

SECOND AMENDMENT TO THE
PLAN OF CONVERSION
OF
PACIFIC MUTUAL LIFE INSURANCE COMPANY

The undersigned is the President and Chief Executive Officer of each of Pacific Mutual Holding Company, a corporation organized under the laws of Nebraska (“PMHC”), Pacific LifeCorp, a stock corporation organized under the laws of Delaware (“Pacific LifeCorp”), and Pacific Life Insurance Company, a stock life insurance company organized under the laws of Nebraska (the “Company”). Pursuant to Section 9.12 of Pacific Mutual Life Insurance Company’s Plan of Conversion, dated April 21, 1997 (as amended by the First Amendment (as defined below), the “Plan”), the undersigned hereby amends the Plan as set forth in paragraph 1 of this Second Amendment to the Plan (this “Amendment”).

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Plan.

WHEREAS, pursuant to the Plan, Pacific Mutual Life Insurance Company converted from a mutual life insurance company into a mutual holding company structure in accordance with the requirements of Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code;

WHEREAS, the Company transferred its domicile from the State of California to the State of Nebraska on September 1, 2005;

WHEREAS, pursuant to the First Amendment to the Plan dated June 21, 2007 (the “First Amendment”), PMHC transferred its domicile from the State of California to the State of Nebraska by merger of PMHC into a newly formed Nebraska mutual insurance holding company;

WHEREAS, the Board of Directors of PMHC has deemed it advisable and in the best interests of its members to amend the requirements set forth in the Plan with respect to directors and officers of PMHC, Pacific LifeCorp and the Company;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(i) of the Plan, this Amendment has been approved by a resolution of a majority of each of the Boards of Directors of PMHC, Pacific LifeCorp and the Company specifying the reasons and the purposes of the proposed Amendment;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(ii) of the Plan, the Company has obtained the written approval of the Insurance Commissioner of the State of Nebraska to effect this Amendment;

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(iii) of the Plan, this Amendment has been approved by a majority of the members of PMHC who (1) are current policyholders of the Company and (2) are Voting Policyholders under the Plan and who voted at a meeting called for that purpose; and

WHEREAS, in satisfaction of the requirements of Section 9.12(b)(iv) of the Plan, the Company will file the Amendment in the office of the Department of Insurance of the State of Nebraska;

NOW, THEREFORE, in consideration of the foregoing, the Plan is hereby amended and restated as follows:

1. Amendment.

1.1. The definition of “Amendment Effective Time” is hereby deleted from Article II.

1.2. The definition “Code” is hereby added to Article II after the definition of “Closed Block Memorandum” and before the definition of “Commissioner”: “‘Code’ has the meaning specified in Section 6.4(a).”

1.3. The definition of “Commissioner” in Article II is hereby amended and restated as follows: “‘Commissioner’ means, prior to the First Amendment Effective Time, the Insurance Commissioner of the State of California, and at and after the First Amendment Effective Time, the Director of the Department of Insurance, State of Nebraska, or, in each case, such governmental officer, body or authority as may succeed such Commissioner or Director as the principal regulator of the Company’s insurance business under applicable law.”

1.4. The definition of “First Amendment Effective Time” is hereby added to Article II after the definition of “ESOP” and before the definition of “Hearing”: “‘First Amendment Effective Time’ means the effective date and time of the amendment to the Plan pursuant to the First Amendment to the Plan of Conversion, dated June 21, 2007.”

1.5. The definition of “Membership Interests” in Article II is hereby amended and restated in its entirety as follows: “‘Membership Interests’ means, with respect to the Company, the interests of Members arising under the articles of incorporation and bylaws of the Company and, prior to the First Amendment

Effective Time, the California Insurance Code and, at and after the First Amendment Effective Time, the Reissue of the Revised Statutes of Nebraska.”

1.6. The definition of “Mutual Holding Company” in Article II is hereby amended and restated in its entirety as follows: ““Mutual Holding Company” means Pacific Mutual Holding Company, prior to the First Amendment Effective Time, a corporation organized under Article 1 and subject to the General Corporation Law as set forth in the California Corporations Code, and at and after the First Amendment Effective Time, a corporation organized under the Nebraska Mutual Insurance Holding Company Act and subject to the Reissue of the Revised Statutes of Nebraska.”

1.7. The definition of “Tax Law Changes” is hereby added to Article II after the definition of “Stock Holding Company” and before the definition of “Voting Policy”: ““Tax Law Changes” has the meaning specified in Section 6.4(c).”

1.8. Section 9.4(b) is hereby amended and restated in its entirety as follows: “At all times after the Effective Date, at least a majority of the directors of the Mutual Holding Company shall be persons who are not officers or employees of such company.”

1.9. Section 9.15 is hereby amended and restated as follows: “The terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of California, without regard to such State’s principles of conflicts of laws; *provided, however*, that at and after the First Amendment Effective Time, the terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State’s principles of conflicts of laws.

2. Amendment and Restatement. To effect the foregoing amendments, the Plan is hereby amended and restated as set forth in Exhibit A.

3. Effect of Amendment. The Plan, as amended hereby, remains in full force and effect.

4. Effective Time. This Amendment shall become effective on the date this Amendment is filed with and accepted by the Secretary of State of the State of Nebraska. This Amendment shall be deemed to have become effective at 12:01 a.m., Pacific Standard Time or Pacific Daylight Time, as the case may be, on such date.

5. Governing Law. The terms of this Amendment shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State’s principles of conflicts of laws.

IN WITNESS WHEREOF, Pacific Mutual Holding Company, Pacific LifeCorp and Pacific Life Insurance Company, by authority of their respective Boards of Directors, have each caused this Amendment to be duly executed this [•] day of [•], [2018].

PACIFIC MUTUAL HOLDING COMPANY

By: _____
Name:
Title:

Attest:

Name:
Title:

PACIFIC LIFECORP

By: _____
Name:
Title:

Attest:

Name:
Title:

PACIFIC LIFE INSURANCE COMPANY

By: _____
Name:
Title:

Attest:

Name:
Title:

AS PROPOSED

The executed copy of this Amendment shall be filed with the minutes of the proceedings of the Boards of Directors of PMHC, Pacific LifeCorp and the Company.

AS PROPOSED

Exhibit A – Second Amended and Restated Plan of Conversion

AS PROPOSED

SECOND AMENDED AND RESTATED PLAN OF CONVERSION
OF
PACIFIC MUTUAL LIFE INSURANCE COMPANY

Under Article 1 of Chapter 14
of Part 2 of Division 2
of the California Insurance Code

Dated as of April 21, 1997

TABLE OF CONTENTS

ARTICLE I: PURPOSE OF CONVERSION	1
ARTICLE II: DEFINITIONS	3
ARTICLE III: ADOPTION AND APPLICATION	6
3.1 Adoption by the Board	6
3.2 Application	6
ARTICLE IV: CONSENT BY THE COMMISSIONER	6
4.1 Commissioner’s Consent	6
4.2 Public Hearing	7
ARTICLE V: APPROVAL BY POLICYHOLDERS	7
5.1 Member Vote	7
5.2 Notice of Vote	7
5.3 Certification	8
ARTICLE VI: THE CONVERSION	8
6.1 Filing of Plan	8
6.2 Filing of Amended Articles	8
6.3 Effectiveness of Plan	8
6.4 Tax Considerations	9
ARTICLE VII: POLICIES	10
7.1 Policies	10
7.2 Determination of Ownership	11
7.3 In Force	12
7.4 Certain Group Policies and Contracts	13
ARTICLE VIII: CLOSED BLOCK	13
8.1 Establishment of the Closed Block	13
8.2 Operation of the Closed Block	14
8.3 Guaranteed Benefits	17
8.4 Closed Block Assets as General Account Assets	17
ARTICLE IX: ADDITIONAL PROVISIONS	18
9.1 Continuation of Corporate Existence; Company Name	18
9.2 Compensation of Officers, Directors and Employees	18
9.3 Restriction on Acquisition of Securities	18

9.4 Officers and Boards of Directors	18
9.5 Dividends Received by Mutual Holding Company	19
9.6 No Preemptive Rights	20
9.7 Initial Public Offering	20
9.8 Affiliate Agreements.....	21
9.9 Employee Stock Ownership Plan.....	22
9.10 Other Employee Stock Plans	22
9.11 Notices	22
9.12 Amendment or Withdrawal of Plan	22
9.13 Corrections.....	24
9.14 Costs and Expenses.....	24
9.15 Governing Law	24

EXHIBIT A	Articles of Incorporation of the Company
EXHIBIT B	Form of Amended and Restated Articles of Incorporation of the Company
EXHIBIT C	Form of Amended and Restated Bylaws of the Company
EXHIBIT D	Form of Certificate of Incorporation of the Stock Holding Company
EXHIBIT E	Form of Bylaws of the Stock Holding Company
EXHIBIT F	Form of Articles of Incorporation of the Mutual Holding Company
EXHIBIT G	Form of Bylaws of the Mutual Holding Company
EXHIBIT H	Closed Block Memorandum

SECOND AMENDED AND RESTATED PLAN OF CONVERSION
OF
PACIFIC MUTUAL LIFE INSURANCE COMPANY

Under Article 1 of Chapter 14
of Part 2 of Division 2
of the California Insurance Code

This Plan of Conversion has been approved and adopted by the Board of Directors of Pacific Mutual Life Insurance Company, a mutual life insurance company organized under the laws of California, at a meeting duly called and held at the offices of the Company on April 21, 1997. The Plan of Conversion provides for the conversion of the Company into a mutual holding company structure in accordance with the requirements of Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code.

ARTICLE I: PURPOSE OF CONVERSION

The principal purposes of the conversion are to convert the Company so that, as a stock insurer that is a subsidiary of a Stock Holding Company which is in turn a subsidiary of a Mutual Holding Company, it can compete more effectively, have a more cost effective capital structure and be better positioned to make strategic acquisitions, while the Company's members retain control of the Company, Stock Holding Company and Mutual Holding Company.

At present, the Company can increase its statutory capital only through earnings contributed by its operating businesses, through the issuance of surplus notes or contribution certificates or the divestiture of all or a portion of interest in subsidiaries or other investments. These methods, however, are limited as to the extent to which they can provide a source of permanent capital to allow the Company to develop new businesses and provide greater stability and protection for policyholders.

As part of the conversion:

- the Company will become a stock life insurer,
- the members of the Company will become members of the Mutual Holding Company,
- the Mutual Holding Company will be issued all of the voting stock of the Stock Holding Company, and
- the Stock Holding Company will be issued all of the voting stock of the Company.

THE CONVERSION WILL NOT, IN ANY WAY, INCREASE PREMIUMS OR REDUCE POLICY BENEFITS, VALUES, GUARANTEES OR OTHER POLICY OBLIGATIONS TO POLICYHOLDERS.

After the Effective Date, the Mutual Holding Company will at all times be required by law to hold at least 51 percent of the issued and outstanding voting stock of the Stock Holding Company, which will in turn at all times be required by law to hold all of the issued and outstanding voting stock of the Company. Therefore, after the Conversion, the Mutual Holding Company will have access through the Stock Holding Company to the capital markets, enabling the Company to obtain capital from a variety of sources, and the Company's members will continue to control the Company through their rights as members of the Mutual Holding Company.

The Board believes that this mutual holding company structure provides benefits to the Company and its policyholders that will allow the Company to adapt to the changing business environment in ways not currently available to it. Those benefits include the following:

- Flexibility to raise additional capital
 - In the form of equity and debt financings by the Stock Holding Company
 - Promptly in response to changing conditions in the capital markets
- Any additional capital raised in this way could enhance the Company's capital strength, support growth of the Company's current and future insurance business and support the development or acquisition of other businesses, particularly in the financial services industry
- In a time of consolidation in the financial services industry, and possible action by Congress to permit affiliations that are now restricted or prohibited (such as affiliations between insurance companies and banks), the flexibility permitting the Stock Holding Company to make acquisitions of other businesses as subsidiaries of the Stock Holding Company, or in other structures
 - Using the cash proceeds of equity and debt financings by the Stock Holding Company, or using stock issued by the Stock Holding Company as acquisition currency

The Board believes that these changes will benefit the Company and its policyholders, by allowing the Company to compete more effectively and providing a greater level of stability and protection for its policyholders.

ARTICLE II: DEFINITIONS

As used in the Plan of Conversion the following terms have the following meanings:

“Adoption Date” means April 21, 1997, the date on which the Plan of Conversion was adopted by the Board.

“Article 1” means Article 1 of Chapter 14 of Part 2 of Division 2 of the California Insurance Code, as amended and in effect on the Adoption Date.

“Board” means the Board of Directors of the Company.

“California Insurance Code” means the Insurance Code of California, as amended.

“Closed Block” has the meaning specified in Section 8.1(a).

“Closed Block Assets” has the meaning specified in Section 8.1(b).

“Closed Block Business” means those individual life insurance Policies for which the Company had an experience-based dividend scale payable for 1997, but only to the extent such Policies were In Force on the Closed Block Funding Date. Closed Block Business also includes any such Policy which was In Force on the Closed Block Funding Date as extended term insurance pursuant to a nonforfeiture provision in such Policy.

“Closed Block Financial Statements” has the meaning specified in Section 8.2(e)(i).

“Closed Block Funding Date” has the meaning specified in Section 8.1(b).

“Closed Block Memorandum” has the meaning specified in Section 8.1(a).

“Code” has the meaning specified in Section 6.4(a).

“Commissioner” means, prior to the First Amendment Effective Time, the Insurance Commissioner of the State of California, and at and after the First Amendment Effective Time, the Director of the Department of Insurance, State of Nebraska, or, in each case, such governmental officer, body or authority as may succeed such Commissioner or Director as the principal regulator of the Company’s insurance business under applicable law.

“Company” means, prior to the Effective Date, Pacific Mutual Life Insurance Company, a mutual life insurance company organized under the laws of California, on

and after the Effective Date, “Pacific Life Insurance Company,” a stock life insurance company organized under the laws of California, and, on and after September 1, 2005, Pacific Life Insurance Company, a stock life insurance company organized under the laws of Nebraska.

“Effective Date” means the Effective Date of the Plan of Conversion, as determined in accordance with Section 6.3(a).

“Effective Time” has the meaning specified in Section 6.3(a).

“ESOP” has the meaning specified in Section 9.9.

“First Amendment Effective Time” means the effective date and time of the amendment to the Plan pursuant to the First Amendment to the Plan of Conversion, dated June 21, 2007.

“Hearing” means the public hearing to consider comments on the Plan of Conversion, as specified in Section 4.2(a).

“Hearing Officer” means the Commissioner or one or more hearing officers designated by the Commissioner to preside at the Hearing.

“In Force” has the meaning specified in Section 7.3.

“Information Statement” means the statement containing information relevant to the Special Meeting that is mailed to Voting Policyholders in accordance with Section 5.2(b).

“Initial Public Offering” means the initial public offering of common stock by the Stock Holding Company as provided in Section 9.7.

“member” means, prior to the Effective Date, a Person who, by the records of the Company and by its articles of incorporation or bylaws, is deemed to be the holder of a membership interest in the Company. On and after the Effective Date, “member” means a person who, as provided in Section 6.3 or by the records of the Mutual Holding Company and by its articles of incorporation or bylaws, is deemed to be a member of the Mutual Holding Company.

“Membership Interests” means, with respect to the Company, the interests of Members arising under the articles of incorporation and bylaws of the Company and, prior to the First Amendment Effective Time, the California Insurance Code and, at and after the First Amendment Effective Time, the Reissue of the Revised Statutes of Nebraska. Membership interests do not for this purpose include the Rights in Surplus (as defined below), if any, of members.

“Mutual Holding Company” means Pacific Mutual Holding Company, prior to the First Amendment Effective Time, a corporation organized under Article 1 and subject to the General Corporation Law as set forth in the California Corporations Code, and at and after the First Amendment Effective Time, a corporation organized under the Nebraska Mutual Insurance Holding Company Act and subject to the Reissue of the Revised Statutes of Nebraska.

“Owner” means, with respect to any Policy, the Person or Persons specified or determined pursuant to Section 7.2 or 7.4.

“Person” means an individual, partnership, firm, association, corporation, joint-stock company, limited liability company, trust, government or governmental agency, state or political subdivision of a state, public or private corporation, board, association, estate, trustee, or fiduciary, or any similar entity. A Person who is the Owner of Policies in more than one legal capacity (*e.g.*, a trustee under separate trusts) shall be deemed to be a separate Person in each such capacity.

“Plan of Conversion” means this Plan of Conversion (including all Schedules and Exhibits hereto), as it may be amended from time to time in accordance with Section 9.12 or corrected in accordance with Section 9.13.

“Policy” has the meaning specified in Section 7.1.

“Rights in Surplus” means, with respect to the Company, rights of members of the Company to a return of that portion of the surplus that has not been apportioned or declared by the Board for policyholder dividends. Rights in Surplus includes rights of members to a distribution of surplus in liquidation or conservation of the Company.

“Rights in Surplus” means, with respect to the Mutual Holding Company, rights of members of the Mutual Holding Company to a return of any surplus that has not been apportioned or declared by its board of directors for member dividends. Rights in Surplus includes rights of members to a distribution of surplus in liquidation or conservation of the Mutual Holding Company. Rights in Surplus does not include any right expressly conferred solely by the terms of an insurance policy.

“Special Meeting” has the meaning specified in Section 5.1.

“State” means the District of Columbia and any state, territory or insular possession of the United States of America.

“Stock Holding Company” means Pacific LifeCorp, a corporation organized under the laws of the State of Delaware.

“Tax Law Changes” has the meaning specified in Section 6.4(c).

“Voting Policy” means a Policy under which there is a right to vote pursuant to the articles of incorporation or bylaws of the Company.

“Voting Policyholder” means any Person who is (or, collectively, Persons who are), based on the Company’s records, the Owner on the Adoption Date of one or more Voting Policies then In Force.

“Voting Stock” means securities of any class or any ownership interest having voting power for the election of directors, trustees or management of a Person, other than securities having voting power only because of the occurrence of a contingency. All references to a specified percentage of voting stock of any person mean securities having the specified percentage of the voting power in that Person for the election of directors, trustees or management of that Person, other than securities having voting power only because of the occurrence of a contingency.

ARTICLE III: ADOPTION AND APPLICATION

3.1 Adoption by the Board. This Plan of Conversion has been approved and adopted by the Board at a meeting duly called and held at the offices of the Company on April 21, 1997. The Plan of Conversion provides for the conversion of the Company in a mutual holding company structure in accordance with the requirements of Article 1. The resolution of the Board specifies the reasons for and the purposes of the proposed conversion and the manner in which the conversion is expected to benefit and serve the best interests of the policyholders, which are described in Article I of this Plan of Conversion.

3.2 Application. Promptly after adoption by the Board, the Company shall file an application with the Commissioner for his consent in accordance with Section 11536(b) of the California Insurance Code. As required by the California Insurance Code, the application shall be accompanied by true and correct copies of the following documents: this Plan of Conversion, the proposed articles of incorporation and bylaws of the Company, the Mutual Holding Company and the Stock Holding Company, a list of the officers and directors, together with their biographies in the form customarily required by the Commissioner, of the Company, the Mutual Holding Company and the Stock Holding Company, pro forma financial statements in the form required by the Commissioner, a plan of operations, a summary of the Plan of Conversion and drafts of written materials to be mailed to members seeking their approval and other relevant information that the Commissioner may require. The application, as it may be amended and supplemented from time to time, will be open to public inspection at the Commissioner’s office in such manner as the Commissioner may determine and at the home office of the Company during normal business hours until the Effective Date.

ARTICLE IV: CONSENT BY THE COMMISSIONER

4.1 Commissioner's Consent. (a) This Plan of Conversion is subject to the consent of the Commissioner.

(b) The Company, its directors, officers and members shall have the right to appear and be heard at the Hearing.

4.2 Public Hearing. (a) The Commissioner has advised that he intends to hold a public hearing as part of his review of this Plan of Conversion (the "Hearing"). Notice of the Hearing shall be mailed by first class mail at the Company's expense to the Company and its members at least 30 days prior to the Hearing.

(b) Such notice of Hearing shall be accompanied or preceded by information relevant to the Hearing, including a summary of the Plan of Conversion and such other explanatory information all of which shall be in a form satisfactory to the Commissioner.

ARTICLE V: APPROVAL BY POLICYHOLDERS

5.1 Member Vote. (a) Not less than 10 days after the date specified as the date of the Hearing in the Commissioner's notice mailed pursuant to Section 4.2, the Company shall hold a special meeting of members (the "Special Meeting"). At such Special Meeting, any Person who is (or, collectively, Persons who are), based on the Company's records, the Owner on the Adoption Date of one or more Voting Policies then In Force ("Voting Policyholder") shall be entitled to one vote on the proposal to approve the Plan of Conversion. A Voting Policyholder may vote at the Special Meeting in person or by proxy if the form of proxy expressly authorizes the proxy agent to vote on such proposal. Under applicable California law, a quorum shall consist of 5% of the members entitled to vote at the Special Meeting.

(b) This Plan of Conversion is subject to the approval of a majority of the votes of the Voting Policyholders voting thereon in person or by proxy at the Special Meeting, a quorum being present.

5.2 Notice of Vote. (a) The Company shall mail notice of the Special Meeting to all Voting Policyholders. The notice shall set forth the reasons for the vote and the place, the day, and the hour of the Special Meeting, and shall be accompanied by a form of written proxy allowing the Voting Policyholder to vote for or against the Plan of Conversion. Such notice and form of proxy shall be mailed by first class mail, to the address of each Voting Policyholder as it appears on the records of the Company, at least 30 days prior to the Special Meeting, and shall be in a form satisfactory to the Commissioner. Such notice period for the Special Meeting may run concurrently with

the notice period for the Hearing provided for in Section 4.2, and such notice of the Special Meeting may be given together with the notice of hearing provided for in Section 4.2.

(b) The notice mailed to Voting Policyholders as provided in subsection (a) of this Section 5.2 shall be accompanied or preceded by information relevant to the Special Meeting, including a copy of the Plan of Conversion (with a summary of the exhibits thereto) and such other explanatory information all of which shall be in a form satisfactory to the Commissioner. With the approval of the Commissioner, the Company may also mail supplemental information relating to the Plan of Conversion to Voting Policyholders either before or after the date of the Special Meeting.

5.3 Certification. Promptly after the Special Meeting, the Company shall file a certificate with the Commissioner, signed by the Secretary of the Company, setting forth the vote and certifying whether the Plan of Conversion was approved by a majority of its Voting Policyholders voting in person or by proxy at the Special Meeting.

ARTICLE VI: THE CONVERSION

6.1 Filing of Plan. Upon receipt of the Commissioner's consent and approval of the Voting Policyholders as provided in the Plan of Conversion, the Company shall file the Plan of Conversion with the office of the Commissioner.

6.2 Filing of Amended Articles. Following the Company's receipt from the Commissioner of a new certificate of authority issued by the Commissioner pursuant to the first sentence of Section 11542(a) of the California Insurance Code, but no later than 180 days (or a longer period with the consent of the Commissioner) after the receipt of the Commissioner's consent, the Company shall file with the Secretary of State amended and restated articles of incorporation of the Company in substantially the form attached as Exhibit B. The Company may, in accordance with Section 110(a) of the California Corporations Code, submit such articles of incorporation to the Secretary of State with the request that they be filed on a subsequent date.

6.3 Effectiveness of Plan. (a) The effective date of the Plan of Conversion (the "Effective Date") shall be the date of filing of the amended and restated articles of incorporation in accordance with Section 6.2. The Plan of Conversion shall be deemed to have become effective on the Effective Date at 12:01 a.m., Pacific (California) Time (the "Effective Time").

(b) Prior to the Effective Date, the Stock Holding Company shall be duly organized as a Delaware corporation, and, on the Effective Date, its certificate of incorporation shall be in substantially the form attached as Exhibit D. Prior to the Effective Date, the Mutual Holding Company shall be duly organized as a mutual holding

corporation under the laws of California, and, on the Effective Date, its articles of incorporation shall be in substantially the form attached as Exhibit F. (The form of bylaws of the Stock Holding Company and the Mutual Holding Company are set forth as Exhibits E and G, respectively.) On the Effective Date, all of the initially issued Voting Stock of the Company will be owned by the Stock Holding Company as a result of the transactions contemplated by the Plan of Conversion. The jurisdiction and regulatory authority of the Commissioner over the Stock Holding Company shall in no respect be deemed diminished by reason of that corporation's being incorporated in Delaware rather than Nebraska, and no opposition or defense to any exercise of regulatory jurisdiction by the Commissioner shall be asserted on the basis that the Stock Holding Company is beyond the Commissioner's jurisdiction by virtue of its incorporation in Delaware.

(c) At the Effective Time:

(i) the Company shall immediately become a stock corporation and the Membership Interests and Rights in Surplus of members of the Company shall be extinguished, and the members of the Company shall immediately become members of the Mutual Holding Company;

(ii) the Company's bylaws without further action or deed shall be amended and restated to read as set forth in Exhibit C.

(d) On the Effective Date the Company shall issue its common stock to the Stock Holding Company, and the Company shall satisfy the requirements (including requirements as to capital and surplus) for the issuance of a certificate of authority by the Commissioner to transact the classes of insurance for which it is presently licensed in the State of California.

6.4 Tax Considerations. The effectiveness of the Plan of Conversion is subject to the Company having received on or prior to the Effective Date the following private ruling letters and opinions:

(a) one or more private ruling letters issued by the Internal Revenue Service containing rulings substantially to the effect that with respect to any life insurance or annuity policy issued by the Company prior to the Effective Date, the consummation of the Plan of Conversion will not (i) have any effect upon the date that such policy was issued, purchased or entered into, or (ii) require retesting or the start of a new test period, for purposes of Section 72(e)(4), 72(e)(5), 72(e)(10), 72(c)(11), 72(g), 72(s), 72(u), 72(v), 101(f), 264(a)(3), 264(a)(4), 264(c)(1), 7702 or 7702A of the Internal Revenue Code of 1986, as amended (the "Code");

(b) one or more private ruling letters issued by the Internal Revenue Service or opinions of special counsel substantially to the effect that (1) with

respect to any life insurance or annuity policy issued by the Company prior to the Effective Date that is part of a tax-qualified retirement funding arrangement within the meaning of sections 401(a), 403(a), 403(b) and 408 of the Code, the consummation of the Plan of Conversion will not result in any transaction that (i) constitutes a distribution to the employee or beneficiary of the arrangement under section 72 or 403(b)(11) of the Code, or a designated distribution that is subject to withholding under section 3405(e)(1)(A) of the Code, (ii) disqualifies an individual retirement annuity policy under section 408(e) of the Code or (iii) requires the imposition of a penalty income tax for a premature distribution under section 72(t) of the Code or a penalty excise tax for excess contributions to certain qualified retirement plans under section 4973 or 4979 of the Code, and (2) the consummation of the transactions described in section 6.3 of the Plan of Conversion will be tax-free transactions under certain relevant provisions of the Code for the Company and the policyholders; and

(c) an opinion or opinions of its special counsel, dated as of a date five days or less before the Effective Date, substantially to the effect that (1) the rulings in the private ruling letters and the opinion of the Company's special counsel described in the summary of Federal income tax consequences in the Information Statement remain in effect with respect to any matters that could materially affect the Federal income tax treatment of the Company or the policyholders, and (2) since the date of the Information Statement, there have not been (i) any changes to the Code, (ii) any revenue rulings or regulations published under the Code or (iii) any decisions of the U.S. Supreme Court, U.S. Tax Court, U.S. Court of Federal Claims, U.S. Court of Appeals for the Federal Circuit, and U.S. Court of Appeals for the Ninth Circuit, reported in the BNA Daily Tax Report (together, "Tax Law Changes"), which would cause the consummation of the Plan of Conversion in and of itself to have a materially adverse effect on the Federal income tax treatment of the Company or of the policies owned by, and the receipt of membership interests by, the policyholders, other than Tax Law Changes the effect of which the Board, in its discretion, has determined (taking into account any remedial action the Board may authorize or direct) to be not materially adverse to the interests of the policyholders.

ARTICLE VII: POLICIES

7.1 Policies. (a) (i) Each life insurance policy (including, without limitation, a pure endowment contract) or annuity contract that has been issued or assumed by the Company and (ii) each employer owned policy that participates under any of the Company's group insurance policies or annuity contracts, is deemed, consistent with the Company's articles of incorporation and bylaws, to be a Policy for purposes of this Plan of Conversion, provided, that any supplementary contract or settlement option issued to

effect the annuitization of an individual deferred annuity shall be treated with such deferred annuity as one Policy.

(b) The following policies and contracts do not confer membership in the Company and therefore shall be deemed, consistent with the Company's articles of incorporation and bylaws, not to be Policies for purposes of this Plan of Conversion:

(i) except as provided in this Section 7.1, any supplementary contract or settlement option contract;

(ii) any certificate issued to an insured or an annuitant, as applicable, under a group insurance policy or group annuity contract, except in the case of group conversion medical policies issued to a trust established by the Company;

(iii) any reinsurance assumed on an indemnity basis (but assumption certificates may constitute Policies if they otherwise fall within the definition of Policies in this Section 7.1); and

(iv) all contracts known as funding agreements issued pursuant to Section 10541 of the California Insurance Code, investment management agreements referred to as synthetic guaranteed investment contracts issued pursuant to Section 10507.5 of the California Insurance Code and contracts issued to employers funding the termination of pension plans whether issued in the form of group annuity contracts or otherwise.

7.2 Determination of Ownership. Unless otherwise stated herein, the Owner of any Policy as of any date shall be determined on the basis of the Company's records as of such date in accordance with the following provisions:

(a) The Owner of a Policy shall be the holder of the Policy as shown on the Company's records.

(b) Except as specified in Section 7.4, the Owner of a Policy that is a group insurance policy or a group annuity contract shall be the Person or Persons specified in the master policy or contract as the policyholder or contract holder, unless no policyholder or contract holder is so specified, in which case the Owner shall be the Person or Persons to whom or in whose name the master policy or contract shall have been issued, as shown on the Company's records.

(c) Notwithstanding subsections (a) and (b) of this Section 7.2, the Owner of a Policy that has been assigned to another Person by an assignment of ownership thereof absolute on its face and filed with the Company, in accordance with the provisions of such Policy and the Company's rules with respect to the assignment of such Policy in effect at the time of such assignment, shall be the

assignee of such Policy as shown on the records of the Company. Unless an assignment satisfies the requirements specified for such an assignment in this subsection (c), the determination of the Owner of a Policy shall be made without giving effect to such assignment.

(d) Notwithstanding subsections (a), (b) and (c) of this Section 7.2, with respect to a Policy that funds an employee benefit plan and that has been assigned by an assignment absolute on its face after the Adoption Date and before the Effective Date as provided above to a trust for such plan that is qualified under Section 401(a), 403(a) or 501(c)(9) of the Internal Revenue Code of 1986, as amended, such trust shall be deemed to have been the Owner on the Adoption Date.

(e) Except as otherwise set forth in this Article VII, the identity of the Owner of a Policy shall be determined without giving effect to any interest of any other Person in such Policy.

(f) In any situation not expressly covered by the foregoing provisions of this Section 7.2, the policyholder, as reflected on the records of, and as determined in good faith by, the Company, shall, subject to a contrary decision of the Commissioner pursuant to subsection (h) below, conclusively be presumed to be the Owner of such Policy for purposes of this Section 7.2, and the Company shall not be required to examine or consider any other facts or circumstances.

(g) The mailing address of an Owner as of any date for purposes of the Plan of Conversion shall be the Owner's last known address as shown on the records of the Company as of such date.

(h) Any dispute as to the identity of the Owner of a Policy or the right to vote or become a member of the Mutual Holding Company shall be resolved in accordance with the foregoing and such other procedures as may be acceptable to the Commissioner.

7.3 In Force. (a) Except as otherwise provided in Section 7.4, a Policy shall be deemed to be in force ("In Force") as of any date if, as shown on the Company's records, (i) (A) such policy has been issued, or (B) the Company's administrative office has received in respect of such policy an application, complete on its face, together with all required underwriting information (including all required medical information), and payment of the full initial premium, provided that any policy referred to in this clause (B) is issued as applied for and delivered in accordance with the terms of the application and (ii) such policy has not matured by death or otherwise or been surrendered or otherwise terminated; provided that (x) a Policy that is a life insurance policy shall be deemed to be In Force after lapse for nonpayment of premiums until expiration of any applicable grace

period (or other similar period however designated in such Policy) during which the Policy is in full force for its basic benefits and (y) a Policy that has been reinstated after not being In Force shall be deemed to be In Force commencing on the date of reinstatement of such Policy, as shown on the records of the Company, without regard to any prior period during which such Policy was In Force, unless both the termination of such Policy and its reinstatement occurred between the Adoption Date and the Effective Date, in which case such Policy shall be deemed, for purposes of the Plan of Conversion, to have been continuously In Force during the period between the Adoption Date and the Effective Date.

(b) A Policy shall not be deemed to be In Force merely because, prior to the date on which the Policy was issued, insurance coverage may have been provided by a conditional receipt.

(c) A Policy shall be deemed not to have matured by death as of any date unless notice of such death has been received by the Company on or prior to such date, as shown on the Company's records. The date of the surrender or lapse of a Policy shall be as shown on the Company's records.

(d) A Policy shall not be deemed to be In Force as of a given date if the Policy is returned to the Company and all premiums are refunded within 30 days of such date.

7.4 Certain Group Policies and Contracts. Each employer plan or employer policy that participates under any of the Company's group insurance policies or annuity contracts issued to a trust established by the Company shall be deemed to be an Owner of a Policy that shall be deemed to be In Force as of any date, if such employer plan or employer policy has adopted the master trust to which the Company's group life policy or group annuity contract is issued and such employer plan or employer policy is in effect as of such date, as shown on the Company's records. The trustee of any such trust established by the Company shall not be a Voting Policyholder or an Owner.

ARTICLE VIII: CLOSED BLOCK

8.1 Establishment of the Closed Block. (a) For policyholder dividend purposes only, the Closed Block shall be operated by the Company as a closed block of participating business for the exclusive benefit of the Policies included therein (the "Closed Block"). As set forth in the Closed Block Memorandum attached as Exhibit H (the "Closed Block Memorandum"), assets of the Company have been allocated to the Closed Block in an amount that produces cash flows which, together with anticipated revenues from the Closed Block Business, are expected to be sufficient to support the Closed Block Business including, but not limited to, provisions for payment of claims and certain expenses and taxes, and to provide for continuation of dividend scales payable for 1997, if the experience underlying such scales (including the portfolio

interest rate) continues, and for appropriate adjustments in such scales if the experience changes.

(b) The Closed Block Memorandum sets forth how certain of the Company's assets (such assets collectively, the "Closed Block Assets") have been allocated to the Closed Block as of January 1, 1997 (the "Closed Block Funding Date"). Investment grade bonds (including mortgage-backed and asset-backed securities and swaps attached to two bonds that convert floating, foreign currency payments to fixed, U.S. dollar payments), due and accrued investment income on such bonds, cash and policy loans, accrued interest and due and deferred premiums have been allocated to the Closed Block as of the Closed Block Funding Date as described in the Closed Block Memorandum. The amount of the Company's assets required to support the Closed Block as of the Closed Block Funding Date were determined as set forth in the Closed Block Memorandum.

8.2 Operation of the Closed Block. (a) After the Closed Block Funding Date, insurance and investment cash flows from operations of the Closed Block Business, the Closed Block Assets, the cash allocated to the Closed Block and, as described in the Closed Block Memorandum, all other assets acquired by or allocated to the Closed Block shall be received by or withdrawn from the Closed Block in accordance with the principles set forth in this Section 8.2(a).

(i) With respect to insurance cash flows:

(A) Cash premiums, cash repayments of policy loans and policy loan interest paid in cash on Closed Block Business shall be received by the Closed Block. Death, surrender, withdrawal and maturity benefits (including any interest allowed for delayed payment of benefits) paid in cash, policy loans taken in cash and other income benefits and dividends paid in cash on Closed Block Business shall be withdrawn from the Closed Block. Cash payments with respect to reinsurance on Closed Block Business shall be withdrawn from or received by the Closed Block as provided in Sections I and III.7 of the Closed Block memorandum.

(B) Cash shall be withdrawn from the Closed Block in the amount of State and local premium taxes (including franchise taxes to the extent measured solely by premiums) paid in cash on premiums received in respect of Closed Block Business and retaliatory taxes incurred on premiums received in respect of Closed Block Business in accordance with the tax allocation procedure described in Section III.4 of the Closed Block Memorandum.

(C) Cash payments shall be received by or withdrawn from the Closed Block for Federal and State income taxes in accordance with the tax sharing procedure described in Section IV of the Closed Block Memorandum.

(D) Cash shall be withdrawn from the Closed Block for commissions and certain other expenses of administering Closed Block Business as provided in Sections III.1, III.2 and III.3 of the Closed Block Memorandum.

(ii) With respect to investment cash flows:

(A) Investment cash flows from operations of the Closed Block Business shall be received by or withdrawn from the Closed Block.

(B) Cash received on dispositions of investments shall be net of all reasonable and customary brokerage and other transaction expenses that are deducted in reporting gross proceeds of such sales in the Company's Annual Statement to the Commissioner.

(C) Cash paid for expenses in acquiring an investment shall be withdrawn from the Closed Block to the extent included in the cost of such investment in the Company's Annual Statement to the Commissioner.

(D) Cash shall be withdrawn from the Closed Block for investment management expenses in accordance with the formulas described in Section III.2 of the Closed Block Memorandum.

(b) New investments acquired after the Closed Block Funding Date with Closed Block cash flows shall be invested only in Acceptable Investments (as defined below), with the objective of maximizing return within acceptable risk parameters. For purposes hereof, "Acceptable Investments" shall mean the investments described in clauses (i) through (iii) below and such other investments as the Commissioner shall approve. Acceptable Investments allocated to the Closed Block upon acquisition shall, except with the consent of the Commissioner, conform to the following guidelines:

(i) No investment in a fixed income security shall be made unless it is at the time either a U.S. Government obligation or a security that has a "Category 1" or "Category 2" rating of the NAIC Securities Valuation Office (or successor organization). Such acquisitions shall be managed by the Company with the objective of creating a portfolio of Closed Block investments (a) having an average maturity of 5 to 10 years, (b) having a fixed-income portfolio composed of not less than 30% and no more than 80% of fixed income assets that are either U.S. Government or "Category 1" securities and not less than 20% and not more than 70% of fixed income securities that are "Category 2" securities, and (c) having a portfolio of U.S. Government obligations having an average yield no less

than that of the highest-rated publicly-traded NAIC “Category 1” securities of a five-year maturity.

(ii) No investment shall be made in a residential or commercial mortgage unless, after giving effect to the investment, (a) the statutory carrying value of residential and commercial mortgages would not exceed 20% of the statutory carrying value of all Closed Block investments and (b) the statutory carrying value of commercial mortgages would not exceed 15% of the statutory carrying value of all Closed Block investments. In addition, no single mortgage, at the time of purchase, shall exceed 5% of the statutory carrying value of all Closed Block investments. At the time of investment, such investments will be required to meet the following criteria:

(a) mortgages may only be first-priority liens on general purpose properties;

(b) the loan-to-value rates for loans secured by fee property may not exceed 75% of initial appraised value;

(c) mortgages must have minimum stabilized debt service coverage of 1.20 times requirements; and

(d) mortgages must have a final maturity of not more than 20 years.

(iii) No investment will be made in equity interests in real estate or in construction loans, provided, however, that the Closed Block may acquire equity interests in real estate upon foreclosure of a mortgage loan or deed in lieu of foreclosure and shall dispose of such interests as promptly as the Company believes to be consistent with the economic interests of the Closed Block.

(c) No amounts shall be withdrawn from or received by the Closed Block for any taxes, including federal, state, local or foreign taxes, resulting from the operations of the Company or any of its subsidiaries prior to January 1, 1997. No asset valuation reserve or interest maintenance reserve or any similar reserve, or any increases or decreases therein shall be charged or credited to the Closed Block, because such reserves are noncash items. The Company may, however, consider potential investment defaults in apportioning dividends on Closed Block Business.

(d)(i) Dividends on Closed Block Business shall be apportioned by the Board in accordance with applicable law and with the objective of minimizing tontine effects and exhausting assets allocated to the Closed Block with the final payment under the last Policy contained in the Closed Block.

(ii) Subject to the provisions of clause (i) of this subsection (d), dividends on Closed Block Business shall be apportioned, and shall be allocated among policies in the Closed Block, so as to reflect the underlying experience of the Closed Block, and the degree to which the various classes of Closed Block policies have contributed to such experience.

(e)(i) The Company shall prepare, on an annual basis, an income statement and balance sheet for the Closed Block (the "Closed Block Financial Statements"). The Closed Block Financial Statements shall be prepared in a manner consistent with the preparation of the financial statements of the Company submitted annually to the Commissioner.

(ii) The Closed Block Financial Statements shall be reported annually to the Board, together with a recommendation of the management of the Company as to dividends on Closed Block Business. The Closed Block Financial Statements and the Board's dividend resolution regarding the Closed Block Business shall be filed annually with the Commissioner.

(iii) The Closed Block shall be subject to the internal and external audit processes established by the Company for its operations generally.

(iv) As of December 31, 1998 and as of year ends not less frequently than every five years thereafter, the Company shall retain an independent consulting actuary to review the operation of the Closed Block and dividend determinations and to report his or her findings to the Board and to the Commissioner.

(v) The Company shall furnish the Commissioner such further financial reports, reflecting such additional tests, as the Commissioner may from time to time request.

(f) The Company may, with the prior approval of the Commissioner, cease to maintain the Closed Block, upon such terms and conditions as the Commissioner may approve, but the Policies then constituting the Closed Block Business shall remain obligations of the Company and dividends on such Policies shall be apportioned by the Board in accordance with the terms of the Policies.

(g) Except as provided in subsection (f) of this Section 8.2, none of the assets, including the revenue therefrom, allocated to the Closed Block or acquired by the Closed Block shall revert to the benefit of the stockholders of the Company.

8.3 Guaranteed Benefits. All guaranteed benefits under Policies contained in the Closed Block shall remain general obligations of the Company and shall be paid by the Company in accordance with the terms of such Policies.

8.4 Closed Block Assets as General Account Assets. The assets allocated to the Closed Block are the Company's assets and are subject to the same liabilities (in the same priority) as all assets in the Company's general account.

ARTICLE IX: ADDITIONAL PROVISIONS

9.1 Continuation of Corporate Existence; Company Name. Upon the conversion of the Company under the terms of this Plan of Conversion and Article 1, (a) the Company's corporate existence as a stock life insurance company shall be a continuation of its corporate existence as a mutual life insurance company and (b) the Company's name shall be "Pacific Life Insurance Company" in accordance with the amended and restated articles of incorporation set forth in Exhibit B.

9.2 Compensation of Officers, Directors and Employees. No director, officer, agent or employee of the Company shall receive any fee, commission or other valuable consideration whatsoever, other than his or her usual salary and compensation, for in any manner aiding, promoting or assisting in connection with the transactions contemplated by this Plan of Conversion, except as provided for herein. This provision shall not be deemed to prohibit the payment of reasonable fees and compensation to attorneys at law, accountants and actuaries for services performed in the independent practice of their professions, even though they may also be directors of the Company.

9.3 Restriction on Acquisition of Securities. Prior to, and for a period of five years following, the Effective Date, except as contemplated by the terms of this Plan of Conversion, no person or group of persons acting in concert shall directly or indirectly offer to acquire or acquire in any manner the beneficial ownership of five percent or more of any class of voting securities of the Company or the Stock Holding Company or of a person that controls (as defined in Section 1215(b) of the California Insurance Code) the Company or the Stock Holding Company, without the prior consent of the Commissioner. In the event of any violation of this Section, or of any action that, if consummated, would constitute such a violation, all voting securities of the Company, of the Stock Holding Company or of the person acquired by any person in excess of the maximum amount permitted to be acquired by the person pursuant to this Section shall be deemed to be nonvoting securities of the Company, of the Stock Holding Company or of that person. The violation or action may be enforced or enjoined by appropriate proceeding as provided in Section 11542.2 of Article 1. For the purposes of this Section, "beneficial ownership," with respect to voting securities, means the sole or shared power to vote, or direct the voting of, voting securities or the sole or shared power to dispose, or direct the disposition, of voting securities. "Voting security" includes Voting Stock or any security convertible, with or without consideration, into a voting security or securities, or carrying any warrant or right to subscribe for or purchase any voting security, or any such warrant or right. "Offer" includes an offer to buy or acquire,

solicitation of an offer to sell, tender offer for, or request or invitation for tenders of a security or interest in a security for value.

9.4 Officers and Boards of Directors. (a) The directors and officers of the Company shall serve as directors and officers of the Company after the Effective Date until new directors and officers have been duly elected and qualified pursuant to its articles of incorporation and bylaws.

(b) At all times after the Effective Date, at least a majority of the directors of the Mutual Holding Company shall be persons who are not officers or employees of such company.

9.5 Dividends Received by Mutual Holding Company. (a) In order to comply with applicable securities laws restrictions, the articles of incorporation of the Mutual Holding Company shall provide that the Mutual Holding Company will not pay dividends or make any other distributions to its members, except as directed by the Commissioner or as provided in the articles of incorporation of the Mutual Holding Company in the event of the dissolution, liquidation or winding up and dissolution of the Mutual Holding Company.

(b) Except as directed by the Commissioner, the Mutual Holding Company will invest all dividends that it receives as a holder of common stock of the Stock Holding Company and income that it receives in its other permitted investments, net of any applicable taxes or expenses, (i) in shares of additional common stock or other equity or debt securities of the Stock Holding Company, or (ii) in marketable investment-grade investments of a type authorized for investment by domestic life insurers until such time as it may reinvest the proceeds therefrom in such securities of the Stock Holding Company. The Mutual Holding Company may from time to time determine to effect such investment in the Stock Holding Company either by purchasing shares of common stock or other equity or debt securities upon original issue from the Stock Holding Company or by purchasing securities from time to time in the open market, and may determine to invest such net dividends in marketable investment-grade investments of a type authorized for investment by domestic life insurers until it may invest in securities of the Stock Holding Company. The Stock Holding Company and the Mutual Holding Company shall enter into an agreement granting the Mutual Holding Company the right, at its option, to purchase newly-issued shares of common stock at their current market value or, under mutually agreeable terms between the Stock Holding Company and the Mutual Holding Company, to purchase other equity or debt securities of the Stock Holding Company. In addition, the Stock Holding Company and the Mutual Holding Company shall enter into an agreement granting the Mutual Holding Company the right, at its option, when so determined by the board of directors of the Mutual Holding Company, to require the Stock Holding Company to contribute to the Company, as a capital contribution, all or a portion of the net proceeds of such securities issuance to the

Stock Holding Company. All such determinations by the Mutual Holding Company shall be approved or ratified, after taking into account the best interests of the policyholders of the Company who are members of the Mutual Holding Company, by the board of directors of the Mutual Holding Company or a committee thereof, in either case by a vote sufficient without counting the vote of any directors who are officers, directors or employees of the Stock Holding Company or the Company.

9.6 No Preemptive Rights. Except as provided in Section 9.7, no policyholder of the Company or other Person shall have any preemptive right to acquire shares of common stock of the Company or Stock Holding Company in connection with this Plan of Conversion.

9.7 Initial Public Offering. On or following the Effective Date, the Stock Holding Company may conduct an initial public offering of not more than 49% of its common stock (the "Initial Public Offering"). In the event the Stock Holding Company elects to conduct an Initial Public Offering:

(a) Each person who is a member of the Mutual Holding Company will receive non-transferable subscription rights to purchase, at the member's election, from 100 to 25,000 shares of such common stock at a price not greater than the price at which such common stock is first offered to the public in the Initial Public Offering. Subscriptions for 1,000 or fewer shares will be filled before larger subscriptions are filled, and subscriptions for more than 1,000 shares will be subject to proration (subject to a minimum allocation of 1,000 shares for each subscriber) in the event of subscriptions exceeding the number of shares to be offered to the public. Shares not subscribed by members may be offered in the Initial Public Offering.

(b) The Stock Holding Company will select as managing underwriters for the Initial Public Offering investment banking firms of substantial national and/or regional reputation. The managing underwriters will conduct the Initial Public Offering in a manner generally consistent with customary practices for initial public offerings of a type, size and nature comparable to the Initial Public Offering. The final pricing decision on the Initial Public Offering will be made by a special pricing committee of the Board of Directors of the Stock Holding Company consisting of directors who are not officers or employees of the Company, the Stock Holding Company or the Mutual Holding Company.

(c) The Initial Public Offering shall be made only after the Stock Holding Company has received the approval of the Commissioner under Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska. In its application for a securities permit, the Stock Holding Company shall set forth or incorporate by reference a description of the securities to be offered in the Initial Public

Offering, the estimated number of shares to be offered, the approximate range of dates within which the offering is proposed to be made, a description of the method by which the offering price will be determined, the identity of the proposed managing underwriters, and any other information requested by the Commissioner. In determining whether to issue the securities permit, the Commissioner may consider whether the offering complies with this Plan of Conversion, whether the method by which the offering price will be determined is generally consistent with customary practices for initial public offerings of a type, size and nature comparable to the Initial Public Offering, and whether the Initial Public Offering will unfairly affect the interests of members of the Mutual Holding Company. Nothing herein shall be deemed to limit or circumscribe the Commissioner's jurisdiction under Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska.

(d) The Nebraska Department of Insurance and its advisors may monitor the conduct of the Initial Public Offering and compliance with the conditions set forth in this Section 9.7.

(e) Subsequent offerings of securities of the Stock Holding Company will, as required by law, be subject to compliance with Section 44-6125(6)(i) of the Reissue of the Revised Statutes of Nebraska.

9.8 Affiliate Agreements. Subject to compliance with Section 44-2133 of the Reissue of the Revised Statutes of Nebraska, on and following the Effective Date, the Mutual Holding Company and any affiliate of the Mutual Holding Company may enter into tax sharing, management, data processing, legal, expense reimbursement and other agreements with any other such affiliate. For purposes of this section "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another person.

9.9 Employee Stock Ownership Plan. Effective as of the Effective Date, the Company will amend its existing qualified Section 401(k) plan to provide that future matching contributions on behalf of its employees and of its subsidiaries will be in the form of the common stock of the Stock Holding Company. To provide employees with a greater incentive to improve their performance and that of the Company, the plan will also be amended to permit such matching contributions to be provided through an employee stock ownership plan ("ESOP") that will permit the current purchase of an amount of stock intended to be sufficient to fund several years' contributions.

9.10 Other Employee Stock Plans. Until completion of the distribution of shares of common stock in an Initial Public Offering, none of the Mutual Holding Company, the Stock Holding Company, the Company or any of their respective affiliates, shall adopt or establish any compensation or incentive plan for employees providing for

the issuance of, or based upon, stock, or options for the purchase of stock, of the Stock Holding Company, other than the ESOP, except with review and consent of the Commissioner.

9.11 Notices. If the Company complies substantially and in good faith with the requirements of the terms of the Plan of Conversion with respect to the giving of any required notice to policyholders, its failure in any case to give such notice to any person or persons entitled thereto shall not impair the validity of the actions and proceedings taken under the Plan of Conversion or entitle such person to any injunctive or other equitable relief with respect thereto.

9.12 Amendment or Withdrawal of Plan. (a) At any time prior to the Effective Date, the Company may, by resolution of a majority of the Board, amend or withdraw the Plan of Conversion (including the Exhibits and Schedules). Any amendment to the Plan of Conversion shall require the written consent of the Commissioner. No amendment may change the Plan of Conversion in a manner that the Commissioner determines is materially disadvantageous to policyholders of the Company unless a further public hearing is held on the Plan of Conversion, as amended, if the amendment is made after the Hearing, or if the Plan of Conversion as amended is submitted for reconsideration by the members of the Company, if the amendment is made after the Plan of Conversion has been approved by the members of the Company pursuant to Section 5.1. The Company may, by complying with the foregoing provisions of this Section 9.12(a), amend this Plan of Conversion to include such changes as the Commissioner may require as a condition of his consenting to the Plan of Conversion.

(b) The amended and restated articles of incorporation of the Company and the articles of incorporation of the Stock Holding Company and the Mutual Holding Company adopted pursuant to this Plan of Conversion may be further amended after the Effective Date pursuant to applicable law. The Plan of Conversion may be amended in other respects after the Effective Date. Such an amendment shall take effect on the date specified by the amendment after compliance with the following:

(i) approval by a resolution of the majority of each of the Boards of Directors of the Mutual Holding Company, Stock Holding Company and Company specifying the reasons for and the purposes of the proposed amendment;

(ii) submission to the Commissioner for consent in writing;

(iii) approval by a majority of the then current policyholders of the Company who are Voting Policyholders under this Plan of Conversion and who vote at a meeting called for that purpose;

(iv) filing of the amendment in the office of the Commissioner after having been consented to and approved as contemplated by paragraphs (ii) and (iii).

(c) If an amendment to the Plan of Conversion proposed under subdivision (b) would adversely affect the rights of one or more classes of members, but not all members, then only the members of each class whose rights would be adversely affected by the proposed amendment shall be entitled to vote on the proposed plan amendment.

(d) A policyholder meeting prescribed by paragraph (iii) of subdivision (b) shall be called by the Board, the Chief Executive Officer, the chairperson of such Board, or the president of the Company. Notice of the meeting shall be given to Voting Policyholders entitled to vote on the proposed amendment at the meeting by mail at least 30 days prior to the date set for the meeting. Voting shall be by ballot, in person or by proxy, a quorum being present.

(e) At any time before a plan amendment proposed under subdivision (b) becomes effective, the Company may, by resolution of a majority of its Board of Directors, amend the plan amendment or withdraw the plan amendment. For an amendment to a plan amendment, all references in this section to the plan amendment shall be deemed to refer to the plan amendment as amended. No such amendment shall be deemed to change the date of adoption of the original plan amendment. No amendment made after approval by the policyholders as provided in paragraph (iii) of subdivision (b) may change the original plan amendment in a manner that the Commissioner determines is materially disadvantageous to any of the affected policyholders unless the plan amendment as amended is submitted for reconsideration under the procedures prescribed for the original plan amendment policyholder approval.

9.13 Corrections. The Company, with the prior consent of the Commissioner, may make such modifications as are appropriate to correct errors, clarify existing items or make additions to correct manifest omissions in the Plan of Conversion.

9.14 Costs and Expenses. All reasonable costs, including the costs of the Nebraska Department of Insurance and those costs attributable to the use of outside advisors and consultants of the Nebraska Department of Insurance, related to the Plan of Conversion (including the monitoring of the Closed Block after the Effective Time and the review by the Nebraska Department of Insurance and its advisors conducted in connection with the Initial Public Offering and certain employee stock plans as referenced in Sections 9.7 and 9.10, respectively, or consideration of any other request for consent hereunder) shall be borne by the Company, the Stock Holding Company or the Mutual Holding Company.

9.15 Governing Law. The terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of California, without regard to such State's principles of conflicts of laws; *provided, however,* that at and after the First Amendment Effective Time, the terms of the Plan of Conversion shall be governed by and construed in accordance with the laws of the State of Nebraska, without regard to such State's principles of conflicts of laws.

AS PROPOSED