiliates. Ultimately, 11 investors commenced or threatened to file individual actions. In October 2012, CSO Ltd. feeder fund investor Dr. David Beach commenced this class action, asserting contract, fraud and negligent misrepresentation claims. CSO US Ltd. investor Christopher Kelly joined as an additional plaintiff in September 2013.

On March 7, 2014, after several motions to dismiss, United States District Court for the Southern District of New York ruled that certain fraud and aiding and abetting claims may proceed against Citigroup and CAI, but dismissed claims against two UK-based defendants on jurisdictional grounds, and dismissed contract and negligence claims. On October 27, 2014, the plaintiffs moved to certify the proposed class of investors, and on June 3, 2015, after fact discovery had substantially concluded, the remaining parties notified the Court of an agreement to settle, and formally moved for approval of a final settlement agreement on August 10, 2015.

Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by any of the Defendants. The District Court has not ruled on the merits of whether the Defendants violated any other laws or rules.

Plaintiffs and Defendants, and their counsel, have concluded that the Settlement is advantageous, considering the risks and uncertainties to each side of continued litigation. Lead Plaintiffs and their counsel have determined that the Settlement is fair, reasonable, adequate, and is in the best interests of the Class Members.

The Settlement creates a Settlement Fund in the amount of \$13,500,000.00 USD in cash, plus interest that accrues on the fund prior to distribution. This amount represents approximately 35% of Class Members' pro-rata share of the decline in the value of the NAV of the fund attributable to the ProSieben Loss. It is not known how many investors will submit claims; furthermore, all of the Net Settlement Fund will be distributed to the Class regardless of the number of investors requesting payment (i.e., nothing reverts to Defendants regardless of the number of claims). Thus your recovery from the Settlement Fund will depend on (1) the verified value of

your CSO Fund shares as of January 31, 2008, and (2) the amount of valid claims submitted by other Class Members. Under the proposed Allocation Plan, if you successfully redeemed all of your CSO Fund shares prior to January 31, 2008, you will receive no distribution from the Settlement Fund. Only those investors whose redemptions were suspended will be entitled to a share of the Settlement Fund.

Plaintiffs and Defendants do not agree on the amount of damages that would be recoverable if the Plaintiffs were to have prevailed in the Action. The issues on which the Parties disagree include: (1) the extent to which external factors, such as the global financial crisis, caused investors' losses; (2) whether the statements made or facts allegedly omitted were material, false, misleading, or otherwise actionable under applicable law; (3) whether investors reasonably relied on any allegedly misrepresented or omitted information in making their investment decision; and (4) the amount of damages, if any, that Class Members suffered as a result of Defendants' alleged misconduct.

Lead Counsel, who have been prosecuting this Action on a wholly-contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Class and they have advanced the funds to pay expenses necessarily incurred to prosecute the Action. Lead Counsel will apply to the District Court for an award of attorneys' fees not to exceed one-third of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of litigation expenses (exclusive of administration costs) paid or incurred in connection with the prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$350,000.00 USD (which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class). Lead Counsel will also request awards to the Lead Plaintiffs in recognition of their time, effort, and expense on behalf of the Class. Any fees and expenses awarded by the District Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

Lead Plaintiffs and the Class are being represented by Zamansky LLC and Kaplan Fox & Kilsheimer LLP. Any questions regarding the Action or the Settlement should be directed to Lead Counsel, Jacob Zamansky, Esq. or Edward Glenn, Esq. at Zamansky LLC, 50 Broadway, 32nd Floor, New York, NY 10004, or Frederic S. Fox, Esq. or David A. Straite, Esq. at Kaplan Fox & Kilsheimer LLP, 850 Third Ave., 14th Floor, New York, NY 10022 or *CSO Hedge Fund Litigation* Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A VERIFICATION FORM POSTMARKED OR BY EMAIL BY MARCH 14, 2016	This is the only way to be eligible to receive a payment in connection with the Settlement.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A REQUEST FOR EXCLUSION FORM POSTMARKED NO LATER THAN NOVEMBER 25, 2015	If you exclude yourself from the Class, you will not be eligible to get any payment from the Net Settlement Fund. This is the only option that allows you to be part of any other lawsuit against any of the Defendants or the other Released Persons concerning the Released Claims (defined below).

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION NO LATER THAN NOVEMBER 25, 2015	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the Fee and Expense Application, you may write to the District Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the Fee and Expense Application unless you are a Class Member and do not exclude yourself.
GO TO THE SETTLEMENT HEARING ON DECEMBER 17, 2015 AT 10:00 A.M. AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN NOVEMBER 25, 2015	Filing a written objection and notice of intention to appear allows you to speak in the District Court about the fairness of the Settlement, the Plan of Allocation, and/or the Fee and Expense Application. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the District Court about your objection.
DO NOTHING	If you are a member of the Class and you do not submit a Verification Form by March 14, 2016, you will not be eligible to receive any payment from the Net Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any Judgments or Orders entered by the District Court pertaining to the Action.

II. TERMS OF THE SETTLEMENT

The Settlement Agreement setting forth the terms of the Settlement provides for the following:

A. Why Did I Get This Notice?

This Notice is being sent to you pursuant to an order of the District Court because you, someone in your family, or an investment account for which you serve as a custodian may have purchased, held or otherwise acquired shares in one or both of two CSO Fund feeder funds (CSO US Ltd. or CSO Ltd.). The District Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the District Court rules on the proposed Settlement. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the District Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by the Parties and approved by the Court will make payments pursuant to the Settlement and the court-approved Plan of Allocation after any objections and appeals are resolved. This Notice is also being sent to inform you of a hearing to be held by the District Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Distribution, and the Fee and Expense Application.

In a class action lawsuit, the court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. A class action lawsuit is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the court must resolve all issues on behalf of the class members, except for any Persons who choose to exclude themselves from the class. In this Action, the District Court appointed Plaintiffs to serve as “Lead Plaintiffs” under a federal law governing lawsuits such as this one, and approved Plaintiffs’ selection of the law firms of Zamansky LLC and Kaplan Fox & Kilsheimer LLP to serve as Class Counsel. The District Court has certified the Action to proceed as a class action and certified the Plaintiffs as representatives for the Class.

This Notice does not express any opinion by the District Court concerning the merits of any claim in the Action. The District Court has to decide whether to approve the Settlement. If the Court approves the Settlement and the Plan of Allocation, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

B. What Does The Settlement Provide?

Defendants shall cause to be delivered to Class Counsel, a check or wire transfer in the amount of \$13,500,000.00 USD, which will earn interest for the benefit of the Class (the “Settlement Fund”), and all Class Members who do not validly exclude themselves from the Class (*see* section II.G below) will release all Released Claims (*see* section IV.B below).

C. Am I Included In The Settlement?

You are included in the Class if you purchased, held or otherwise acquired (directly or indirectly) any class of shares in CSO Ltd. or CSO US Ltd.; the Class excludes, however, Defendants Citigroup and CAI and their affiliates and successors, to the extent they invested proprietary capital, as well as Former Defendants in the Litigation, to the extent they or their spouse or any entity personally controlled by them invested in the CSO Fund; this exclusion is not intended to exclude investments made and/or held by Defendants or their affiliates as nominees for outside investors. The Class shall also exclude any person who served as a member of the Board of Directors of the CSO Fund or the Board of Directors of Former Defendant CSO Partners Ltd., or any entity personally controlled by that person. The Class shall also exclude any persons who have either (i) released relevant claims related to or arising from the subject matter of this dispute against Defendants or their affiliates and/or employees in a settlement, or (ii) have secured a final judgment from an arbitrator or a court that would preclude further litigation. The Class shall also exclude persons who affirmatively exclude themselves from the Class pursuant to the procedures described below (collectively, “Excluded Persons”).

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT FUND. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE VERIFICATION FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND, IF YOU DISPUTE THE ACCOUNT INFORMATION INCLUDED THEREWITH, ANY REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN, POSTMARKED OR SUBMITTED BY EMAIL NO LATER THAN MARCH 14, 2016.

D. What Might Happen If There Were No Settlement?

If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against the Defendants, neither they nor the Class would recover anything from the Defendants. Also, if the Defendants were successful in proving any of their defenses, the Class could recover substantially less than the amounts provided in the Settlement, or nothing at all.

E. What Is The Legal Effect Of The Settlement On My Rights?

If you are a member of the Class, the Settlement will affect you. If the District Court grants final approval of the Settlement, the Action will be dismissed with prejudice and all Class Members will fully release and discharge the Defendants from all claims for relief arising out of or based on Plaintiffs’ allegations. When a Person “releases” claims, that means that Person cannot sue the Defendants for any of the claims covered by the

release. If you are a Class Member and you submit a valid and timely Verification Form, you will receive a payment based upon the distribution formula described below or as otherwise approved by the Court.

F. What Will I Receive From The Settlement?

At this time, it is not possible to make any determination as to how much a Class Member may receive from the Settlement. Pursuant to the Settlement, Defendants shall cause to be delivered to Lead Counsel a check or wire transfer in the amount of \$13,500,000.00 USD (the "Settlement Amount"). The Settlement Amount will be deposited into an interest-bearing escrow account. If the Settlement is approved by the District Court, the Net Settlement Fund (*i.e.*, the Settlement Fund less: (a) all federal, state, and local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members; and (c) any attorneys' fees and expenses awarded by the District Court) will be distributed to Class Members as set forth in the proposed Plan of Allocation, or such other plan as the District Court may approve.

After approval of the Settlement by the District Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the District Court. Under the proposed Plan of Allocation, your share of the Net Settlement Fund will depend on: (1) the value of CSO Ltd. or CSO US Ltd. shares you held on January 31, 2008; (2) the expense of administering the claims process; (3) attorneys' fees and expenses awarded by the District Court; (4) interest income received and taxes paid by the Settlement Fund; and (5) the number of eligible Class Members who submit timely and valid Verification Forms.

The Net Settlement Fund will not be distributed until the District Court has approved a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

Neither the Defendants nor any other Person that paid any portion of the Settlement Fund is entitled to get back any portion of the Net Settlement Fund once the District Court's Final Approval Order and Judgment approving the Settlement becomes final. Defendant Releasees will not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

Each Person wishing to participate in the distribution must timely submit a valid Verification Form establishing membership in the Class, verifying their account balance(s) (*i.e.*, reported values of their CSO Fund shares) as of January 31, 2008; or alternatively, proposing a different value and including all required documentation to support the alternative claim, postmarked or submitted on or before **March 14, 2016**. Verification Forms may be submitted by email to info@csohedgefundsettlement.com or to the address set forth in the Verification Form that accompanies this Notice.

Unless the District Court otherwise orders, any Class Member who fails to submit a valid Verification Form postmarked or emailed on or before **March 14, 2016**, shall be fully and forever barred from receiving payments pursuant to the Settlement, but will in all other respects remain a Class Member and be subject to the provisions of the Settlement Agreement that is approved, including the terms of any judgment entered and releases given.

The District Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Each Claimant shall be deemed to have submitted to the jurisdiction of the District Court with respect to his, her, or its Verification Form. Upon request of the Claims Administrator, each Person that submits a Verification Form shall subject his, her, or its Claim to investigation as to his, her, or its status as a Claimant and the allowable amount of his, her, or its Claim.

Persons that are excluded from the Class by definition or that exclude themselves from the Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit a Verification Form.

Proposed Plan of Allocation

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Verification Forms. If you purchased, held, or otherwise acquired any class of shares in CSO Ltd. or CSO US Ltd., you are a Class Member unless you meet one of the criteria for exclusion. If you held shares in either feeder fund as of January 31, 2008, and if you otherwise fit the definition of a Class Member, you will be paid a *pro rata* portion of the Net Settlement Fund based on your account balance(s) as verified in the Verification Form or otherwise established through proper documentation. Payment in this manner shall be deemed conclusive against all Authorized Claimants. All shares will be treated equally, regardless of date purchased.

Distributions will be made to Authorized Claimants after all Verification Forms have been processed and after the District Court has finally approved the Settlement. It is intended that the entire Net Settlement Fund will be distributed to all Authorized Claimants leaving no remaining balance for redistribution, and no amount will revert to Citigroup regardless of how many Class Members submit valid Verification Forms.

Payment pursuant to the Plan of Allocation, or such other plan as may be approved by the District Court, shall be deemed conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiffs, Lead Counsel, Defendants, and their respective counsel or any of the other Released Persons, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Settlement Agreement, the Plan of Distribution approved by the District Court, or further orders of the District Court. Except as otherwise provided in the Settlement Agreement, Lead Plaintiffs, Defendants, and their respective counsel, and all other Released Persons shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Funds, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Verification Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

The Plan of Distribution set forth herein is the plan that is being proposed by Lead Plaintiffs and Lead Counsel to the District Court for approval. The District Court may approve this Plan of Distribution as proposed or it may modify the Plan of Distribution without further notice to the Class. Any orders regarding a modification of the Plan of Distribution will be posted on the Settlement website, www.csohedgefundsettlement.com.

G. What If I Do Not Wish To Be Included In This Settlement?

If you do not wish to be included in the Class and you do not wish to participate in the Settlement, you may request to be excluded. To do so, you must timely submit a valid Request for Exclusion that must (a) be properly completed and postmarked on or before **November 25, 2015**, (b) state the price(s), and number of CSO Fund shares held as of January 31, 2008, and (c) be signed by you or your authorized representative. The Court may request further documentation evidencing your holdings of CSO Fund shares if deemed necessary. The Request for Exclusion should be mailed to the address set forth in this Notice.

DO NOT SUBMIT BOTH A VERIFICATION FORM AND A REQUEST FOR EXCLUSION. IN THE EVENT THAT YOU TIMELY SUBMIT BOTH A VALID VERIFICATION FORM AND AN OTHERWISE VALID REQUEST FOR EXCLUSION, THE REQUEST FOR EXCLUSION FORM WILL BE DEEMED NULL AND VOID AND THE VERIFICATION FORM WILL BE DEEMED OPERATIVE.

If you timely and validly request exclusion from the Class, (a) you will be excluded from the Class, (b) you will not share in the proceeds of the Settlement described herein, (c) you will not be bound by any judgment entered in the Action, and (d) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against the Defendants based on the matters complained of in the Action. The Defendants may withdraw from and terminate the Settlement if Class Members who held in excess of a certain amount or value of CSO Fund shares exclude themselves from the Class.

H. What If A Settlement Class Member Is Deceased?

The authorized legal representative(s) of a Class Member may receive a recovery on behalf of the Class Member.

I. What If I Held CSO Fund Shares On Someone Else's Behalf?

If you held CSO Fund shares for the beneficial interest of a Class Member, you are requested to either (a) send copies of the Verification Form to the beneficial owners of the shares within fourteen (14) business days from the receipt of the Notice, and provide written confirmation to the Claims Administrator of such; or (b) provide the names and addresses of such persons or entities to *CSO Hedge Fund Litigation* Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Verification Form to the beneficial owners. Upon full compliance with this request, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought.

J. How And What Do I Do To Make Sure The Claims Administrator Has My Correct Address?

If your address changes from the address to which this Notice was directed, you must notify the Claims Administrator of your new address as soon as possible. Failure to keep the Claims Administrator informed of your address may result in the loss of any monetary award you might be eligible to receive. Please send your new contact information to the Claims Administrator at the address listed below and include your old address, new address, new telephone number, date of birth (for natural persons), and appropriate tax identification number. These last two items are required so that the Claims Administrator can verify that the address change is from an actual Class Member.

CSO Hedge Fund Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
PO Box 170500
Milwaukee, WI 53217

K. What Are The Plaintiffs' and Counsels' Fees And Costs?

At the Settlement Hearing, Lead Counsel will request that the District Court award attorneys' fees not to exceed one-third of the Settlement Fund, plus expenses (exclusive of administration costs) not to exceed \$350,000.00 USD, which were incurred in connection with the litigation of the Action, plus interest thereon, which may

include the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class, plus interest on such expenses at the same rate as earned on the Settlement Fund. Whatever amount is approved by the Court as legal fees and expenses will be paid from the Settlement Fund. To date, Lead Counsel has not received any payment for their services in conducting this Action nor has Lead Counsel been reimbursed for their substantial expenses. Lead Counsel will also request awards to the Lead Plaintiffs in recognition of their time, effort, and expense on behalf of the Class.

L. How Will the Notice Costs and Expenses Be Paid?

Lead Counsel is authorized by the Settlement Agreement to use the Settlement Fund to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Net Settlement Fund to Class Members.

M. What if I Have Already Received a Distribution from the CSO Fund?

The Settlement Fund is established for the benefit of Class Members, defined above to include investors who purchased, held or otherwise acquired shares in CSO Ltd. or CSO US Ltd., except those investors specifically excluded according to the criteria described above. If you fully redeemed your shares prior to January 31, 2008, you are a Class Member, but may not be entitled to any portion of the Settlement Fund. If you only redeemed a portion of your shares, that prior partial redemption will not affect your status as a Class Member, and might not exclude you from a share of the Settlement Fund. Likewise, any investor whose redemption rights were suspended in January 2008 were later compulsorily redeemed in November 2008, and this Settlement provides additional payments to supplement any amounts received in the November 2008 compulsory redemption. If, however, you received a distribution as a result of individual litigation or arbitration, you would be excluded from the Class if you meet the definition for exclusion above.

III. PLAINTIFFS AND PLAINTIFFS' COUNSEL SUPPORT THE SETTLEMENT

Plaintiffs and their Counsel believe that the claims asserted against the Defendants have merit. Plaintiffs and their Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against these Defendants through trial and appeals, as well as the difficulties in establishing liability and damages at trial. Plaintiffs and their Counsel have also taken into account the possibility that the District Court would not certify the Class and that the claims asserted in the Action might have been dismissed on a motion for summary judgment, and have considered issues that would have been decided by a jury in the event of a trial of the Action, including whether certain of the Defendants acted with an intent to mislead investors, whether all of the Class Members' losses were caused by the alleged misrepresentations or omissions, and the amount of damages. Plaintiffs and their Counsel have considered the uncertain outcome and trial risk in complex lawsuits like this one, and that, even if they were successful, after the resolution of the appeals that were certain to be taken (which could take years to resolve), there may not be any funds in an amount significantly larger or even as much as the Settlement.

In light of the value of the Settlement and the immediacy of a cash recovery to the Class, Plaintiffs and their Counsel believe that the proposed Settlement is fair, reasonable, and adequate. Indeed, Plaintiffs and their Counsel believe that the Settlement achieved is an excellent result and in the best interests of the Class. The Settlement, which provides an immediate \$13,500,000.00 USD in cash (less the various deductions described in this Notice), individually and collectively provides substantial benefits now as compared to the risk that similar, smaller, or no recoveries would be achieved after a trial and appeals, possibly years in the future.

IV. WHAT OPPORTUNITY WILL I HAVE TO GIVE MY OPINION ABOUT THE SETTLEMENT?

A. How Can I Object To The Settlement, Plan of Allocation, and Fee and Expense Application?

Any Class Member who does not request exclusion may object to the Settlement, the proposed Plan of Allocation, and/or the Fee and Expense Application. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before **November 25, 2015**. Your written objection should include all reasons for the objection, including any legal and evidentiary support you wish to bring to the Court's attention. The objection must also include your name, address, telephone number, and the number and class of CSO Fund shares you held, including proof of your purchase or holdings. You must also serve the papers on designated representative Lead Counsel and Defendants' Counsel at the addresses set forth below so that the papers are *received on or before November 25, 2015*.

To be considered, your objection must be filed with the Office of the Clerk's Office no later than **November 25, 2015**, to:

<u>Clerk's Office</u>	<u>Defendants' Counsel</u>	<u>Lead Counsel</u>
Clerk of the Court United States District Court Southern District of New York 500 Pearl Street New York, NY 10007-1312 Re: <i>In re: CSO Hedge Fund Litigation</i> 12-cv-7717 (GHW)	PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP Brad S. Karp Lewis R. Clayton Audra J. Soloway Paul A. Paterson 1285 Avenue of the Americas New York, NY 10019	ZAMANSKY LLC Jacob H. Zamansky Edward H. Glenn, Jr. 50 Broadway, 32 nd Floor New York, NY 10004 and KAPLAN FOX & KILSHEIMER LLP Frederic S. Fox David A. Straite 850 Third Avenue New York, NY 10022

You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the District Court orders otherwise.

If you file an objection to the Settlement, Plan of Allocation, and/or the Fee and Expense Application you also have a right to appear at the Settlement Hearing either in person or through counsel hired by you at your own expense. You are not required, however, to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or the Fee and Expense Application, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on the Claims Administrator at the address set forth above. Persons who intend to object and desire to

present evidence at the Settlement Hearing must include in their written objection or notice of appearance, the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

Unless the District Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation and the Fee and Expense Application. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

B. What Rights Am I Giving Up By Remaining In The Class?

If you remain in the Class, you will be bound by any orders issued by the District Court. For example, if the District Court approves the Settlement, the District Court will enter the Final Approval Order and Judgment. The Final Approval Order and Judgment will dismiss with prejudice the claims against the Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other members of the Class on behalf of themselves, their respective heirs, executors, administrators, predecessors, successors, and assigns, among others, shall be deemed by operation of law to have fully granted and completely discharged, dismissed with prejudice, settled and released, and agreed to be barred by a permanent injunction from the assertion of, Released Claims against any of the Released Persons and their attorneys.

“Released Claims” means any and all claims, demands, losses, rights, causes of action, liabilities, obligations, judgments, suits, matters, and issues of any kind or nature whatsoever, whether known or Unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, that have been or could have been asserted in the Action or in any court, tribunal, forum, or proceeding (including, but not limited to, any claims arising under federal, state or foreign law, common law, statute, rule or regulation relating to alleged fraud, deceit, misrepresentation, breach of any duty, negligence, violations of the federal or state securities laws, or breach of contract), whether individual, class, direct, derivative, representative, legal, equitable, subrogation, or any other type, or in any other capacity, which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or related to, directly or indirectly, the Action or the shares of the Feeder Funds (“Release”). This Release extends to any and/or all Released Persons. Released Claims include all Unknown Claims.

“Released Persons” means (i) each of the Defendants; (ii) any direct or indirect parent, subsidiary, affiliate, person or entity that is, was or will be related to or affiliated with any or all of them, is controlled by or under common control with any or all of them, or in which any or all of them has, had or will have a controlling interest; and (iii) the respective past, present or future family members, spouses, and heirs, as well as the respective past or present trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, shareholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates, of each and all of the persons and entities identified in (i) and (ii) above.

“Unknown Claims” means any claim that any Class Member does not know or suspect exists in his, her, or its favor at the time of the Release as against the Released Persons, including without limitation those which, if known, might have affected the decision to enter into the Settlement. Upon the Effective Date of the Settlement Agreement, each Class Member shall be deemed to have, and by operation of the final order and judgment by the Court shall have, expressly waived, relinquished, and released any and all provisions, rights, and benefits conferred by or under California Civil Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or any principle of common law or foreign law, which is similar, comparable or equivalent to § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Lead Plaintiffs have read and understand this section and each Lead Plaintiff has had the opportunity to consult, and to be advised by, counsel regarding the rights and/or benefits afforded by California Civil Code section 1542. Lead Plaintiffs fully and completely understands the rights and/or benefits afforded by California Civil Code section 1542; therefore, the foregoing release, waiver, and relinquishment of any and all rights under California Civil Code section 1542, and any other statute(s) or common law principle(s) of similar effect, is made knowingly and voluntarily.

The Final Approval Order and Judgment will also provide that, upon the Effective Date of the Settlement, each Defendant, on behalf of himself, herself, or itself, his, her or its heirs, executors, administrators, predecessors, successors, and assigns, shall be deemed by operation of law to have fully granted and completely discharged, dismissed with prejudice, settled and released, and agreed to be barred by a permanent injunction from the assertion of Released Defendants’ Claims against Lead Plaintiffs, Lead Counsel, and the other members of the Class and their respective counsel.

“Released Defendants’ Claims” means any and all claims, rights, liabilities, or causes of action, whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or any forum by the Defendant Releasees, against any of the Lead Plaintiffs and Lead Counsel, other members of the Class or their respective attorneys, which arise out of or relate in any way to the institution, prosecution, defense, and the settlement of the Action; *provided, however*, that the release of Lead Plaintiffs and Lead Counsel, and Settlement Class Members and their counsel, shall not include the right to enforce the Settlement Agreement. Released Defendants’ Claims also do not include, release, bar, or waive claims against any Person who submits a request for exclusion from the Settlement Class and who does not withdraw his, her, or its request for exclusion and whose request is accepted by the District Court.

V. SETTLEMENT HEARING

The District Court will hold a **Settlement Hearing at 10:00 a.m. on December 17, 2015**, in Courtroom 12C of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The District Court will also be asked to approve the proposed Plan of Allocation and the Fee and Expense Award. The District Court may adjourn or continue the Settlement Hearing without further notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

Class Members do not need to attend the Settlement Hearing. The District Court will consider any submission made in accordance with the provisions in this Notice even if the Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing. You are not obligated to attend the Settlement Hearing.

VI. GETTING MORE INFORMATION

This Notice is a summary and does not describe all of the details of the Settlement. For precise terms and conditions of the Settlement, you may review the Agreement filed with the District Court, as well as the other pleadings and records of this litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, at www.csohedgefundsettlement.com, or from Lead Counsels' websites, www.zamansky.com or www.kaplanfox.com. Class Members without access to the internet may be able to review this document online at locations such as a public library.

If you have any questions about the settlement of the Action, you may contact Lead Counsel, Jacob Zamansky, Esq. or Edward Glenn, Esq. at Zamansky LLC, 50 Broadway, 32nd Floor, New York, NY 10004, or Frederic S. Fox, Esq. or David A. Straite, Esq. at Kaplan Fox & Kilsheimer LLP, 850 Third Ave., 14th Floor, New York, NY 10022 or *CSO Hedge Fund Litigation* Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217.

DO NOT TELEPHONE OR WRITE THE DISTRICT COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

DATED: SEPTEMBER 16, 2015

BY ORDER OF THE DISTRICT COURT,
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK