

Notice to Employees and Eligible Employees of Memorial Sloan-Kettering Cancer Center of Request for Authorization Under Prohibited Transaction Exemption 96-62, as Amended

You are hereby notified that Memorial Sloan-Kettering Cancer Center (“MSKCC”) and its indirect wholly-owned captive insurance company MSK Insurance US, Inc. (“MSK Insurance”) have applied to the U.S. Department of Labor (“DOL”) for authorization that the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), do not apply to the reinsurance transaction described below. The transaction involves the reinsurance of risks and the receipt of premiums by MSK Insurance from insurance contracts currently funding MSKCC’s Group Term Life (“GTL”) and Long Term Disability (“LTD”) Programs (collectively the “Plan”). The authorization is necessary because MSK Insurance is an affiliate of MSKCC. Because of the relationship between MSK Insurance and MSKCC, such reinsurance would otherwise constitute a prohibited transaction under ERISA. This notice informs you of the application to the DOL and certain changes to the GTL and LTD program benefits, and describes your right to comment to the DOL about these changes.

Overview

MSKCC’s Plan provides GTL and LTD benefits, and covers active and retired employees. The Plan is insured with The Prudential Insurance Company of America (“Prudential”) and First Unum Life Insurance Company (“Unum”) respectively. Under the transaction, Prudential and Unum will continue to insure Plan risks. However, Prudential and Unum will reinsure up to 100% of the risks with MSK Insurance. The Plan Administrator has determined that the transaction is in the interest of the participants and beneficiaries because of benefit improvements that will be provided to them. The authorization by the DOL will be subject to the conditions described below and set forth in more detail in Exhibit A.

The reinsurance agreement is simply an internal arrangement between MSK Insurance, Prudential and Unum. Prudential and Unum will continue to insure the benefits provided to you under the Plan including the benefit improvements.

Parties to the Proposed Reinsurance Transaction

COMPANY

MSKCC is predominately known as the world’s oldest and largest private cancer center. MSKCC was founded in 1884 as a part of a New York Cancer Hospital by John J. Astor. Through various mergers and acquisitions of other health centers in New York, the establishment of Sloan-Kettering Institute (SKI) by Alfred P. Sloan and Charles F. Kettering, joined together with New York Cancer Hospital in 1960 to create the single entity Memorial Sloan-Kettering Cancer Center.

MSKCC has always been known as one of the world's premier cancer centers. Established on strong principles and beliefs, MSKCC is committed to exceptional patient care, leading-edge research, and astonishing educational programs. MSKCC was the first cancer center organization to develop services specifically dedicated to the psychiatric aspects of cancer, relief of cancer pain, and to genetic counseling for patients.

Today, headquartered in New York City, MSKCC has more than 9,000 employees. In 2007, more than 21,000 patients were admitted to MSKCC and additionally conducted more than 443,000 outpatient visits throughout the states of New York and New Jersey. MSKCC's total operating revenue in 2007 was approximately \$2 billion with net assets of \$4.04 billion. As of 2007, U.S. News and World Report ranks MSKCC as the #2 cancer hospital in the country.

CAPTIVE

MSK Insurance is a captive insurance and reinsurance subsidiary wholly-owned by MSKCC. MSK Insurance was organized on August 21, 2003, under the Vermont Captive Insurance Act to provide coverage to operating subsidiaries of MSKCC. On August 28, 2003, the company received its Certificate of Authority to transact insurance business in the State of Vermont.

MSK Insurance began writing business with an effective date of September 12, 2003, and was formed for the purpose of insuring the property and equipment of MSKCC under the coverage provided for Certified Acts of Terrorism. Today the Vermont Company writes over \$14 million in premium and has expanded to include other lines such as warranty coverage for both health care equipment and bio-medical health care equipment, garage keeper's coverage, property and workers' compensation coverage.

The Plan

MSKCC maintains the Plan for active and retired eligible employees. Under the Plan, MSKCC provides GTL and LTD coverage. The Plan is currently insured with Prudential and Unum. All of these benefits are treated as a single integrated Plan for reporting and disclosure purposes.

The official name and number of the Plan is Memorial Sloan-Kettering Cancer Center Welfare Benefits Plan, Plan Number 515.

The federal employer identification number of MSKCC, the plan sponsor, is 13-1924236.

Changes to the Plan

MSKCC recently formulated a plan to utilize MSK Insurance for the reinsurance of benefits and will make improvements to the Plan if the DOL authorization is granted. Prudential and Unum will continue to insure the Plan with the new enhanced benefits. However, Prudential and Unum will reinsure up to 100% of the risks with MSK

Insurance. The benefits enhancements are not required as part of a legal proceeding, court order or judgment under state or federal law. The following improvements to the Plan's benefits will become effective within the same year as the implementation of the reinsurance transactions.

MSKCC will enhance the benefits under the Plan as follows. Under the GTL programs, MSKCC will provide an enhanced benefit by paying an accelerated death benefit when a terminal illness is diagnosed under the current MSKCC plan. The current benefit of 60% of benefit to a maximum of \$600,000 will be increased to 75% of benefit to a maximum of \$600,000. Under the LTD program, MSKCC will amend Unum's program by increasing the minimum monthly benefit by \$100 for all employees and increasing the maximum monthly benefit for non-exempt employees to the same level (\$12,000) as exempt employees.

Independent Fiduciary

In connection with the application to the DOL, MSKCC has retained, at its sole expense, Milliman, Inc. ("Milliman") which provides specialized fiduciary services on behalf of employee benefit plans. Milliman, as the Independent Fiduciary for the Plan, has analyzed the transaction and rendered an opinion that the requirements of subsections (a) through (f) of the draft requested authorization, attached as Exhibit A, have been complied with. In addition, Milliman will represent the interests of the Plan, as the Independent Fiduciary at all times with respect to the proposed transaction. Milliman will monitor compliance by the parties with the terms and conditions of the proposed transaction on an on-going basis, and will take whatever action is necessary and appropriate to safeguard the interests of the Plan and its participants and beneficiaries with respect thereto, and to ensure that the proposed transaction remains in the interest of the Plan and its participants and beneficiaries.

Overview of Exemption Conditions

The following is a summary of the principal conditions that would be imposed by the DOL authorization (a full version of which is attached as Exhibit A):

- The Plan will pay no more than adequate consideration for the insurance contracts.
- No commissions will be paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof;
- In the initial year of any such contract involving MSK Insurance, there will be an immediate and objectively determined benefit to the participants and beneficiaries of the Plan in the form of increased benefits.
- MSKCC has retained an Independent Fiduciary, at its sole expense, to analyze the transaction and render an opinion that the requirements of subsections (a) through (f) of Exhibit A have been complied with.

Tentative Authorization of the Proposed Transaction

Authorization of the DOL was requested under procedure called the Prohibited Transaction Exemption (“PTE”) 96-62. This process requires that at least two prior exemptions of substantially similar structure have been granted by the DOL. You can find descriptions of these other transactions along with the comments from the DOL in the Federal Register as PTE 2000-48 (Columbia Energy Group), 65 FR 60452 (October 11, 2000) and PTE 2003-07 (Archer Daniels Midland Company), 68 FR 23764 (May 5, 2003). In addition, the DOL gave final authorization under PTE 96-62 to the International Paper Company (Final Authorization Number 2003-32E, November 2003). FAN 2003-32E, as well as PTE 04-12 (Svenska Cellulosa), July 2004 and PTE 06-11E (AGL Resources Inc. and Global Energy Resource Insurance Corporation), May 2006 are also substantially similar to the transaction described herein. In those cases, each respective employer proposed using its captive insurance company to reinsure employee benefits, and agreed to provide improved benefits, retain an Independent Fiduciary, contract only with insurers with an A rating from A.M. Best Company or a similar rating agency, and arrange the transaction with the captive as indemnity insurance only. Based on these representations, the DOL granted relief from the prohibited transaction restrictions under sections 406 (a) and (b) of ERISA. Unum has an A- rating from A.M. Best Company. MSKCC has represented to the Department that there is no difference in terms of an insurance company’s ability to meet obligations to policyholders for companies rated either A or A-.

The proposed transaction described in this Notice has met the requirements for tentative authorization from the DOL under PTE 96-62. Unless the DOL otherwise notifies MSKCC, a final authorization would be effective 12/28/2008.

Your Right to Comment on Tentative Authorization

As an interested party, you have the right to submit comments to the DOL on the tentative authorization. If you decide to do so, please submit your comments at the following address:

Employee Benefits Security Administration
Office of Exemption Determinations, Division of Exemptions
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room N-5700
Washington, D.C. 20210

Please be sure to reference the submission number E-00608. Comments must be received by the DOL no later than 12/23/2008.

Comments may be faxed or e-mailed to the DOL. The fax number is (202) 219-0204 and the e-mail address is lefkowitz.gary@dol.gov. If you have questions regarding your right to comment on this tentative authorization, you may call Mr. Gary Lefkowitz at (202) 693-8546.

Exhibit A

Pending Authorization

The restrictions of Section 406(a) and 406(b) of ERISA shall not apply to the reinsurance of risks and the receipt of premiums therefrom by MSK Insurance and in connection with insurance contracts sold by Prudential and Unum (“the Fronting Insurance Companies”) or any successor insurance company which is unrelated to MSKCC to provide Group Term Life (“GTL”) and Long Term Disability (“LTD”) benefits (collectively, the “Plan”) to participants, provided the following conditions are met:

(a) MSK Insurance

- (1) Is a party in interest with respect to the Plan by reason of a stock or partnership affiliation with MSKCC that is described in Section 3(14)(E) or (G) of ERISA;
- (2) Is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of ERISA;
- (3) Has obtained a Certificate of Authority from the Insurance Commissioner of its domiciliary state which has neither been revoked nor suspended;
- (4) Will undergo an examination by an independent certified public accountant for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction. In addition, the independent certified public accountant will examine MSK Insurance’s reserves on an annual basis in connection with the Employee Benefits business to be reinsured by MSK Insurance to ensure that appropriate reserve levels are maintained. Further, such accountant must prepare and furnish its report to the Independent Plan Fiduciary within 6 months after the end of the taxable year; and
- (5) Is licensed to conduct reinsurance transactions by a State whose law requires that an actuarial review of reserves be conducted annually by an independent firm of actuaries and reported to the appropriate regulatory authority;

(b) The Plan pays no more than adequate consideration for the insurance contracts;

(c) No commissions are paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof;

(d) In the initial year of any contract involving MSK Insurance, there will be an immediate and objectively determined benefit to the Plan’s participants and beneficiaries in the form of increased benefits that are described in the Notice to Interested Persons;

(e) In subsequent years, the formula used to calculate premiums by the Fronting Insurance Companies (currently Prudential and Unum) or any successor insurer will be similar to formulae used by other insurers providing comparable GTL and LTD Insurance coverage under similar programs. Furthermore, the premium charges calculated in accordance with the formulae will be reasonable and will be comparable to the premiums charged by the insurers and its competitors with the same or a better rating providing the same coverage under comparable programs;

- (f) The Plan only contracts with insurers with a financial strength rating of A or A- from A.M. Best Company (Best's). The reinsurance arrangement between the insurers and MSK Insurance will be indemnity insurance only, i.e., the insurer will not be relieved of liability to the Plan should MSK Insurance be unable or unwilling to cover any liability arising from the reinsurance arrangement;
- (g) The Plan retains an Independent Fiduciary (the Independent Fiduciary), at MSKCC's expense, to analyze the transaction and render an opinion that the requirements of sections (a) through (f) have been complied with. For purposes of this exemption, the Independent Fiduciary is a person who:
- (1) Is not directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with MSKCC, MSK Insurance, or the Fronting Insurance Companies (this relationship hereinafter referred to as an "Affiliate");
 - (2) Is not an officer, director, employee of, or partner in, MSKCC, MSK Insurance, or the Fronting Insurance Companies (or any Affiliate thereof);
 - (3) Is not a corporation or partnership in which MSKCC, MSK Insurance, or the Fronting Insurance Companies has an ownership interest or is a partner;
 - (4) Does not have an ownership interest in MSKCC, MSK Insurance, or the Fronting Insurance Companies, or any Affiliate thereof;
 - (5) Is not a fiduciary with respect to the Plan prior to the appointment; and
 - (6) Has acknowledged in writing acceptance of fiduciary responsibility and has agreed not to participate in any decision with respect to any transaction in which the Independent Fiduciary has an interest that might affect its best judgment as a fiduciary.
 - (7) For purposes of this definition of an "Independent Fiduciary," no organization or individual may serve as an Independent Fiduciary for any fiscal year if the gross income received by such organization or individual (or partnership or corporation of which such individual is an officer, director, or 10 percent or more partner or shareholder) from MSKCC, MSK Insurance or their Affiliates (including amounts received for services as Independent Fiduciary under any prohibited transaction exemption granted by the Department) for that fiscal year exceeds 5 percent of that organization or individual's annual gross income from all sources for such fiscal year.

In addition, no organization or individual who is an Independent Fiduciary, and no partnership or corporation of which such organization or individual is an officer, director, or 10 percent or more partner or shareholder, may acquire any property from, sell any property to, or borrow funds from MSKCC, MSK Insurance or their Affiliates during the period that such organization or individual serves as Independent Fiduciary, and continuing for a period of six months after such organization or individual ceases to be an Independent

Fiduciary, or negotiates any such transaction during the period that such organization or individual serves as Independent Fiduciary.