

The Depository Trust Company

IMPORTANT

B#: 9206-06

DATE: March 02, 2006

TO: All Participants

CATEGORY: Settlement/Underwriting

FROM: John Faith, Director Underwriting Department

ATTENTION: Managing Partner; Cashier, Operations, and Underwriting Managers

SUBJECT: Section 3(c)(7) restrictions and insurance regulatory considerations for owners of Foundation Re Ltd.
\$105,000,000 Class D, Series 2006-I Variable Rate Notes due February 24, 2010

(A) CUSIP Number	350473 AC8
(B) Security Description	Foundation Re Ltd. \$105,000,000 Class D, Series 2006-I Variable Rate Notes due February 24, 2010
(C) Offer Amount	\$105,000,000
(D) Initial Purchasers	Goldman, Sachs & Co. BNP Paribas Securities Corp.
(E) Paying Agent	Deutsche Bank AG, London Branch
(F) Issuance Date	February 17, 2006

Special Instructions:

See Attached Important Instructions from the Issuer.

The Issuer and the Initial Purchasers referred to above are putting Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above-referenced Securities.

In order to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the exemption provided by Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"), offers, sales and resales of the above-referenced Securities, in global form, may only be made in minimum denominations of \$250,000 and in integral multiples of \$1,000 in excess thereof to "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A that, if U.S. Persons (as defined in Rule 902(k) under the Securities Act, "U.S. Persons"), must also be "qualified purchasers" ("QPs") within the meaning of the Investment Company Act. Each purchaser of Securities, in global form, (I) represents to and agrees with the Issuer and the Initial Purchasers that (i) the purchaser is a QIB that, if a U.S. Person, is also a QP; (ii) the purchaser is not a broker-dealer that owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan, such as a 401(k) plan; (iv) the purchaser is acting for its own account, or the account of another QIB that, if a U.S. Person, is also a QP; (v) in the case of a U.S. Person, the purchaser is not formed for the purpose of investing in the Issuer (except where each beneficial owner of the purchaser is a QP); (vi) the purchaser, and each account for which it is purchasing, must hold at least the minimum denomination of Securities; and (vii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees and (II) acknowledges that the Issuer has not been registered under the Investment Company Act and the Securities have not been registered under the Securities Act and represents to and agrees with the Issuer that, for so long as the Securities are outstanding, it will not offer, resell, pledge or otherwise transfer the Securities, in global form, except to a QIB that, if a U.S. Person, is also a QP in a transaction meeting the requirements of Rule 144A. Each purchaser further understands that the Securities will bear a legend with respect to such transfer restrictions. See "Notice to Investors" in the Offering Circular, dated November 9, 2004, relating to the Securities ("Offering Circular").

The Issuer is putting Participants on notice that the above-referenced Securities are "risk-linked securities" the ownership of which, as set forth in the original offering documents for such securities, is limited to investors in jurisdictions identified in the Offering Circular as "Permitted U.S. Jurisdictions" or "Permitted Non-U.S. Jurisdictions".

Each purchaser of the above-referenced Securities is responsible for determining for itself whether it has the legal power, authority and right to purchase such securities or whether such purchase would subject it to the jurisdiction of any insurance or other regulatory authority. Neither the issuer nor any other person involved in the original offering of the securities expresses any view as to an investor's legal power, authority or right to purchase such securities or whether such purchase would subject it to the jurisdiction of any insurance or other regulatory authority. Investors are urged to consult their own legal advisors as to such matters.

The Indenture, dated as of November 17, 2004, among the Issuer and Deutsche Bank Trust Company Americas, as indenture trustee, and Deutsche Bank AG, London Branch, as paying

agent, provides that the Issuer shall have the right to (i) require any holder of Securities, in global form, who is determined (x) not to have been, if a U.S. Person, a QP, or (y) who does not reside and hold their interest in the Securities in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, to sell their Securities to (i) a person that is a QIB that, if a U.S. Person, is also a QP, and who resides and holds their interest in the Securities in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, in a transaction meeting the requirements of Rule 144A.

The ownership considerations referred to above are identified by the notation “RLS” or “GRLS” in the DTC descriptor for the security and in DTC’s Reference Directory.

The restrictions on transfer required by the Issuer (outlined above) related to the Investment Company Act will be reflected under the notation “3c7” in DTC’s User Manuals and in upcoming editions of DTC’s Reference Directory.