

\$[450],000,000

Floating Rate Surplus Notes due 20[37]

First British American Reinsurance Company II

INFORMATION MEMORANDUM

[•], 2006

NYB635670.4

CONFIDENTIAL TREATMENT REQUESTED BY
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 974136

CONFIDENTIAL

LEHMAN BROTHERS

MEMORANDUM

TO: STRUCTURED FINANCE COMMITTEE

Committee Members

Nelson Soares (7)

David Sherr (3)

Gordon Sweely (3)

Frank Prezioso (7)

Steve Valentino (7)

Amany Attia (London)

CC: Scott Lechner (19)

FROM:

Insurance Products Group

Doug McBeth (7)

David O'Brien (7)

Sameer Garg (7)

Jeff Brown (7)

Principal Finance Group

Frank Prezioso (7)

Carlos Cruz (7)

MEETING DATE: August 15, 2006

TIME: 12:30 EST

LOCATION: CONFERENCE ROOM B - 7TH FLOOR - 745 SEVENTH AVENUE

Also Via Conference Call-in #: 866-779-0772 (US)
334-309-0261 (INTERNATIONAL)
Meeting # *858-452-6513*

SUBJECT: Golden Gate Warehouse Upsizing from \$400 million to \$600 million

Core Number: 39466.042

Please call Sameer Garg (x5-4880) or Carlos Cruz (x5-0884) for additional information.

LEHMAN BROTHERS

CONFIDENTIAL - 1

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I. INTRODUCTION AND RECOMMENDATION

A. EXECUTIVE SUMMARY

Golden Gate Captive Insurance Company ("Golden Gate") was set up in August 2005 to act as a Regulation XXX reserve warehouse financing facility for existing and future new term business issued by Protective Life Insurance Company ("PLICO"), Empire General Life Assurance Corporation ("EG") and West Coast Life Insurance Company ("WCL") from August 2005 up to June 30th, 2007.

Protective has recently acquired the JP Morgan Chase Life business including its XXX term portfolio. This is the primary driver for the proposed upsizing of the Golden Gate warehouse facility from \$400 million to \$600 million. Other changes include the merger of EG and WCL products into one brokerage term product offering (the One Brokerage Company initiative) and a repricing of Protective Life's product. These changes result in an additional \$50 million capital contribution from PLICO to Golden Gate bringing its total capital to \$195 million.

We recommend that the Committee authorize Lehman Brothers to purchase the additional Surplus Notes and increase the capacity limit from \$400 million to \$600 million. The Warehouse provides Lehman with the opportunity to further strengthen its relationship with Protective through a transaction that highlights our innovation and ability to meet strategic client needs as well as garner substantial economics. As per the original plan for Golden Gate, Protective continues to target a public securitization for the Golden Gate portfolio during the early part of 2007.

The precise timing of implementation of the latest change is dependent on receiving approval from South Carolina Department of Insurance ("SCDOI"). Refer to Section E for detailed discussion of the impact of the addition of the Chase block to Golden Gate and to Section D for a summary of recent repricing of the WCL and PLICO products.

In addition to describing the risks arising directly from the proposed expansion of the Golden Gate business, this Memo also details the continuing appetite amongst financial guarantors to provide their capacity to wrap future XXX and AXXX public note issuances following Scottish Re's Q2 2006 earnings loss and subsequent ratings downgrade. Recent market trading levels for existing XXX note issuance are also described in Section O.

B. Current Warehouse Facility

In August 26, 2005, Golden Gate, a special purpose financial captive domiciled in South Carolina and a wholly-owned subsidiary of PLICO, became the reinsurance counterparty to WCL, EG and PLICO (collectively the "Counterparties"). Each of the Counterparties and the Issuer are direct or indirect wholly-owned subsidiaries of Protective Life Corporation (NYSE: "PL") ("Protective"). PLICO contributed initial paid-in capital (cash) of \$112 million plus \$6 million of retained earnings to Golden Gate. Golden Gate was created with the limited purpose of entering into reinsurance agreements (the "Reinsurance Agreements") with the Counterparties, entering into retrocession agreements (the "Retrocession Agreements") with eligible third party reinsurance companies (the "Retrocessionaires"), executing a catastrophic risk coverage agreement with Protective, managing the risks associated with the reinsured policies, entering into an asset management agreement related to reinsurance trust assets with Protective Investment Advisors and issuing Surplus Notes.

Golden Gate was initially seeking to raise a maximum amount of approximately \$1.25 billion to provide permanent lifetime reinsurance reserve credit for a predetermined block of guaranteed premium term life

insurance business originated by WCL and EG from June 1, 2005 through approximately June 30, 2007 and PLICO from July 1, 2005 through approximately June 30, 2007, to be grouped with an existing block of business originated between April 22, 2002 and September 30, 2003 by WCL and initially known as the B3 business (together the "Reference Business") through the issuance of Surplus Notes. Ultimately, financing for the Reference Business is expected to be achieved through a permanent investment grade securitization of the Surplus Notes (the "Securitization"), which is expected to be shadow-rated "A-/A3" or above. Prior to execution of the Securitization, Lehman committed to purchase up to \$400 million (the "Commitment Amount") of Surplus Notes as part of a warehouse facility that provides reinsurance reserve credit to the Counterparties during the ramp-up origination phase of the Reference Business (the "Warehouse"). The Commitment Amount is available for the issuance of Surplus Notes for two years, subject to a predetermined Capacity Schedule (*see page 14*). The Surplus Notes provide the Counterparties with a unique alternative to traditional offshore reinsurance supported by letters of credit. For the Warehouse, Lehman earned an upfront Commitment Fee of \$2 million, an initial variable Interest Rate of LIBOR plus 125 bps on the Surplus Notes (stepping up over time if the Warehouse is outstanding 18 months from the initial issuance of August 26, 2005) and a non-use fee of 12.5 bps.

The Surplus Notes will have a final and expected maturity of 32 years and 16 years, respectively. Notwithstanding this, the intent of the Warehouse is to provide interim financing for a period of 18-24 months to allow the Issuer to build its book of business, and eventually refinance the Surplus Notes through the Securitization. As a condition precedent for the closing of the Warehouse, Protective engaged Lehman Brothers to act as the sole underwriter, bookrunning manager, placement agent, structuring advisor and/or arranger with respect to future Securitization of the Golden Gate block. The Warehouse contains structural features that strongly incentivize the Issuer to consummate a refinancing through the Securitization, including (i) Interest Rate stepping up from L + 125 bps to L + 425 bps from month 18 to month 54 (25 bps for each of the first two six-month increments and 50 bps for every six months thereafter), (ii) requirement that to the extent PLIC secures financing for any reserve requirements for the Reference Business in excess of the Commitment Amount, it can only do so on terms no more favorable to the financing provider than the Surplus Notes, (iii) sequential repayment structure requiring repayment in full of the Surplus Notes prior to any repayment of any other class or series of surplus notes to the extent issued (i.e. Lehman's Surplus Notes are FIFO), (iv) retention of premium payments (net of agreed upon expense allowances to be paid by the Issuer under the Reinsurance Agreements and the premiums payable by the Issuer under the Retrocession Agreements) to accumulate in the equity account of the Issuer and (v) restrictive limitations on experience refunds and dividends from Issuer to the Counterparties. Principal and interest payments on the Surplus Notes are paid from "excess funds", which are assets that are no longer required to be held in certain trusts for reinsurance reserve credit purposes. Any distributions under the Surplus Notes (as is the case with all surplus notes issued in connection with securitizations) require approval of SCDOI, the terms of which are based upon the principal and interest payment thresholds outlined in the licensing order issued by SCDOI.

The Warehouse is currently unrated, but is capitalized and structured consistent with investment grade ratings requirements and monoline insurer attachment points based on prior transactions. PLICO's equity contribution supporting the Surplus Notes is sized in an amount which exceeds the level necessary to support the Securitization. In initially sizing the equity contribution, the mortality stress factor applied was higher (more conservative) than that used historically by financial guarantors and the rating agencies. In addition to self-enhancement features making the Surplus Notes consistent with an investment grade rating, the Warehouse also requires the Issuer to enter into the Retrocession Agreements and a catastrophic risk coverage agreement, which provide the Issuer protection against adverse mortality experience under certain circumstances. If the Surplus Notes remain outstanding for more than two years, then the Noteholders have an option to require PLICO to seek a rating for the Surplus Notes. Additionally, prior to the second anniversary of closing, Lehman is required to retain at

least 51% of the Commitment Amount, unless there occurs an event of default (beyond the second year anniversary Lehman shall have full unrestricted rights to syndicate or assign the Commitment Amount).

Golden Gate, as Reinsurer, has the sole purpose of reinsuring a portion of the Reference Business with respect to specified individual, fully underwritten, level premium term life insurance policies originated by the Counterparties. Regulation XXX, which became effective January 1, 2000 for the life insurance industry, results in substantial future life insurance reserves, by requiring insurers to put up reserves calculated using "standard" mortality tables. These standard tables do not reflect the fundamentally better mortality experience of policies issued on "preferred" lives, i.e. those that satisfy the most restrictive underwriting standards (e.g. no family cardiac history, optimal blood pressure/cholesterol ratings, etc). Because of the Counterparties' largely "preferred" mix of business, Protective is required to fund statutory reserves far in excess of what is economically warranted. It is these "redundant" reserves that the Surplus Notes fund. The Counterparties intend to take financial statement credit for the reinsurance provided by Golden Gate as Reinsurer in an amount not to exceed the fair market value of the assets acquired with the proceeds of the Surplus Notes held in separate trust accounts (the "Reinsurance Trusts").

The "redundant" reserves for the Reference Business that are initially funded through the Warehouse (up to the Commitment Amount) are expected to reach a peak of approximately \$1.15 billion by 2013. After that point, such reserves are expected to decrease with final extinguishment in 2037.

C. "ONE BROKERAGE" COMPANY INITIATIVE

Under the business plan approved on August 25, 2005, Golden Gate has been reinsuring business from the Counterparties. Each of the Counterparties sold similar term life insurance products, although they have historically approached the market with different product positioning and different service standard constructs. PLICO sells through the traditional personal producing general agent ("PPGA") and broker/dealer channels, while EG and WCL have historically served the same brokerage general agent distribution. WCL has a market reputation for producing high value, low cost select preferred and preferred business, while EG has a reputation for high service and for the ability to underwrite more difficult standard risks. On May 25, 2006, Protective filed a Supplemental Plan of Operations to the SCDOI detailing the "One Brokerage" Company strategic initiative whereby (i) EGL and WCL would merge their sales and distribution operations, (ii) EG would cease writing new business and (iii) EGL would, subject to certain regulatory approvals and other conditions, merge into and with PLICO (expected to be completed by 2006 year end). PLICO, as the successor company, would be an insurance company incorporated and duly licensed under the laws of Tennessee. On June 30, 2006 the Supplemental Plan of Operations was approved by the SCDOI. Thus, going forward, new Business Mix Guidelines were created for all new business expected to be written by the combined sales and distribution channels of EG and WCL.

PLICO agreed to make capital contributions to Golden Gate of \$25 million. This will be paid in three stages - \$5 million was paid in as of June 30, 2006, an additional \$5 million is due on or prior to September 30, 2006 and an additional \$15 million on or prior to March 31, 2007. This was in lieu of the capital contribution that would otherwise be required to be made by PLICO to Golden Gate and also reflected the required increase in equity assets arising from the "One Brokerage" ("OBC") initiative. Thus, by March 31, 2007, the projected total capital contribution by PLICO to the Issuer is expected to be \$145 million (comprised of \$137 million paid in capital and approximately \$8 million in retained earnings).

Pursuant to the OBC initiative, new premium rates (Focus Term product series) charged by WCL are substantially similar to the prior WCL premium rates. These premiums were lower than the old EG rates for preferred risks and higher for Standard and Standard Plus risks, leading to changes in future expected sales mix by risk class and changes in the overall portfolio expected profitability. In parallel with the OBC initiative, PLICO released a new term product (Multiterm series). The premium rates were reduced substantially for preferred risks to restore competitiveness in the term market. Additional capital is required as a result of the lower expected future profitability of projected sales and was included in the \$25 million incremental capital contribution schedule mentioned in the above paragraph.

D. REPRICING SUMMARY

In July 2006, certain changes to commissions and conversion periods were initiated by PLICO to its Multiterm term products series and by WCL to the Focus Term product series, both products of which are included in the Warehouse. While the announcement date for PLICO was July 27, 2006 and the implementation date was July 31, 2006, the changes are retroactive to an original effective date of April 28, 2006. Similarly, while both the announcement date and implementation date for WCL were July 24, 2006, the changes would be made retroactive to July 1, 2006.

For PLICO to remain competitive and attain its sales goals, Protective's management determined that the compensation structure for the Multiterm product needed to be revised. The compensation structure prior to the rate change was below other products in the marketplace. As such, management decided to commission the policy fee across all bands. It should be noted that these commissions are paid by PLICO and not Golden Gate, the change will impact PLICO only. Furthermore, there were no changes to underwriting, sales mix, lapse rate and mortality assumptions, as well as reinsurance.

WCL's primary goal in reducing premiums was to maintain or increase premium sales by matching the premium of the rate-driven term companies/competition such as Banner Life, Genworth and Lincoln National. Reliastar (ING) recently entered the term insurance arena with a new and very competitively priced product. In reaction to Reliastar, both Genworth and Banner Life reduced their premium rates in July 2006. Management believes that the new WCL Focus Term products series ("C4") premiums will keep WCL in line with their competition. The magnitude of the rate change varies greatly. Standard Nontobacco and Standard Tobacco classes had no impact. However, as measured per \$1,000 of coverage, (i) in the \$100,000 premium band the Super Preferred and Preferred class rates were lowered by \$0.01, (ii) in the \$250,000 premium band the Super Preferred and Preferred class rates were lowered by \$0.02 to \$0.07 depending on the product and age, (iii) in the \$1 million band the Super Preferred and Preferred class rates were lowered by \$0.02 to \$0.10, depending on the product and age. The only change to compensation was the commissioning of the \$60 policy fee at the \$100,000 to \$250,000 premium band. In addition, there were no changes to underwriting, sales mix, lapse rate and mortality assumptions, as well as reinsurance.

The impact on Golden Gate of the premium changes mentioned above is expected to be in the range of \$8 to \$10 million of additional capital contribution. Under the terms of the Surplus Notes Purchase Agreement, PLICO is obliged to contribute this additional capital by June 30th, 2007.

The model analysis results shown throughout this Memo do not include either the reduction in margin arising from the premium rate reductions related to this repricing nor the capital contributions that will be paid by PLICO to offset the margin reduction.

E. CHASE BLOCK PURCHASE AND UPDATED PROTECTIVE BUSINESS PROJECTIONS

Chase Block Purchase

On July 3, 2006, PLICO announced that it had completed the acquisition of the stock of five life insurance companies that manufacture and distribute traditional life insurance and annuities (the "Chase Insurance Group") and the stock of four related non-insurance companies from JP Morgan Chase & Co ("JPMorgan"). Through a series of reinsurance agreements entered into immediately after the acquisition, approximately 49% of the business of the Chase Insurance Group, excluding the variable annuity business, was reinsured to insurance subsidiaries of Wilton Re Holdings Limited and 100% of the variable annuity business was reinsured to All American Financial Life Insurance and Annuity Company, a subsidiary of The Goldman Sachs Group, Inc. Thus, Chase Insurance Group kept the remaining 51% of the net retained business written. Two of the five life insurance companies, Chase Insurance Life and Annuity Company ("CILAC") and Chase Insurance Life Company ("CILC"), (collectively the "Insurers") both Illinois domiciled insurers, write term life insurance business. In the case of CILAC, term insurance is written primarily through the brokerage general agent distribution channel and in the case of CILC, term insurance is written through a direct marketing company, Chase Direct.

Chase Insurance Group was created by combining the life and annuity operating subsidiaries of various JPMorgan predecessor firms, including Bank One and Chase Manhattan Corp. Bank One's heritage insurance operations represent the former business of Zurich Life, which it acquired from Zurich Financial Services in September 2003. As a part of this transaction, Bank One acquired three life insurance operating subsidiaries – two of which were Federal Kemper Life Assurance Company ("FKLA") and Zurich Life Insurance Company of America ("ZLICA"), both of which were Illinois domiciled insurance companies. Subsequent to the acquisitions, FKLA was renamed CILAC and ZLICA was renamed CILC. CILAC is the parent company of CILC.

CILAC's premiums totaled \$729 million for 2005 as measured on the basis of statutory accounting principles. Premiums in 2005 included \$146 million of life insurance, \$577 million of retail annuities and \$6 million of other products. CILAC's total assets amounted to \$5.7 billion at December 31, 2005. CILAC's overall investment strategy was to maintain a diversified and largely investment grade portfolio and achieve risk-adjusted returns that supported the pricing of its products while maintaining adequate liquidity.

CILC's premiums totaled \$39 million for 2005 as measured on the basis of statutory accounting principles. Premiums in 2005 included \$39 million of life insurance, \$100,000 of retail annuities and \$100,000 of other products. CILC's total assets amounted to \$370 million at December 31, 2005. CILC's overall investment strategy was to maintain a diversified and largely investment grade portfolio and achieve risk-adjusted returns that supported the pricing of its products while maintaining adequate liquidity.

CILAC and CILC have sold several series of five, ten, fifteen, twenty and thirty year level term products during 2000 through 2006. The level premium under the policies is guaranteed for a contractually stated number of years with the majority of the inforce guaranteed over the level term period. At the end of the level term period, the premiums become current non-guaranteed annually renewable term (ART) premiums which increase based on attained age. A new Certain-T and Super-T product series were introduced in 2000 and continue to be issued today in CILAC. The Super-T product guarantees the first ten years of the level premium period. The same products are offered in CILC with product names ZDXP3 and ZDXP2 which are the direct versions of Certain-T and Super-T, respectively. The products were re-priced four times since introduction in 2000. Two new products have been introduced to the product portfolio. Mortgage term was introduced in November, 2004 and has level term periods for fifteen, twenty and thirty years. Premium guarantees are equal to the level term period, except the thirty-

year product which has an option of fifteen or thirty year premium guarantees. The product is offered on a medical and non-medical basis. A Return of Premium ("ROP") rider can be attached to the base policy as well. In November 2005, CILAC/CILC introduced their new Chase Term product with ten, fifteen, twenty and thirty year level term periods. Premium guarantees are equal to the level term period. A summary of the major product categories of the Insurers can be found below:

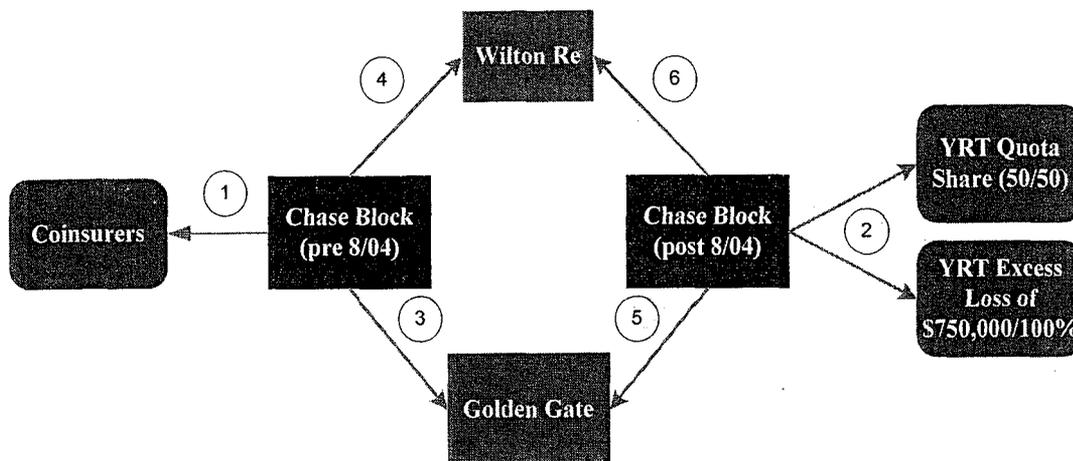
Overview of Term Products			
Company	Product	Model Name	Description
CILAC	Certain-T/Super-T	CT05/ST05	5-Year Level Term
		CT10/ST10	10-Year Level Term
		CT15/ST15	15-Year Level Term
		CT20/ST20	20-Year Level Term
		CT30/ST30	30-Year Level Term
CILC	ZDXP3/ZDXP2	ZD05/Z205	5-Year Level Term
		ZD10/Z210	10-Year Level Term
		ZD15/Z215	15-Year Level Term
		ZD20/Z220	20-Year Level Term
		ZD30/Z230	30-Year Level Term
CILAC	Mortgage Term	MT15	15-Year Level Term
		MT20	20-Year Level Term
		MT30	30-Year Level Term
		MP30	30-Year Level Term
CILAC/CILC	Chase Term	CH10	10-Year Level Term
		CH15	15-Year Level Term
		CH20	20-Year Level Term
		CH30	30-Year Level Term

Profile of the Chase Block				
	Block			Total
	1/1/00 to 8/24/04	8/25/04 to 12/31/05	2006 New Business	
2006 Gross Premiums (Millions)	\$ 6	\$ 24	\$ 13	43
Net Statutory Reserves (Millions)*	\$ 32	\$ 68	\$ 20	120
Gross Face Amount in Force (Billions)*	\$ 4	\$ 12	\$ 8	24

* As of 12/31/06

As part of its overall corporate strategy to be cost efficient, Protective intends to merge CILC into CILAC and subsequently merge CILAC into its parent company, PLICO. These mergers are tentatively planned to have an effective date of April 1, 2007, pending regulatory approval by Illinois and Tennessee. Under the revision in business plan that Golden Gate is proposing, Protective's acquired share of the term insurance business written by CILAC and CILC after January 1, 2000 would be reinsured from the Insurers to Golden Gate in order to finance Regulation XXX reserves for the long term under the proposed coinsurance agreements with those entities (the "Coinsurance Agreements") by issuing Surplus Notes. This will exclude any business included in a small pool of which XL Life or its affiliates is a member (consent for cession of retained business was not received).

The following depicts the proposed reinsurance agreement between Golden Gate and CILAC/CILC:



1. Retained block of pre-8/04 business contains pre-existing reinsurance (90%) with certain Coinsurers as Chase Insurance Group retains 10% of the risk.
2. Retained block of post-8/04 business contains pre-existing reinsurance of (1) YRT quota share 50/50 and (2) YRT 100% Excess Loss (\$750,000).
3. 51% of the remaining 10% pre-8/04 business retained is ceded to Golden Gate captive.
4. 49% of the remaining 10% pre-8/04 business retained is ceded to Wilton Reassurance Co.
5. 51% of the net existing post-8/04 business is ceded to Golden Gate captive.
6. 49% of the net existing post-8/04 business is ceded to Wilton Reassurance Co.

Certain of the Chase term products (notably Mortgage Term) contain ROP rider benefits. The rider provides a return of all premiums paid during the level term period (base + rider) at the end of the level term period provided that the policy remains in force and the policyholder has survived. Cash value benefits also arise as part of this rider product design but are very limited until the latter years of the policy. The pricing of these benefits relies substantially on expected lapses prior to end of the level term period in addition to the assumption of material reinvestment risk on the underlying economic reserves. The rider benefit premiums and claims were therefore excluded from the scope of the reinsurance coverage provided by Golden Gate. A small block of policies were completely excluded from the scope of coverage as the ROP benefits were an intrinsic part of the base policy and could not be carved out from the base.

Chase Term New Business:

49% of the net retained new business issued in the first half of 2006 is reinsured to Wilton Reassurance Co. This arrangement terminates as of July 1, 2006 with PLICO retaining 100% of the risk (net of a layer of excess YRT reinsurance to be ceded to the existing reinsurance pool).

The broker term and mortgage term distribution channels were closed to new business as of July 1, 2006, although it should be noted that some incremental new business will arise from pipeline issues arising

from the six week notice period given to distributors. The direct term distribution channel will remain open through December 2006. Sales for 2006 are summarized in the following table:

2006 New Business Annualized Premium Issues	
(in millions)	
Product	CILAC/CILC
Chase Term – Direct	\$9.7
Chase Term – Brokerage	5.7
Mortgage Term	4.4
Total Premium Issued	\$19.8

Quality control on new business underwriting and sales during the remainder of 2006 is addressed in the due diligence section of this memo. Current plans at PLICO are to switch this product to WCL paper effective January 2007. Sales in 2007 of the new direct product cannot be included in Golden Gate without prior agreement.

Impact of South Carolina regulator financial strength tests on Chase block

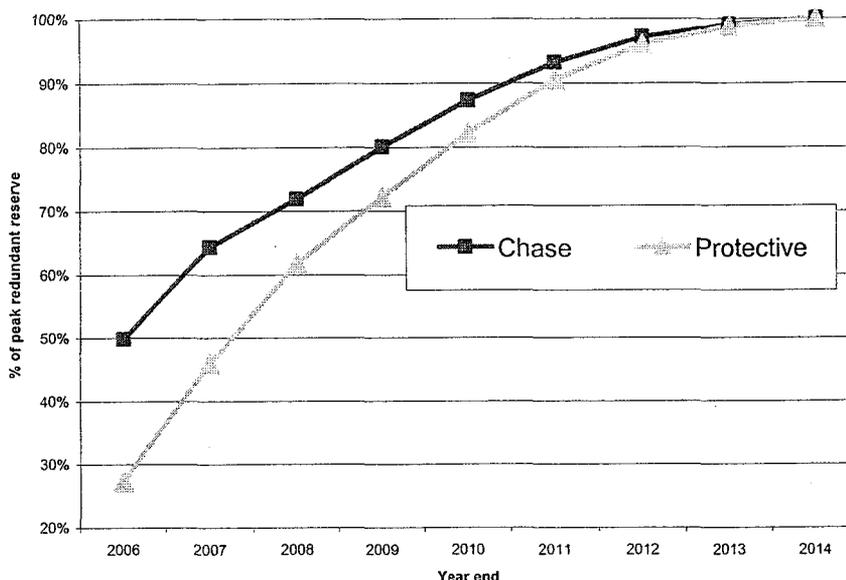
The approach taken in deriving the required capital contribution for the Chase block is a combination of two considerations (a) the capital expected to be required in a securitization transaction plus an additional pad to incentivize Protective to complete the securitization within the expected timeframe and (b) capital needed to demonstrate acceptable financial strength of Golden Gate to SCDOI assuming that no securitization is completed and warehouse facility remains outstanding.

The Chase block has a higher surplus notes funding requirement than the existing Protective block during the warehouse funding period up to end of June 30th, 2007. The difference in funding intensity between the blocks arises from a combination of differences in product mix, demographic profile, duration in force and inherent profitability combining to result in a higher level of statutory reserve per \$ of required “securitization capital” for the Chase block.

In particular the Chase block is more preferred. These policies have a higher redundant reserve financing requirement than standard risks as the statutory reserve rules apply the same mortality assumptions across all risks (refer to Exhibit G for a summary of the profile differences).

Secondly, the Chase block reserve development pattern differs as illustrated below. Excess reserves in 2006 and 2007 are a higher percentage of the forecast peak reserve levels.

Comparison of Funding Need



The SCDOI financial strength tests require a demonstration that Golden Gate can continue to pay death claims to the reinsurance counterparties under certain adverse mortality scenarios (110% - 120% of expected mortality) assuming that the warehouse continues indefinitely. This assumption of indefinite continuation of warehouse results in interest step-up provisions being triggered on the Surplus notes (stepping up over 54 months to 425bps). The Chase block is more sensitive to the interest rate step up scale than the Protective block as the former has more Notes allocated to it (after normalizing for scale differences between the blocks).

This results in a lowering of the IRR margins to the Surplus Note investors as illustrated in the table below. This reduction in IRR margin could be cured by requiring significant additional capital contributions (approximately \$35 million to \$45 million) from PLICO but would render the warehouse solution "uneconomic" from the client's viewpoint. From Lehman's perspective, the interest margin over LIBOR remains acceptable across the stress scenarios and the required capital of \$195 million has a sufficient buffer relative to anticipated securitization capital requirements.

Mortality Lifetime Stress	110%	115%	120%
Pre Chase IRR spread over LIBOR	362 bps	273 bps	149 bps
Post Chase IRR spread over LIBOR	320 bps	238 bps	132 bps
Post Chase IRR spread over LIBOR (including changing interest trigger*)	320 bps	234 bps	132 bps

Hold to maturity

So should we chase more?

* The Licensing Order issued by SCDOI for Golden Gate includes specific additional provisions that can limit repayment of interest in the event of adverse mortality experience potentially impairing Golden Gate's ability to meet its reinsurance claims payment obligations. Three conditions as defined below need to be met before the interest payments are limited:

- (a) The current mortality stress related trigger is for cumulative mortality experience to exceed 120% of expected experience. This trigger is being reduced to 110% to ensure that SCDOI financial stress tests continue to be met. The impact of this change to Lehman's IRR under stress scenarios is less than 5 bps as illustrated in the table above; and
- (b) Modified Total Adjusted Capital (Equity plus any Prefunded Assets arising from release of Surplus Notes backing Excess Reserves from the Reinsurance Trust) falls below \$100 million; and
- (c) Cumulative cashflow losses (defined as Premiums less Claims, Allowances and expenses all net of reinsurance cashflows) exceed the total Surplus Notes issuance amount of \$600 million.

These conditions are in addition to the usual requirement for Golden Gate to demonstrate adequate solvency coverage of 175% of Company Action Level Risk Based Capital for principal repayments and 50% for interest repayments.

Update of business projections for the Protective blocks

An actuarial review of the X factors used in deriving deficiency reserves as part of the statutory reserving calculation prompted a recent increase in X factors to ensure that the factors are in line with emerging experience and maintain a sufficient buffer to that experience. This contributed to an increase in the overall level of Excess reserves and funding need of the Protective blocks. The change in X factors was reviewed by Tillinghast and approved by SCDOI as part of the amended Plan of Operations approved in June 2006.

In addition, Protective recently submitted revisions to the business mix for the PLICO Multiterm and OBC term products reflecting their current estimates for term premiums sold through the brokerage, PPGA and stockbroker distribution channels. These estimates were developed through the marketing and product development teams' assessment of (i) current term insurance market conditions and (ii) competitive positioning which was subsequently reviewed by senior management at Protective. The revised annualized premium sales projections provided by Protective for Golden Gate can be found below:

** lower premium
- case expense*

	EG	PLICO	WCL	Total
Inforce Jun-06	\$ 49,299,148	\$ 19,442,289	\$ 48,239,931	\$ 116,981,368
Jul-06	\$ 5,000,000	\$ 2,466,667	\$ 5,733,333	\$ 13,200,000
Aug-06	\$ 4,000,000	\$ 2,466,667	\$ 5,733,333	\$ 12,200,000
Sep-06	\$ 3,000,000	\$ 2,466,667	\$ 5,733,333	\$ 11,200,000
Oct-06	\$ 500,000	\$ 3,100,000	\$ 8,500,000	\$ 12,100,000
Nov-06		\$ 3,100,000	\$ 8,500,000	\$ 11,600,000
Dec-06		\$ 3,100,000	\$ 8,500,000	\$ 11,600,000
Q1'07		\$ 10,500,000	\$ 26,500,000	\$ 37,000,000
Q2'07		\$ 11,500,000	\$ 27,500,000	\$ 39,000,000
Inforce	\$ 49,299,148	\$ 19,442,289	\$ 48,239,931	\$ 116,981,368
New Bus Sales	\$ 12,500,000	\$ 38,700,001	\$ 96,699,999	\$ 147,900,000
Total	\$ 61,799,148	\$ 58,142,290	\$ 144,939,930	\$ 264,881,368

For the Protective blocks, the additional Surplus Notes funding requirement is \$50 million due to the above changes.

It is expected that Golden Gate will issue an additional \$200 million in principal amount of Surplus Notes which will be purchased, in a similar manner as the current Surplus Notes (i.e. MICA as Initial Purchaser and Lehman Brothers Holdings, Inc. as Committed Purchaser). The capital proceeds of the issuance of the Surplus Notes and the net reinsurance premiums under the Coinsurance Agreements will be used to fund two newly created reinsurance trusts that will secure Golden Gate's obligations under the Coinsurance Agreements up to the amount of the "Required Balance", as defined in the Coinsurance Agreements. As with all of the issuances of Golden Gate Surplus Notes to date, it is contemplated this will be the first of a two-step process to establish a long-term financing solution to Regulation XXX

reserves for CILAC and CILC. Golden Gate anticipates completing the second step of the process (with the Securitization of the entire block of business reinsured into Golden Gate during early 2007), as originally contemplated in the business plan approved by the SCDOI on August 25, 2005. Golden Gate would anticipate filing a revised change in business plan for approval before undertaking the Securitization phase of the process.

In accordance with § 38-90-490(C)(1) of the South Carolina Code, Golden Gate proposes to account for the proceeds of the Surplus Notes as surplus and not as debt for purposes of statutory accounting, and to separately identify the Surplus Notes as such on its statutory financial statements. Similar to the current Surplus Notes, Golden Gate will pay any interest on or repay any principal of the Surplus Notes - to the extent permitted by the insurance law of South Carolina and the terms of the SCDOI's Order approving this Change of Business Plan and the Surplus Notes payment terms. In addition, no experience refunds and dividends will be paid out from Golden Gate to the Insurers. Golden Gate's obligations under the Surplus Notes will be subordinate to its obligations to the Insurers under the Coinsurance Agreements and all other liabilities of Golden Gate, other than to holders of other Surplus Notes.

Additional Capital Contribution and Catastrophe Cover

Total required capital has increased from \$145 million to \$195 million (inclusive of approximately \$8 million of retained earnings). This required capital is based on a 20% partial credit for post level term profits in the financial projections in line with the standards typically applied by rating agencies in the assessment of securitization capital requirements.

In the event that Golden Gate pays Benefits resulting from a Catastrophic Event in excess of \$2,500,000 to the Ceding Insurers under the Reinsurance Agreements, Protective Life Corporation will make a capital contribution to Golden Gate, up to an amount equal to the Cap Amount on the date of such Catastrophic Event.

“Cap Amount” means:

<u>Coverage period</u>	<u>Original Limit</u>	<u>Revised Limit</u>
August 26, 2010	\$35,000,000	\$40,000,000
August 27, 2010 until August 26, 2011	\$48,000,000	\$55,000,000
August 27, 2011 until August 26, 2012	\$61,000,000	\$70,000,000
August 27, 2012 until August 26, 2013	\$74,000,000	\$85,000,000
August 27, 2013 until August 26, 2014	\$87,000,000	\$100,000,000
August 27, 2014 and thereafter	\$100,000,000	\$100,000,000

“Catastrophic Event” means a disaster, accident which (a)(1) arises out of one event or series of related events occurring within a defined geographic area or contiguous defined geographic areas, or (2) is directly or indirectly is caused by an Act of Terrorism, Act of War or War, and (b) results in the deaths of six or more persons within 30 days of the happening of such event, or, with respect to any Act of Terrorism, Act of War or War, as applicable, within six months of the occurrence of such Act or War.

The original limits on Cap Amount are being increased to account for the fact that the total Face Amount ceded to Golden Gate is going to be 15% higher including the CILAC and CILC business.

F. FACILITY UPSIZING SUMMARY

The current capacity schedule is capped at \$400 million based on a projected \$458 million in excess reserves by 6/30/07 attributable to business written by WCL, EG and PLICO. However, with the addition of CILAC and CILC, the projected excess reserves increase an additional \$132 million by 6/30/07. As such, we propose upsizing the current capacity schedule to a cap of \$600 million per the schedule below:

Current Capacity Schedule	Est. Excess Reserves WCL, EG & PLICO	Est. Excess Reserves CILAC & CILC	Est. Excess Reserves Total	Revised Capacity Schedule
9/30/2006: \$250 million	\$252 million	\$105 million	\$357 million	[\$375 million]
12/31/2006: \$300 million	\$316 million	\$115 million	\$431 million	[\$450 million]
3/31/2007: \$350 million	\$385 million	\$124 million	\$509 million	[\$525 million]
6/30/2007: \$400 million	\$458 million	\$132 million	\$590 million	\$600 million

G. REVISED SUMMARY OF TERMS

Surplus Notes

<i>Issuer:</i>	Golden Gate Captive Insurance Company, a South Carolina special purpose financial captive insurance company, and 100% owned special purpose subsidiary of Protective Life Insurance Company
<i>Counterparties:</i>	Protective Life Insurance Company ("PLICO"), West Coast Life Insurance Company ("WCL"), Empire General Life Assurance Corporation ("EG"), Chase Insurance Life and Annuity Company ("CILAC") and Chase Insurance Life Company ("CILC"). The "Counterparties" are the reinsurance counterparties and beneficiaries of the Reinsurance Trusts.
<i>Issuer Securities:</i>	Surplus Notes
<i>Current Amount Outstanding:</i>	\$200 million
<i>Final Authorized Facility Commitment:</i>	\$600 million
<i>Issue Date:</i>	August 26, 2005
<i>Maturity Date:</i>	August 15, 2037
<i>Interest:</i>	The Surplus Notes will pay interest monthly at a variable rate to be set equal to LIBOR plus 125bps per annum plus any accrued and unpaid interest. Interest will be paid from amounts in excess of amounts required to be held in the Reinsurance Trusts. After the 18th month from the Issue Date, the Interest will increase to LIBOR plus 150bps. After the 24th month from the Issue Date, the Interest will increase to LIBOR plus 175bps. Every six months thereafter, the Interest will increase by 50bps up to a maximum of LIBOR plus 425bps.
<i>Use of Proceeds:</i>	The proceeds will be held in Reinsurance Trusts (the "Reinsurance Trusts") for the benefit of the Counterparties. Amounts not held in the Reinsurance Trusts will be placed in the "Pre-Funded Assets Portfolio", an alternate portfolio created to temporarily hold proceeds that are not yet needed in the Reinsurance Trust.
<i>Additional Commitment Fee:</i>	An additional Commitment Fee arising from the upsize in facility will be payable as a result of the Chase block inclusion into Golden Gate and will be equal to the maximum of (i) \$1,000,000 and (ii) 50bps of the additional Commitment Amount; recognized and payable on the earlier of the securitization date or June 30, 2007.
<i>Non Use Fee:</i>	12.5 bps per annum, payable monthly during the first 24 months, based on capacity schedule.
<i>Trustee and Fiscal Agent:</i>	Bank of New York, a qualified US financial institution.
<i>Administration:</i>	The Counterparties will service the reinsured policies in accordance with its usual and customary practice.
<i>Statutory Reserves:</i>	Issuer's gross statutory reserves (including deficiency reserves) for the policies transferred under the reinsurance agreements, calculated by the Counterparties in accordance with the applicable statutory regulations, net of credit for reinsurance provided by Yearly Renewable Term ("YRT") reinsurance on portion of the Chase block.

Retrocession Type: For amounts above the \$1,000,000 retention limit, YRT. The YRT premium rates are guaranteed for the first year. In later years if the Retrocessionaire decides to increase the premiums charged to Golden Gate, it has to simultaneously increase the YRT premium rates charged to all other companies ceding or retroceding life insurance or reinsurance to the Retrocessionaire. Catastrophic coverage for all amounts pursuant to agreed-upon terms.

YRT Amount at Risk: Equal to the face amount less \$1,000,000, but not less than 0.

Capacity Schedule:

9/30/2006:	[\$375 million]
12/31/2006:	[\$450 million]
3/31/2007:	[\$525 million]
6/30/2007:	\$600 million

H. ECONOMICS

An updated summary of the *initial* projected P&L can be found below:

Source	Revenue
Upfront Fee	2,000,000
Projected Net Interest Carry*	4,609,375
Projected Non-Use Fee*	20,000
Securitization Fee (on \$1,250m)	15,625,000
Total	22,254,375

*Assumes average utilization of \$210 million for 21 months

With the issuance of the additional Surplus Notes, Lehman Brothers will receive a commitment fee of \$1 million (based on 50bps on the additional \$200 million in capacity). This commitment fee will be payable as an additional advisory fee on the earlier of the securitization or June 30th, 2007.

Interest on the additional Surplus Notes will remain at L + 125bps with Non Use Fees of 12.5bps. A summary of the *additional* projected P&L can be found below:

Source	Revenue
Commitment Fee	1,000,000
Projected Additional Net Interest Carry*	1,406,250
Projected Additional Non-Use Fee*	35,000
Securitization Fee (on additional \$250m)	3,125,000
Total	5,566,250

*Assumes average utilization of \$150 million for 9 months

Aside from the above, Lehman is anticipating AXXX securitization revenues of approximately \$5 million on a separate block of Protective's Universal Life business expected to be completed by end of 2006.

I. FUNDING STRATEGY

Similar to the existing Surplus Notes, Lehman intends to continue to utilize the services of Mica Funding (an ABCP Conduit), whereby Mica Funding will be the Initial Purchaser of the Surplus Notes and Lehman will be the Committed Purchaser. Lehman will provide a liquidity commitment to Mica Funding in the event it is unable to continue funding existing Surplus Notes or purchase additional Surplus Notes.

During the term of the transaction, Lehman has the ability to sell its commitment and/or outstanding Surplus Notes (subject to the next sentence) to eligible assignees, as well as use conduits or other intermediate funding sources (affiliated or not) other than Mica Funding. Lehman has the right to require PLICO to obtain a shadow rating for Golden Gate in the absence of a securitization in order to enhance the potential distribution of the Surplus Notes to third parties. Prior to the second anniversary of closing, however, Lehman will be required to retain at least 51% of the Commitment Amount, unless an event of default occurs.

Syndicate?

J. CORPORATE UPDATES

On August 1, 2006 Protective announced second quarter earnings. Selected highlights included:

- Net income increased 38.2% to \$0.94 per diluted share, compared to \$0.68 per share in the second quarter of 2005. Included in the current quarter's net income were net realized investment losses of \$0.01 per share, compared to net realized investment losses of \$0.22 per share one year ago.
- Operating income increased to \$0.95 per diluted share, compared to \$0.90 per share in the second quarter of 2005.
- Life Insurance pretax operating income, which includes operating income from the Life Marketing and Acquisitions segments, was \$70.2 million, an increase of 17.4% over the second quarter of 2005. Life insurance sales were \$53.5 million compared to \$69.7 million in the prior year's quarter.
- Pretax operating income in the Annuities segment was \$6.2 million in the current quarter compared to \$8.1 million in the prior year. Annuity sales were \$217.8 million, an increase of 44.1% over the prior year's quarter.
- As of June 30, 2006, share-owners' equity per share, excluding accumulated other comprehensive income, was \$31.37 compared with \$28.14 a year ago. Share-owners' equity per share, including accumulated other comprehensive income, was \$29.23 compared with \$33.02 a year ago.
- Operating income return on average equity for the twelve months ended June 30, 2006 was 12.9%.
- Net income return on average equity for the twelve months ended June 30, 2006 was 13.4%.

According to John D. Johns, Protective's Chairman, President and Chief Executive Officer:

- The company's effort in the second quarter was focused on the completion of the Chase Insurance Group acquisition, which was completed in early July. This is the most significant acquisition in the Company's history.
- The company has reestablished a solid competitive position in the term insurance market, and they expect to see their term application count and sales build as the year progresses.
- Sales of universal life products fell as expected as a result of pricing actions necessitated by AG38. Furthermore, Mr. Johns indicated that they plan to introduce new, more competitive UL products in the fourth quarter, which should put Protective back in a solid competitive position.
- Sales of fixed annuities increased during the quarter, and they expect to benefit in the second half from new sales through the Chase retail system.
- The company reported another strong quarter in the Asset Protection segment, and the completion of the Western General acquisition is expected to be immediately accretive to earnings.

- The company experienced lower unallocated investment income in the Corporate and Other segment as a result of the redeployment of capital to their operating lines.
- Overall, they continue to believe that the company is positioned to benefit from their recent acquisitions, new product offerings and expanding distribution capacity.

Protective recently established an additional special purpose financial captive reinsurance company ("Pacific") in South Carolina. Pacific will reinsure a specified block of universal life business from certain Protective Life entities and issue Surplus Notes to a capital market trust, which in turn will issue securities to the capital market investors via a public securitization. Actuarial Guideline 38 ("AXXX") was adopted in September 2002 in response to innovative universal life product designs that had secondary guarantees, but did not require Regulation XXX style reserves. AXXX was designed to eliminate many of the ambiguities of Regulation XXX. As is the case with level term insurance under Regulation XXX, the statutory reserves for UL products resulting from AXXX grow dramatically over time, requiring amounts in excess of the expected GAAP reserve at their peak.

K. MODELING ANALYSIS

The original Golden Gate captive deal model was updated to reflect the planned addition of the Chase block together with updated projections on future sales and business mix for the Protective companies. Milliman supplied the insurance cashflows for the Chase block, Protective the updated projections for the other blocks.

The required capital level of \$195 million (including around \$8 million of retained earnings) is sufficient to withstand adverse lifetime mortality stress of 120.6% assuming securitization is put into place in early 2007 and no profits after the level term period (126.2% assuming securitization is put into place in early 2007 and including profits after the level term period). This capital contribution amount is sized to establish a buffer relative to the expected capital level of \$150 million to \$175 million that would be required by financial guarantors to achieve a shadow rating of A3 or higher for securitization of the portfolio.

This assumes an all in LIBOR funding cost of L+59 bps for the Securitization Surplus Notes. This is reduced by assumed interest earnings on the funded assets of L+20 bps, leading to a net funding spread of 39 bps.

The estimated securitization required capital levels above are based on comparisons with another comparable XXX transaction completed by Lehman in Q2 2006. The capital for this transaction was sufficient to withstand a 117.9% lifetime mortality stress with no credit taken for post level term profits. The application of this stress test to Golden Gate implies a required capital level of approximately \$155 million.

The actual capital required for a securitization may be higher or lower than the estimated level above due to the following factors:

- Financial guarantors and rating agencies will evaluate the expected baseline mortality (including improvement assumptions applied to the projected future mortality rates) and persistency assumptions in comparison to the actual experience and industry standards in general and may reach different conclusions than Lehman and Protective's actuarial consultants.

This risk is partially mitigated by a pad of 4% applied by Lehman in setting baseline expected mortality for PLICO's term new business portfolio to be originated between May 2006 and the end of the origination period.

- The actual profile (mix of business by age band, gender, risk class, product and cedant) of the Golden Gate portfolio may be different than expected. This can result in a different aggregate level of expected product margins which in turn impacts required capital levels. In mitigation, material deviations from the business mix guidelines will generate a capital true up on June 30th, 2007 under the terms of the existing warehouse facility.
- The first generation of PL, EG and WCL products included in Golden Gate (issued until June 30, 2006) include no provision for post level term profits. This assumption is likely to be revised at the time of securitization to ensure a consistent projection basis across the portfolio. Some (limited) credit is likely to be allocated to the incremental product margins arising in considering required capital contribution for the securitization.
- Evolution of stress tests used by the rating agencies and financial guarantors may create incremental capital requirements. The increasing standardization of the rating approach taken for XXX transactions somewhat mitigates this risk.

L. TIMING

The additional Surplus Notes to be issued and the Warehouse upsizing are both expected to take place on or about September 30, 2006.

M. DUE DILIGENCE

Chase business - post acquisition/ Maintenance of the Underwriting discipline for the direct business to be put into Golden Gate

Extensive due diligence was carried out by Lehman on the reference block of term policies in recent months. Commitment committee approval was sought and granted in December 2005 to a proposal by the Insurance Solutions Group to reinsure this block from Jackson National Life ("JNL") as part of JNL's tender for the Chase business. JNL was ultimately unsuccessful in its bid. Subsequently, additional review was carried out on the same block in June 2006. A firm of actuarial advisers, Watson Wyatt Insurance Financial Services ("WWIFS"), was engaged to carry out actuarial due diligence on the adequacy of the assumptions underpinning the Milliman Chicago appraisal value of this block. The mortality and persistency assumptions used by PLICO are broadly consistent with those used in the appraisal report. With the exception of the level of post level term profits generated, these assumptions were validated by the Insurance Products Group team and by WWIFS.

Additional due diligence was carried out on the ability of Protective Life to adequately administer the Chase block post acquisition. A third party administrator, CSC, has been retained by PLICO to administer the business. CSC have an extensive track record of policy administration within the US market - Swiss Re's Admin Re business outsources its portfolio to them.

New business will be shut down post acquisition for all term products other than Direct Term. It was important to evaluate PLICO's plans to ensure quality controls are maintained during transition through the remainder of 2006. Discussions with Carolyn Johnson, COO for PLICO's Life and Annuity business provided a detailed update on August 7th:

- The bulk of the existing team (including management) for the Direct Term operation have been retained. About 75 employees have been retained (of 125) for the direct marketing and sales

process (lead generation through to sale). A further 40 employees (including the life underwriting team led by Kristin Blake) are retained in the "Manufacturing" team. This latter team is responsible for licensing and training of agents employed by Chase and implementing the life underwriting process including the teleunderwriting application process for each insurance policy application.

- The operation will be transitioned by year end 2006 to WCL paper. The operation in Elgin, Chicago may be retained although a decision has yet to be made. No change in underwriting protocol is planned prior to year end other than to reduce the face amount limit to \$1 million per policy.
- An effective underwriting audit environment is a key control during times of significant change in operations. PLICO carries out an annual external underwriting audit. The expectation is for them to include Chase in the Q4 2006 scope - we will ensure right of access to the report. Regular underwriter work review is also in place - additional written information outlining the process and expected quality standards was provided to Lehman. The reinsurance agreement includes provision for CILC and CILAC to underwrite business in line with underwriting standards that will form part of the reinsurance agreement. This agreement will also be updated to reflect the reduced pool autobind limit of \$1 million.
- Existing reinsurance capacity on excess risks above \$750,000 and for facultative terms were confirmed to continue in place without change - reinsurance underwriter scrutiny will therefore continue although this may have limited value given the small reinsurance volume amount expected to be ceded by CILC given an average face amount of around \$300,000.

Actuarial Advisors

Milliman (an actuarial consulting firm) has been engaged by Protective in connection with the Chase block transaction to verify and opine upon the assumptions underlying the cashflow projections. Milliman will provide an "Assumption Review Letter" in which it will confirm the reasonableness of the mortality and lapse assumptions used by the Counterparties (draft Milliman Assumption Review Letter attached as Appendix C).

Legal Counsel

Stroock & Stroock & Lavan LLP has been retained as Lehman Brothers' counsel for the Warehouse and is managing the Warehouse documentation. Debevoise & Plimpton is serving as Issuer's counsel for the Warehouse. Young, Clement, Rivers & Tisdale has been engaged as South Carolina local counsel. Customary legal opinions will be obtained from appropriate legal counsel.

South Carolina Regulatory Process

The South Carolina Department of Insurance (SCDOI) regulates the activities of Golden Gate including the issuance of surplus notes. The relevant documentation for the reinsurance of the Reference Business as well as issuance of the Surplus Notes will be filed with the SCDOI by Protective in accordance with the regulatory body's procedures. It is expected that SCDOI will complete its review of the issuance and authorize the issuance by the end of September 2006.

Rating Agencies

As of July 3, 2006, the date of closing for Protective's acquisition, CILAC has insurer financial strength ratings of A by A.M. Best; A by S & P, and A1 by Moody's. On July 4, 2006 S&P lowered its counterparty credit and insurer financial strength ratings on CILAC and CILC to A from A+ and removed them from CreditWatch with negative implications, where they were placed on Feb. 8, 2006, with a current outlook of Stable. The downgrade reflects Chase Insurance's limited business profile and

Protective's intention to run-off the business. Contrary to S&P, on July 5, 2006 Moody's upgraded the insurer financial strength ratings of CILAC and CILC to A1 from A2 with a Stable outlook reflecting their strategic importance to Protective and the implied support of their new owner. The upgrade and positive outlook on the ratings also underscores Moody's belief that, over the medium term, the Chase Insurance Group companies will be integrated into the Protective organization, including both capital management and operational integration.

PLICO has insurer financial strength ratings of A+ from A.M. Best, AA from Standard & Poor's, AA- from Fitch, and Aa3 from Moody's Investor Services.

Empire General Life Assurance Corporation has insurer financial strength ratings of A+ from A.M. Best, AA from Standard & Poor's, AA- from Fitch, and Aa3 from Moody's Investor Services. Empire General's policy liabilities are guaranteed by Protective Life Insurance Company.

West Coast Life Insurance Company has insurer financial strength ratings of A+ from A.M. Best, AA from Standard & Poor's, AA- from Fitch, and Aa3 from Moody's Investor Services. Protective Life Insurance Company has entered into an agreement to contribute capital to West Coast under certain circumstances.

Protective Life Corporation has unsecured debt ratings of A from A.M. Best, A from Standard & Poor's, A from Fitch, and A3 from Moody's Investor Services.

N. Management, Directors, Owners and Employees

Golden Gate is 100% owned by PLICO. The officers and directors of the Issuer are affiliated with either PLICO or Protective, with the exception of Michael Molony of Young, Clement, Rivers & Tisdale (South Carolina Counsel) as an independent director.

Name and Protective Role	Title
• Allen W. Ritchie	• President and Director
• Wayne E. Stuenkel	• Vice President and Director
• Michael A. Molony	• Director
• Richard J. Bielen	• Treasurer
• Deborah J. Long	• Secretary
• Anil S. Manji*	• Vice President and Appointed Actuary
• Pamela A. Gordon**	• Assistant Secretary

*Protective is currently in the process of filing the necessary paperwork in South Carolina for Kevin Borie to become the appointed actuary rather than Anil Manji.

** Pam Gordon has resigned and Protective is currently in the process of officially replacing her as Assistant Secretary.

O. Exit strategies

It is still anticipated that proceeds from a Securitization prior to the two year anniversary of the transaction will redeem the existing and additional Surplus Notes in full. Additionally, the transaction structure and the required capital contribution from PLICO ensure that the transaction meets the guarantor's criteria for single-A rating.

Based on discussion with Brett Houghton (ABS), market conditions deteriorated in the immediate aftermath of Scottish Re's Q2 earnings loss, but have recovered since.

* For senior unwrapped notes issued by Ballantyne Re at L+61bps, the spread widened to L+150bps and has since narrowed to L+70-100bps. The BBB+ senior subordinated notes that were issued at L+200bps, widened to L+400bps and have since narrowed to L+ 200-300bps.

Market appetite for new unwrapped senior note issuance will vary by issuer, with high quality primary insurance companies more likely to secure funding from capital markets. Reinsurers or fringe primary issuers would be less favored in the current market environment.

For wrapped notes, spreads widened by about 10bps but have since narrowed to 2bps.

Investor appetite for AAA wrapped Dutch Auction market securities remains unaffected by recent events. Spreads on XXX securities have not widened since the end of July 2006 as shown in the following summary:

Dutch Auction Rate Market – Existing XXX issuance spread to LIBOR

Scottish Re

Average Since	5/22/2006	-2 bps
Last Auction	8/7/2006	-2 bps

Genworth

Average Since	1/5/2006	-2 bps
Last	8/10/2006	-1 bps

Banner Life

Average Since	1/5/2006	-3 bps
Last	8/10/2006	-1 bps

Based on discussion with Jeff Brown (Insurance Products Group), the financial guarantors continue to demonstrate strong appetite to provide capacity for XXX and AXXX life insurance securitizations. It seems that the financial guarantors are viewing the Scottish Re downgrade as specific to this reinsurer.

Specifically, Assured continues to support the forthcoming notes issuance by L&G America (Banner), MBIA has quoted competitive terms for Protective's planned Q4 2006 AXXX notes issuance. FGIC and Ambac also intend to continue to supply their capacity to this market.

P. RISKS AND MITIGANTS

RISKS	MITIGANTS
<p>The excess Regulation XXX reserves are available to be drawn in the event that the actual mortality experience on the Issuer's book of business is higher than projected. Such an outcome could reduce the profitability of the Issuer and hence diminish its ability to pay interest and principal on the Surplus Notes.</p>	<ol style="list-style-type: none"> 1) Extensive actuarial and financial analysis conducted to determine the amount of required subordinated equity to absorb retained mortality risk 2) Funds released from the Reinsurance Trust are available to repay Surplus Notes. 3) Use of retrocession (secondary reinsurance) from highly rated counterparties to transfer mortality risk in excess of certain retention limits.
<p>The Surplus Notes could be a potential long-term hold for Lehman Brothers with a final maturity of 32 years.</p> <p><i>Can we force ABS deal?</i></p>	<ol style="list-style-type: none"> 1) Strong incentive for Protective to securitize and refinance the Surplus Notes after month 18, including stepping-up interest rate, conservative expense allowance and inability to receive dividends from the Issuer. 2) Increasing interest rate provides attractive relative value with regard to the underlying risk. 3) Paydown structure brings the expected maturity down to 16 years. 4) Ability to have Protective seek ratings on the Surplus Notes after two years. 5) Ability to syndicate the Notes which represent an attractive relative value opportunity for investors.
<p>The Transaction is non-recourse to the Counterparties and Protective. Golden Gate is a South Carolina special purpose financial captive insurance company and has no means of repayment of the Surplus Notes outside of the cash flows described under "G. Revised Summary Terms". Golden Gate receives no support either implicit/or otherwise from its parent other than its initial equity infusion.</p>	<ol style="list-style-type: none"> 1) Expected cash flow from the book of business supports any required payments on the Surplus Notes. 2) Retrocession agreements and subordinated equity capital shield the Surplus Noteholders from adverse mortality experience.
<p>Payments of interest and/or principal under the Surplus Notes are contingent upon prior approval of the SCDOI. Because of the buildup of the uneconomic statutory reserves, Golden Gate will report negative unassigned surplus (i.e. statutory retained earnings) on its statutory filings. The negative unassigned surplus will begin to improve around 2015 when the uneconomic statutory reserves start decreasing; however, the negative unassigned surplus will persist for the life of the</p>	<p>Despite the negative unassigned surplus, Golden Gate will show healthy risk-based capital ("RBC") ratios. Accordingly, the SCDOI and the newly enacted South Carolina Special Purpose Financial Captive law ("SPFC law") recognizes that Golden Gate, a special purpose financial captive, can continue healthy operations despite reporting this negative statutory figure; and in this respect, the SCDOI accepts financial statements also on a GAAP basis as well as on a modified Statutory</p>

<p>transaction. In certain states other than South Carolina, repayment of principal on surplus notes is explicitly disallowed if a company has negative unassigned surplus.</p>	<p>basis. The SCDOI also accepts a capital ratio formula as a basis for its prior approvals of payments of principal and interest on the Surplus Notes. In addition, South Carolina was chosen by Protective as the state of domicile for Golden Gate since (a) the SCDOI has a mandate to establish itself as a captive friendly state with a focus on securitizations of this kind, (b) it has now codified provisions to facilitate these types of transactions and (c) Golden Gate is already an existing entity under the SC SPFC law.</p>
<p>The Illinois, Tennessee and Nebraska Departments of Insurance (the Counterparties' regulators) have the ability to draw on Trust assets acting on behalf of the Counterparties if the Counterparties were subject to regulatory supervision.</p>	<p>The Reinsurance Agreement sets forth the purpose for which funds drawn from the Trust must be used. Although it is believed that any improper seizure of assets is unlikely and if taken is not without good legal recourse, this is a possibility that has been faced in insurance securitization. In order to provide the Surplus Noteholders with comfort and to ensure the proper treatment of Reinsurance Trust assets, the Issuer will receive a legal memorandum from its counsel.</p> <p>Surplus Noteholders shall also have a first priority security interest in Golden Gate's residual interest to receive the assets remaining in each of the Reinsurance Trusts after satisfying its obligations under the Reinsurance Agreements.</p>
<p>Premiums paid to Golden Gate related to the Chase block are net of YRT premiums. Repricing risk exists such that if the YRT premiums increase, that could have a negative impact to the net premium payment received by Golden Gate.</p>	<p>Most YRT agreements have pricing caps/guarantees in place.</p> <p>This is further mitigated by PLICO's negotiating position in the reinsurance market as a continuing purchaser of YRT reinsurance to support its future new business.</p>
<p>YRT provider fails to honor obligation of reinsurance coverage.</p>	<p>For Chase related YRT, the risk is borne by Protective and not Golden Gate. The benefits paid by Golden Gate are net of benefits payable by the YRT provider, whether collectible or not.</p> <p>For Protective related YRT, the \$1 million excess of loss YRT program exposes Golden Gate to credit performance of the reinsurance pool. This is managed by requiring appropriate credit rating of the pool. Refer to Appendix J for details.</p>
<p>Unsatisfactory underwriting/poor product quality of the existing Chase block of business.</p>	<p>Due diligence by Lehman through conversations with both Protective and Chase management will mitigate and uncover any concerns over underwriting/product quality during the due diligence phase.</p>
<p>Unsatisfactory underwriting/poor product quality of new Chase business written.</p>	<p>The Reinsurance Agreement language requires underwriting in line with the published underwriting guidelines and specified reinsurer</p>

	<p>manual. Protective also plan on performing an external audit of the business in the 4th quarter of 2006. Lehman will have right of access to all audit results.</p>
<p>Catastrophic deaths due to avian flu risk are not included in the scope of the Catastrophic Loss Agreement provided by Protective Life Corporation to Golden Gate. (The intent of the cover is rather to protect Golden Gate primarily against war and terror risks. This is in line with securitization market practice)</p>	<p>The contributed capital of \$195 million combined with future product margins is available in the first instance to fund catastrophic death claim levels. This is sufficient to fund a 425% increase in 2007 projected claims.</p> <p>To date, WHO reports 138 confirmed reported deaths due to H5N1 flu virus since 2003 with the bulk of these from Indonesia and Vietnam. The latest CDC findings are that current strains of the virus do not readily transmit based on human to human contact.</p> <p>No case of the virus has yet been found in the US in either human or avian populations. The virus is widespread amongst European, Asian and African wild fowl populations.</p>
<p>Future premium rate reductions are likely for new business due to the intensity of price competition amongst leading brokerage term writers. The true up mechanism for capital contributions exposes Lehman to PLICO credit risk (currently at "AA" insurance financial strength) between the effective date of a premium reduction and June 30th, 2007</p>	<p>True up of capital will now happen at time of future premium rate reductions if PLICO's credit rating is reduced from current levels by either Moody's or S&P, or is moved to negative outlook by either rating agency. This should ensure that Golden Gate continues to enjoy a margin of capital relative to securitization required levels.</p>
<p>Scottish Re is a pool reinsurer on the existing Chase YRT pool arrangement and has recently suffered rating agency downgrades following Q2 2006 earnings losses.</p>	<p>This credit risk does not directly affect Golden Gate. Claims due by Golden Gate are net of claims payable (rather than paid) by the Chase reinsurance pool. To the extent that CILC and CILAC exercise recapture rights, the risk recaptured will not be ceded to Golden Gate. The reinsurance agreement with Golden Gate will reflect this intent.</p> <p>Scottish Re also participated in some of the 90/10 coinsurance agreements on pre August 2004 Chase term blocks. This is not a risk for Golden Gate as reinsurance on this block is a quota share slice of 5.1% of the original face amount issued and is not net of existing reinsurance contracts. Although material, PLICO's total exposure to Scottish Re credit is within acceptable counterparty limits (refer to Appendix F).</p>

Q. RECOMMENDATION

We recommend that the Committee authorize Lehman Brothers to purchase the additional Surplus Notes and increase the capacity schedule to \$600 million. The Warehouse provides Lehman with the opportunity to further strengthen its relationship with Protective through a transaction that highlights our innovation and ability to meet strategic client needs as well as garner substantial economics.

II. FINANCIAL RESULTS

Golden Gate has no operations other than that described herein and has limited operating history. Golden Gate will only perform functions as contemplated in the Reinsurance Agreement and as stipulated in its charter. Please refer to Appendix I for details related to Q2 statutory financial statements.

III. LITIGATION

Protective is regularly involved in lawsuits both as a defendant and a plaintiff, including as a defendant in class action lawsuits. Litigation naming Protective as a defendant ordinarily arises out of its business operations as a provider of life insurance and annuities products. In addition, state regulatory bodies, such as state insurance departments, the SEC, the NASD, the Department of Labor and other regulatory bodies regularly make inquiries and conduct examinations or investigations concerning Protective's compliance with, among other things, insurance laws, securities laws, ERISA and laws governing the activities of broker-dealers.

IV. APPENDICES

- A. Original Summary of Terms*
- B. New Transaction Structure*
- C. Milliman Assumption Review Letter*
- D. Chase Acquisition Press Release*
- E. Recent Q2 Protective Financials*
- F. Scottish Re Exposure*
- G. Business profile summary – Protective Companies v Chase block*
- H. Golden Gate deal model projections*
- I. Recent Q2 Golden Gate Financials*
- J. Credit Rating of YRT Reinsurance Providers*

A

LEHMAN BROTHERS

Appendix A
Original Summary of Terms

Interim Notes

<i>Issuer:</i>	Golden Gate Captive Insurance Company, a South Carolina special purpose financial captive insurance company, and 100% owned special purpose subsidiary of Protective Life Insurance Company
<i>Counterparties:</i>	Protective Life Insurance Company ("Protective Life"), West Coast Life Insurance Company ("West Coast") and Empire General Life Assurance Corporation ("Empire General"). The "Counterparties" are the reinsurance counterparties and beneficiaries of the Reinsurance Trusts.
<i>Issuer Securities:</i>	Interim Notes
<i>Initial Amount:</i>	\$100 million
<i>Maximum Commitment Amount:</i>	\$400 million
<i>Issue Date:</i>	August [10], 2005
<i>Maturity Date:</i>	August [10], 2037
<i>Interest:</i>	The Interim Notes will pay interest monthly at a variable rate to be set equal to LIBOR plus 125bps per annum plus any accrued and unpaid interest. Interest will be paid from amounts in excess of amounts required to be held in the Reinsurance Trusts. After the 18th month from the Issue Date, the Interest will increase to LIBOR plus 150bps. After the 24th month from the Issue Date, the Interest will increase to LIBOR plus 175bps. Every six months thereafter, the Interest will increase by 50bps up to a maximum of LIBOR plus 425bps.
<i>Use of Proceeds:</i>	The proceeds will be held in Reinsurance Trusts for the benefit of the Counterparties. Amounts not held in the Reinsurance Trusts will be placed in the "Pre-Funded Assets Portfolio", an alternate portfolio created to temporarily hold proceeds that are not yet needed in the Reinsurance Trust.
<i>Commitment Fee:</i>	The Commitment Fee will be equal to the maximum of (i) \$2,000,000 and (ii) 37.5bps of the Maximum Commitment Amount.
<i>Non Use Fee:</i>	12.5 bps per annum, payable monthly during the first 24 months, based on capacity schedule.
<i>Trustee and Fiscal Agent:</i>	Bank of New York, a qualified US financial institution.
<i>Administration:</i>	The Counterparties will service the reinsured policies in accordance with its usual and customary practice.
<i>Statutory Reserves:</i>	Issuer's gross statutory reserves (including deficiency reserves) for the policies transferred under the reinsurance agreements, calculated by the Counterparties in accordance with the applicable statutory regulations.
<i>Retrocession Type:</i>	For amounts above the \$1,000,000 retention limit, Yearly Renewable Term ("YRT"). The YRT premium rates are guaranteed for the first year. In later years if the Retrocessionaire decides to increase the premiums charged to Golden Gate, it has to simultaneously increase the YRT premium rates charged to all other companies ceding or retroceding life insurance or reinsurance to the Retrocessionaire. Catastrophic capital support for all amounts pursuant to agreed-upon terms.

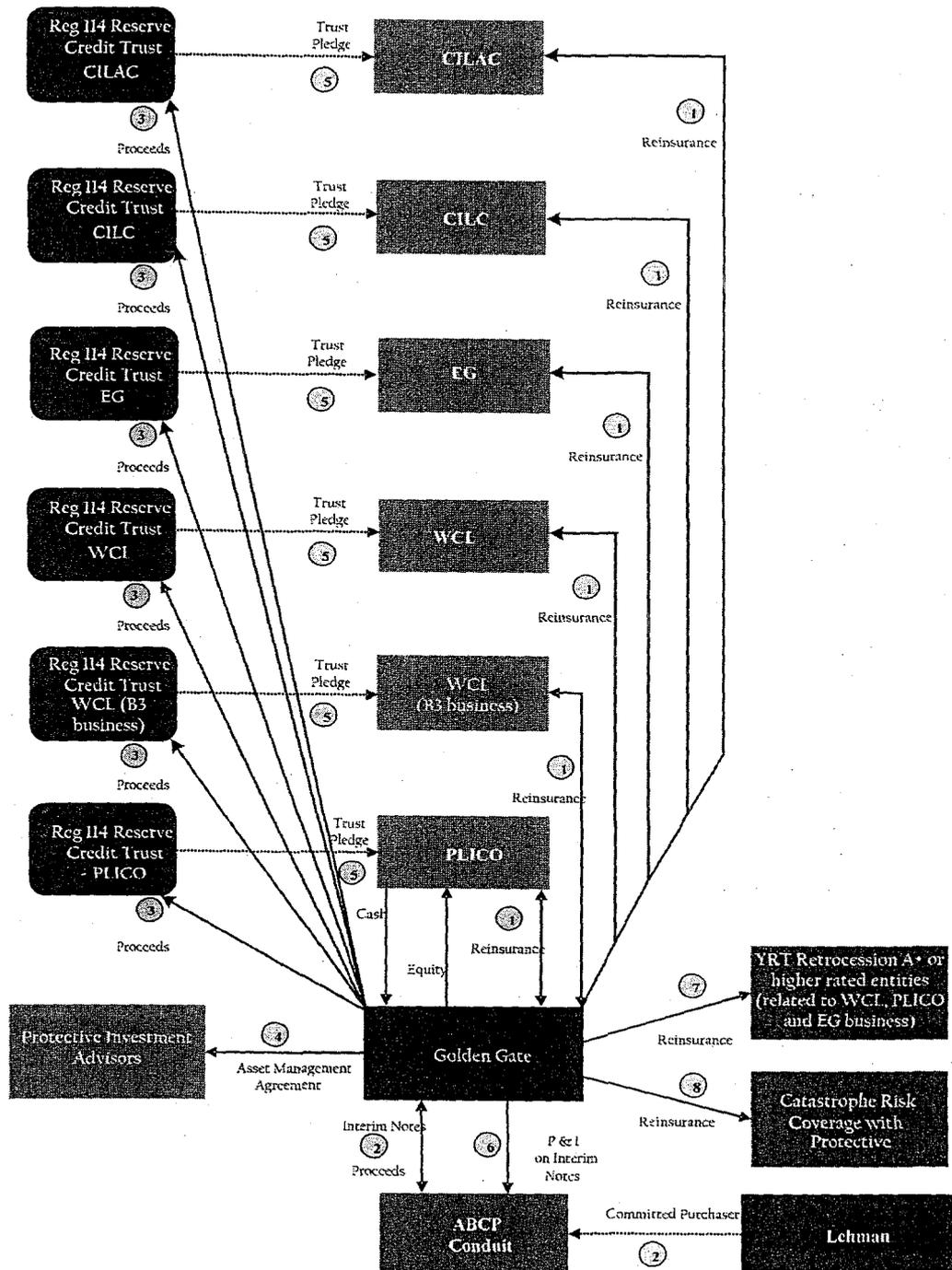
Capacity Schedule:

9/30/2005:	\$100 million
12/31/2005:	\$125 million
3/31/2006:	\$150 million
6/30/2006:	\$200 million
9/30/2006:	\$250 million
12/31/2006:	\$300 million
3/31/2007:	\$350 million
6/30/2007:	\$400 million

B

LEHMAN BROTHERS

Appendix B
New Transaction Structure



1. Golden Gate was initially capitalized with (i) \$112 million of equity through a cash capital contribution from PLICO, and (ii) \$6 million of retained earnings.

Pursuant to six separate Reinsurance Agreements, Golden Gate is the reinsurance counterparty to the Counterparties (WCL/EG, CILAC, CILC and PLICO). Under these agreements, the Issuer will reinsure 100% of the Reference Business ceded by the Counterparties. The Reference Business shall consist of individual, fully underwritten term life insurance policies with guaranteed level premiums (terms ranging from 5 to 30 years) originated by WCL/EG from June 1, 2005 through approximately June 30, 2007, by CILAC/CILC during 2000 through 2006 and PLICO from July 1, 2005 through approximately June 30, 2007. Issuer also reinsured a small portion of business previously underwritten by WCL ("B3 business") from April 22, 2002 and September 30, 2003.

Each of the Counterparties and the Issuer are subsidiaries of Protective. Protective is rated "AA" by Standard and Poor's and "Aa3" by Moody's. PLICO and WCL/EG have received insurer financial strength ratings of "AA" from S&P and "Aa3" from Moody's respectively. CILAC/CILC have received insurer financial strength ratings of "A" from S&P and "A1" from Moody's respectively.

2. The Issuer will issue Interim Notes in an amount of up to \$600 million over a period of 2 years. The initial purchaser of the Interim Notes will be an ABCP Conduit designated by Lehman; however, Lehman will provide a liquidity commitment to the ABCP Conduit as well as a commitment to the Issuer to purchase future Interim Notes if the ABCP Conduit fails to do so.
3. Golden Gate will place the proceeds from the issuance of Interim Notes into six separate Reg 114 Trusts, each providing the statutory reserve requirements for one of the reinsurance Counterparties. These proceeds are backing "redundant" reserves and are therefore not expected to be drawn down if the business performs as expected. The amount of proceeds placed in each Trust will be determined by the amount of reserves required for such Trust.
4. An Asset Management Arrangement is established for the Reg 114 Trust assets, pursuant to which the Trust assets will be invested under stipulated investment guidelines in order to closely match the return on assets to the 1-month LIBOR-based rate paid on the Interim Notes. Proceeds in excess of 100% of the required balance (102% after the peak statutory reserve period) will be held outside of the related Reinsurance Trust in Golden Gate but may not be dividended to PLIC or any other entity.
5. Each Reg 114 Trust is pledged to the corresponding Counterparty to secure reinsurance reserve credit.
6. Interest and principal payments on the Interim Notes are supported by net reinsurance cash flows, interest income on invested assets and release of assets from the Reg 114 Trusts. Additionally, the equity of the Issuer (held inside the Issuer) would be available to absorb the first loss due to any adverse mortality

experience not otherwise covered by the Retrocession Agreements. The Interim Notes are expected to be fully repaid from Notes issued via permanent securitization financing within two years of closing.

7. Golden Gate will enter into distinct Retrocession Agreements with the Retrocessionaires (which will be rated "A+" or better). Retrocession refers to the practice of a reinsurer limiting its risk by ceding its liabilities beyond a certain level to other reinsurers. Pursuant to these agreements, Golden Gate's liability to pay death benefits on any policy in excess of \$1 million will be retroceded to the Retrocessionaires.
8. Golden Gate intends to either (i) enter into a catastrophic risk coverage agreement with Protective or another entity guaranteed by Protective (rated "A/A3"); or (ii) contribute additional capital to Golden Gate to cover its future obligations relating to catastrophic events. The agreement or capital contribution are designed to protect Golden Gate against catastrophic mortality experience.

Payments of principal or interest on the Interim Notes may be paid only from assets of the Issuer outside of the principal amount of assets in the Reinsurance Trust Accounts. The sources of cash available to the Issuer will consist of: (i) net positive settlement from the Reinsurance Agreement; (ii) Paid-In Capital Assets; (iii) Pre-Funded Assets (i.e. proceeds of Interim Notes not yet placed in the Reinsurance Trust); (iv) Experience Account Assets (i.e. retained earnings of Golden Gate); (v) investment income on Paid-In Capital Assets, Pre-Funded Assets and Experience Account Assets; (vi) amounts receivable, if any, pursuant to the Tax Allocation Agreements; (vii) Positive Reinsurance Trust Cashflow; and (viii) the issuance of additional Interim Notes and Notes. It is these cash flows and the approval of payment of the Interim Notes by the SCDOI that the Interim Noteholders will depend upon to meet principal and interest payments.

C

LEHMAN BROTHERS

Appendix C

Milliman Assumption Review Letter

**CHASE INSURANCE
ANALYSIS OF REGULATION XXX
BUSINESS FOR SECURITIZATION
OF FUTURE CASH FLOWS
AS OF DECEMBER 31, 2005**

PREPARED FOR:

Protective Life Corporation

PREPARED BY:

Kathleen M. Dziejczak, F.S.A., M.A.A.A.
John P. Schreiner, F.S.A., M.A.A.A.

August 11, 2006

MILLIMAN

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MILLIMAN

SECTION I

Introduction, Scope, Qualifications and Limitations

Introduction, Scope, and Qualifications

Milliman was engaged by Protective Life Corporation ("Protective") to build a model and perform analysis to be used to analyze the impact of potential fluctuation inherent in mortality and persistency experience for certain term insurance sales of Chase Insurance Operations ("CIO"), which includes business sold by its subsidiaries Chase Insurance Life and Annuity Company ("CILAC", formerly Federal Kemper Life Assurance) and Chase Insurance Life Company ("CILC", formerly Zurich Life Insurance Company of America), in particular, term business written beginning in 2000 through 2006. Initially, the results for this analysis will be shared with the South Carolina Department of Insurance in connection with the submission of the revised Plan of Operations related to the reinsurance of a portion of the CIO term business to Protective's captive insurance company, Golden Gate Captive Insurance Company ("Captive"). It is our understanding that the revised Plan of Operations will include a subset of the scenario analysis included herein, and that the intended use of this full report is a public market securitization transaction which will include the subject business expected to be completed in early 2007. This report is subject to the terms as described in an engagement letter between Milliman and Protective dated March 15, 2006.

Included, as part of this analysis, is a review of the reasonableness of mortality and lapse assumptions in light of the CIO experience data, as well as in light of general industry experience. In aggregate, CIO's inforce business excluding the mortgage term business represents a relatively mature block of business. We used the historic experience of the business as our baseline assumption. For mortgage term business, CIO's inforce is comprised of a small block of business with issues beginning in November, 2004 that has not yet developed fully credible experience, especially over the relatively limited time horizon during

which the policies have been in force. The results in this analysis are based on CIO's pricing assumption for the mortgage term business. For all business, we analyzed the sensitivity of results to higher levels of mortality and alternative lapse assumptions under various deterministic scenarios specified by Protective.

We have not been asked to comment on the nature and form of the securitization transaction, nor are our projections intended to reflect the securitization transaction. The models illustrate projection results for certain term business subject to the NAIC Valuation of Life Insurance Policies Model Regulation (referred to as "Regulation XXX" in this report) and analyze the sensitivity of results to certain key projection assumptions.

Results have been prepared under both statutory reserving principles and economic reserve (gross premium reserve) principles. We also have illustrated results under a proforma GAAP methodology.

In order to fully understand this report, any user of the report should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the illustrated results. This report must be read in its entirety to be fully understood.

Limitations and Distribution

The report has been prepared for the internal use of Protective (including its subsidiaries) and its advisors and solely for its intended purpose. Except as described below, the report may not be distributed, disclosed, copied or otherwise furnished to any other party without Milliman's prior consent. In addition, the report must be distributed in its entirety to other parties.

Protective may include this report in an offering circular prepared in connection with a non-registered note offering that Protective plans to issue in early 2007 to institutional investors, provided such report is

included in its entirety and the form and substance of all references to our name, our analysis and the assessment of the reasonableness of the assumptions are approved in writing by us before such documents are distributed to interested parties.

The report may also be provided to prospective bond insurers involved in underwriting the securitization and any reinsurers involved in the transaction provided that each such party executes a third party release agreement consistent in form and substance with that agreed to in the engagement letter.

We understand our report will be provided to insurance regulators who will be reviewing the transaction related to the reinsurance of a portion of the CIO term business to the Captive and at the time of the securitization in early 2007. We consent to the release of the report to such regulatory parties as necessary for completion of the transaction as long as the Milliman work product is provided in its entirety and Milliman is informed in advance of the distribution. Milliman will also provide our report to rating agencies as requested by Protective.

The report and any other documents relating to Milliman's work may be distributed to a third party where disclosure is required by law or is requested by a regulatory agency with jurisdiction over Protective or its subsidiaries. Milliman must be informed of such distribution in advance.

The validity of the projections depends on how well future experience conforms to the assumptions reflected in the analysis. Our assumptions for future mortality, lapse, expenses, investment return, and other actuarial factors are based on our evaluation of recent experience and anticipated future trends for CIO. Actual experience could be more or less favorable than the assumptions underlying the amounts provided in the report. To the extent actual experience differs from the assumptions outlined, so will the actual results differ from the results projected in this report. The sensitivity analysis defined by Protective and included in the report is intended to illustrate the impact on results if actual experience is different

from the base assumptions reflected in the models. Actual experience could fall outside the ranges illustrated in the sensitivity analysis.

SECTION II

Data Reliance

In preparing this report, we relied upon data and information provided by both Protective and CIO and did not attempt to audit the data or perform independent verification. We assume no responsibility for the accuracy or completeness of such information. We did, however, review the data to the extent practicable for reasonableness and consistency. To the extent the data is flawed, the results of our analysis may be affected.

Principal information relied upon includes, but is not limited to:

- Inventories of term insurance policies inforce in CILAC and CILC as of December 31, 2005 including computer files and other listings of these records.
- Information concerning the distribution of new term insurance sales in 2006 for CILAC and CILC including product mix, underwriting characteristics, issue age and sex distribution.
- Premium production levels for 2006 anticipated in CILAC and CILC utilizing actual annualized premium production in the first half of 2006.
- Mortality and lapse studies prepared by CIO for the business inforce.
- Actual recent financial data for the inforce business subject to the securitization.

- Product characteristics including premium rates, policy fees, banding, commission rates, etc.
- Methodology and assumptions regarding statutory reserves, tax reserves and GAAP reserves.
- Information on the terms of reinsurance agreements to third parties.
- Information with respect to the structure of the reinsurance treaties with the Captive.
- Information with respect to the investment earnings rate.
- Specifications related to the sensitivity tests required for the business.

SECTION III

Business Subjected to Analysis

Business subjected to analysis includes certain blocks of Regulation XXX term insurance business written in 2000 through 2005 by CILAC and CILC which is in force as of December 31, 2005 and new Regulation XXX business to be issued during 2006. The analysis excludes the following blocks of business, consistent with reinsurance treaty terms:

- 1) Business written where XL Life is one of the participating reinsurers on ceded business,
- 2) Return of premium (ROP) riders and policies with ROP product features,
- 3) Business originally written in KILICO and ceded to CILAC, and
- 4) Level term riders (e.g., spouse coverage).

The business to be reinsured to the Captive is 51% of the net retained subject business as of June 30, 2006 of CILAC and CILC. The remaining 49% of the net retained subject business as of June 30, 2006 of CILAC and CILC was ceded to Wilton Re at the time that CIO was acquired by Protective, and that 49% is not part of this analysis. "Net retained" on policies that are coinsured is defined as the portion of the direct business that is not coinsured. "Net retained" on policies that include YRT reinsurance is defined as 100% of the direct business net of any applicable YRT reinsurance.

The historical retention limits of CILAC and CILC are summarized in the table below.

Historical Retention Limits				
Effective Date	Type	Retained Percentage	Excess or FDQS	Maximum Retention Per Life
January 1, 2000	Coinsurance	10%	FDQS	\$300,000
August 25, 2004	YRT	50*	FDQS	500,000
November, 2005				
- Chase Term	YRT	100	Excess	750,000
- Mortgage Term	YRT	50*	FDQS	500,000

* The historical retention limit for mortgage term was 50% retained with a maximum retention per life of \$500,000. With the withdrawal of ING Re from the pool on January 18, 2005, CIO retained an additional 20% share that was originally planned to be ceded to ING Re on 2005 inforce business. For mortgage term, CIO retained an additional 15% share that was originally planned to be ceded to ING Re for 2005 inforce business and 2006 issues.

Product Descriptions

CILAC and CILC have sold several series of five, ten, fifteen, twenty and thirty year level term products during 2000 through 2006. The level premium under the policies included in this report is guaranteed for a contractually stated number of years with the majority of the inforce guaranteed over the level term period. At the end of the level term period, the premiums become current non-guaranteed annually renewable term (ART) premiums which increase based on attained age. The current ART scale has been reflected in the projections. CILAC and CILC have the right to increase premiums subject to the guaranteed maximum ART premiums in the policy, but no changes to the current scale were assumed.

The Certain-T and Super-T product series was introduced in 2000 and continues to be issued today in CILAC. The Super-T product guarantees the first ten years of the level premium period. The same products are offered in CILC with product names ZDXP3 and ZDXP2 which are the direct versions of Certain-T and Super-T, respectively. The products were re-priced four times since introduction in 2000.

Two products more recently introduced to the product portfolio are Mortgage Term and Chase Term. Mortgage Term was introduced in November, 2004 and has level term periods for fifteen, twenty and

thirty years. Premium guarantees are equal to the level term period, except the thirty-year product which has an option of fifteen or thirty year premium guarantees. The product is offered on a medical and non-medical basis. A ROP rider can be attached to the base policy, but is not included in this analysis. In November 2005, CIO introduced their new Chase Term product with ten, fifteen, twenty and thirty year level term periods. Premium guarantees are equal to the level term period.

The major product categories are described briefly below.

Overview of Term Products			
Company	Product	Model Name	Description
CILAC	Certain-T/Super-T	CT05/ST05	5-Year Level Term
		CT10/ST10	10-Year Level Term
		CT15/ST15	15-Year Level Term
		CT20/ST20	20-Year Level Term
		CT30/ST30	30-Year Level Term
CILC	ZDXP3/ZDXP2	ZD05/Z205	5-Year Level Term
		ZD10/Z210	10-Year Level Term
		ZD15/Z215	15-Year Level Term
		ZD20/Z220	20-Year Level Term
		ZD30/Z230	30-Year Level Term
CILAC	Mortgage Term	MT15	15-Year Level Term
		MT20	20-Year Level Term
		MT30	30-Year Level Term
		MP30	30-Year Level Term
CILAC/CILC	Chase Term	CH10	10-Year Level Term
		CH15	15-Year Level Term
		CH20	20-Year Level Term
		CH30	30-Year Level Term

Various generations of premium rates have been issued to capture generational changes resulting from competitive market conditions during 2000 through 2005.

A summary of modeling characteristics for the business considered in this analysis is provided below. All significant aspects of the business have been captured in the model.

It is expected that the treaty accounting for the Captive will be based on the direct premium mode of the underlying policies.

Product Characteristics										
Product	Product Type	Guaranteed Period (in years)	Company	Model Plan	Pricing Eras Modeled	Decennial Issue Ages	Sex	Model Issue Years	Face Amount Bands	U/W Criteria
Certain-T	5 Year LT	5	CILAC	CT05	2	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM
Certain-T	10 Year LT	10	CILAC	CT10	4	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM
Certain-T	15 Year LT	15	CILAC	CT15	4	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM
Certain-T	20 Year LT	20	CILAC	CT20	4	25-55	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM
Certain-T	30 Year LT	30	CILAC	CT30	3	25-45	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM
Super-T	5 Year LT	5/5	CILAC	ST05	1	25-65	M/F	2000-2004	No bands	4NS,2SM
Super-T	10 Year LT	10	CILAC	ST10	1	25-65	M/F	2000-2005	No bands	4NS,2SM
Super-T	15 Year LT	10	CILAC	ST15	1	25-65	M/F	2000-2005	No bands	4NS,2SM
Super-T	20 Year LT	10	CILAC	ST20	2	25-55	M/F	2000-2005	No bands	4NS,2SM
Super-T	30 Year LT	10	CILAC	ST30	2	25-45	M/F	2000-2005	No bands	4NS,2SM
ZDXP3	5 Year LT	5	CILC	ZD05	1	45-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM
ZDXP3	10 Year LT	10	CILC	ZD10	4	25-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM
ZDXP3	15 Year LT	15	CILC	ZD15	4	25-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM
ZDXP3	20 Year LT	20	CILC	ZD20	2	25-55	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM
ZDXP3	30 Year LT	30	CILC	ZD30	2	25-45	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM
ZDXP2	5 Year LT	5/5	CILC	Z205	1	25-65	M/F	2000-2002	No bands	4NS,2SM
ZDXP2	10 Year LT	10	CILC	Z210	1	25-65	M/F	2000-2002	No bands	4NS,2SM
ZDXP2	15 Year LT	10	CILC	Z215	1	25-65	M/F	2000-2002	No bands	4NS,2SM
ZDXP2	20 Year LT	10	CILC	Z220	1	25-55	M/F	2000-2004	No bands	4NS,2SM
ZDXP2	30 Year LT	10	CILC	Z230	1	25-45	M/F	2000-2004	No bands	4NS,2SM
Mortgage Term	30 Year LT	15	CILAC	MP30	1	25-45	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM
Mortgage Term	15 Year LT	15	CILAC	MT15	1	25-65	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM
Mortgage Term	20 Year LT	20	CILAC	MT20	1	25-55	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM
Mortgage Term	30 Year LT	30	CILAC	MT30	1	25-45	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM
Chase Term	10 Year LT	10	CILAC/CILC	CH10	1	25-65	M/F	2006	4 bands	4NS,2SM
Chase Term	15 Year LT	15	CILAC/CILC	CH15	1	25-65	M/F	2006	4 bands	4NS,2SM
Chase Term	20 Year LT	20	CILAC/CILC	CH20	1	25-55	M/F	2006	4 bands	4NS,2SM
Chase Term	30 Year LT	30	CILAC/CILC	CH30	1	25-45	M/F	2006	4 bands	4NS,2SM

New Business Issued in 2006

For the brokerage products, new business reflected in this analysis includes business written from January 1, 2006 through July 31, 2006 with no new sales expected after this date. New sales by the direct distribution system include business written from January 1, 2006 through December 31, 2006. Sales of mortgage term include business written from January 1, 2006 through September 30, 2006 with no new sales expected after this date.

For new business, aggregate expected sales figures for 2006 issues were provided by Protective. The model for 2006 issues was constructed based on the mix of business inherent in the 2005 issues which was provided as part of the December 31, 2005 inforce extract.

A distribution of 2006 new sales by product is provided in the table below. Amounts reflect direct annualized premium sales gross of YRT reinsurance deductions. The new sales reflect Protective's share of business written, excluding the portion of the business ceded to Wilton Re.

2006 Direct New Business Annualized Premium Issues	
(in millions)	
Product	CILAC/CILC
Chase Term – Direct	\$9.7
Chase Term – Brokerage	5.7
Mortgage Term	4.4*
Total Premium Issued	\$19.8

* Excludes \$1.1 million of annualized premium related to ROP and level term riders not included in this analysis, consistent with reinsurance treaty terms.

The retention limits for 2006 business are illustrated below.

Retention Limits for 2006 New Business Subject to Securitization				
Product	Type	Retained Percentage	Excess or FDQS	Maximum Retention Per Life
Chase Term	YRT	100%	Excess	\$750,000
Mortgage Term	YRT	50**	FDQS	500,000

** The historical retention limit for mortgage term was 50% retained with a maximum retention per life of \$500,000. With the withdrawal of ING Re from the pool on January 18, 2005, CIO retained an additional 15% share that was originally planned to be ceded to ING Re on 2006 issues.

SECTION IV

Summary of Baseline Results for Inforce and 2006 New Business

The business, subjected to the analysis, described in Section III was projected separately for December 31, 2005 inforce and 2006 new business. Due to the change in the historical retention limits, separate projections were run for inforce business for issues beginning January 1, 2000 through August 24, 2004 and August 25, 2004 through December 31, 2005. The retention limit on issues prior to August 25, 2004 was 90% first dollar quota share (FDQS) coinsurance with a maximum retention of \$300,000. For business issued after August 24, 2004, the retention limit was 50% FDQS YRT with a maximum retention of \$500,000.

A detailed description of the model cells is provided in Appendix A. Appendix B provides a static validation of the inforce model to actual amounts for insurance, premium, policies and reserves. Appendix C provides detailed product descriptions. Section V and Appendix D provide details related to the experience and actuarial assumptions reflected in the analysis.

Appendix E provides projection results under the baseline scenario.

The projections were developed over a 31 year period beginning December 31, 2005. The projections include premiums, death benefits, expense allowances, and statutory reserves calculated under Regulation XXX. All aspects of the projections reflect Protective's share of the net retained business, excluding the portion of the business ceded to Wilton Re.

The economic reserve was defined as follows:

- Present value of future death claims, plus
- Present value of future expense allowances, less
- Present value of future premiums including policy fee and modal loading

calculated considering the level term period only. After the level term period, economic reserves are set equal to the statutory reserve. For YRT reinsurance, economic reserve is set equal to zero during the level term period and statutory reserve after the level term period. Present values were calculated by discounting at 5%. The expense allowances are as follows:

- 100% of first year premium, plus
- 3% of renewal premium, plus
- 100% of policy fees in all years.

The 3% allowance covers premium taxes, licenses and fees. The first year allowance covers part of the upfront policy issue cost. Percent of premium allowances do not apply to policy fees and are based on premium gross of YRT reinsurance deductions. Policy fees are paid to the Captive proportionate to the amount of insurance ceded to the Captive. The policy fee paid to the Captive is remitted back to the ceding companies to cover normal maintenance cost.

Summary of Base Case Results

Tables Ia and Ib summarize the results of our analysis as the present value of ten to thirty years of Projected Cash Flows as of December 31, 2005 for business inforce using a discount rate of 5% per annum with cash flows discounted annually. Results are presented separately for business issued from

January 1, 2000 through August 24, 2004 (Table Ia) and August 25, 2004 to December 31, 2005 (Table Ib). Table Ic illustrates the same amounts for 2006 projected sales.

Tables IIa, IIb, and IIc illustrate thirty years of Projected Cash Flows and Projected Excess Reserve on the Subject Business for the inforce business and 2006 new business, respectively. The ratio in the tables is the net outgo (Death Benefits + Expense Allowances) divided by Premium.

Projected cash flows shown in Tables Ia, Ib, Ic, IIa, IIb, and IIc are net of applicable YRT cashflows and do not include interest on reserves or interest on capital.

Table Ia Chase Inforce Business 1/1/2000 through 8/24/2004 XXX Issues Present Value of Projected Cash Flows (5%) As of December 31, 2005 (dollars in millions)					
Item	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Premiums (Incl. Policy Fees)	\$45.6	\$56.5	\$63.2	\$66.3	\$67.6
Death Benefits	32.0	44.8	51.8	54.3	55.3
Expense Allowances	6.0	7.1	7.7	7.8	7.9
Net Cash Flows	\$7.6	\$4.6	\$3.8	\$4.2	\$4.4
Ratio	83.3%	91.9%	94.1%	93.7%	93.5%

Table Ib Chase Inforce Business 8/25/2004 through 12/31/2005 XXX Issues Present Value of Projected Cash Flows (5%) As of December 31, 2005 (dollars in millions)					
Item	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Premiums (Incl. Policy Fees)	\$126.9	\$150.2	\$163.6	\$172.6	\$176.4
Death Benefits	52.7	75.6	91.9	96.8	100.0
Expense Allowances	26.2	30.1	32.0	32.7	33.0
Net Cash Flows	\$48.0	\$44.6	\$39.6	\$43.1	\$43.5
Ratio	62.2%	70.3%	75.8%	75.0%	75.4%

Table Ic
Chase New Business
Projected 2006 Issues
Present Value of Projected Cash Flows (5%)
As of December 31, 2005
(dollars in millions)

Item	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Premiums (Incl. Policy Fees)	\$103.8	\$127.5	\$141.3	\$150.3	\$154.1
Death Benefits	42.4	63.6	79.7	85.9	89.2
Expense Allowances	29.5	32.3	33.8	34.3	34.6
Net Cash Flows	\$31.8	\$31.6	\$27.8	\$30.0	\$30.3
Ratio	69.3%	75.2%	80.3%	80.0%	80.3%

Table IIa
Chase Inforce Business
1/1/2000 through 8/24/2004 XXX Issues
Summary of Projected Cash Flows and Projected Excess Reserve
As of December 31, 2005
(dollars in millions)

Year Ending December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Premiums (Including Policy Fees)		\$7.0	\$6.6	\$6.3	\$6.0	\$6.1	\$5.6	\$5.2	\$5.3	\$5.2	\$4.6
Death Benefits		3.2	3.6	3.9	4.2	4.4	4.4	4.5	4.7	4.6	4.6
Expense Allowances		1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.5
Net Cash Flow		\$2.8	\$2.1	\$1.5	\$1.0	\$0.9	\$0.5	\$0.1	\$(0.0)	\$0.0	\$(0.5)
Ratio		60%	68%	76%	83%	85%	90%	99%	101%	99%	110%
Inforce Amount	\$4,043.5	\$3,823.1	\$3,638.4	\$3,476.0	\$3,328.0	\$3,025.7	\$2,833.2	\$2,706.5	\$2,477.8	\$2,226.1	\$2,104.5
Base Statutory Reserve	21.4	30.2	37.3	43.1	47.5	50.9	53.8	55.8	56.8	57.0	56.5
Deficiency Reserve	4.4	1.8	0.7	0.2	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0
Economic Reserve (Stat Beyond LTP)	4.1	7.2	9.7	11.8	13.4	14.8	15.8	16.3	16.6	16.6	16.3
Excess Reserve	21.8	24.8	28.2	31.4	34.1	36.1	38.0	39.5	40.2	40.4	40.2
Year Ending December 31,		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Premiums (Including Policy Fees)		\$4.3	\$4.3	\$4.2	\$4.0	\$3.6	\$3.3	\$3.5	\$3.4	\$3.2	\$2.5
Death Benefits		4.8	4.9	4.9	4.7	4.6	4.6	4.3	3.5	2.3	1.7
Expense Allowances		0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.1
Net Cash Flow		\$(0.9)	\$(1.1)	\$(1.2)	\$(1.1)	\$(1.4)	\$(1.6)	\$(1.2)	\$(0.4)	\$0.7	\$0.7
Ratio		122%	127%	129%	127%	138%	148%	134%	110%	78%	74%
Inforce Amount		\$2,012.6	\$1,847.3	\$1,675.3	\$1,508.1	\$1,396.6	\$1,316.7	\$993.4	\$669.5	\$371.1	\$334.1
Base Statutory Reserve		55.1	52.6	49.1	44.6	38.7	31.4	23.9	18.6	16.0	14.8
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		15.5	14.4	13.1	11.6	10.0	8.1	6.3	5.0	4.5	4.2
Excess Reserve		39.6	38.2	36.1	32.9	28.7	23.3	17.7	13.6	11.4	10.6
Year Ending December 31,		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Premiums (Including Policy Fees)		\$2.2	\$2.0	\$1.9	\$1.7	\$1.5	\$1.4	\$1.2	\$1.0	\$0.8	\$0.7
Death Benefits		1.6	1.6	1.5	1.5	1.4	1.3	1.1	0.8	0.4	0.2
Expense Allowances		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Net Cash Flow		\$0.5	\$0.4	\$0.2	\$0.1	\$0.0	\$(0.0)	\$(0.0)	\$0.1	\$0.4	\$0.4
Ratio		77%	82%	88%	95%	100%	103%	101%	86%	51%	35%
Inforce Amount		\$313.2	\$295.3	\$278.8	\$263.8	\$230.6	\$208.8	\$144.9	\$79.5	\$10.0	\$8.3
Base Statutory Reserve		13.6	12.2	10.6	8.8	6.7	4.3	2.2	0.7	0.1	0.1
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		3.9	3.5	3.0	2.4	1.8	1.2	0.6	0.2	0.1	0.1
Excess Reserve		9.7	8.7	7.6	6.3	4.8	3.1	1.5	0.5	0.0	0.0

Table IIb
Chase Inforce Business
8/25/2004 through 12/31/2005 XXX Issues
Summary of Projected Cash Flows and Projected Excess Reserve
As of December 31, 2005
(dollars in millions)

Year Ending December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Premiums (Including Policy Fees)		\$23.1	\$20.7	\$18.7	\$17.1	\$15.7	\$14.2	\$12.9	\$11.6	\$11.8	\$13.7
Death Benefits		3.9	5.0	5.9	6.5	7.1	7.6	8.1	8.6	9.1	8.8
Expense Allowances		9.9	3.0	2.8	2.7	2.5	2.4	2.3	2.2	2.1	1.9
Net Cash Flow		\$9.4	\$12.6	\$9.9	\$7.8	\$6.1	\$4.3	\$2.5	\$0.9	\$0.6	\$3.0
Ratio		59%	39%	47%	54%	61%	70%	80%	92%	95%	78%
Inforce Amount	\$7,954.7	\$7,350.9	\$6,874.6	\$6,475.1	\$6,146.0	\$5,845.6	\$5,575.2	\$5,321.8	\$5,081.2	\$4,695.6	\$3,907.9
Base Statutory Reserve	10.1	38.3	71.1	97.9	120.1	137.4	150.2	159.0	163.8	166.9	167.7
Deficiency Reserve	35.4	22.1	9.8	3.5	1.0	0.3	0.1	0.0	(0.0)	(0.0)	(0.0)
Economic Reserve (Stat Beyond LTP)	(15.7)	(6.6)	6.1	16.5	25.2	32.5	38.2	42.6	45.4	46.4	47.6
Excess Reserve	61.3	67.0	74.8	84.9	95.9	105.2	112.0	116.4	118.4	120.4	120.1
Year Ending December 31,		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Premiums (Including Policy Fees)		\$10.8	\$8.9	\$7.7	\$7.4	\$8.7	\$6.7	\$5.3	\$4.5	\$5.9	\$10.0
Death Benefits		8.1	8.2	8.7	9.2	8.8	8.0	8.0	8.3	8.5	6.2
Expense Allowances		1.6	1.5	1.5	1.4	1.3	1.1	1.0	1.0	0.9	0.7
Net Cash Flow		\$1.0	\$(0.8)	\$(2.4)	\$(3.2)	\$(1.4)	\$(2.4)	\$(3.7)	\$(4.8)	\$(3.5)	\$3.0
Ratio		90%	109%	131%	143%	116%	135%	170%	208%	159%	69%
Inforce Amount		\$3,665.4	\$3,498.1	\$3,345.3	\$3,102.2	\$2,576.3	\$2,425.5	\$2,314.0	\$2,211.7	\$1,816.1	\$740.9
Base Statutory Reserve		166.5	161.9	153.7	143.4	131.3	116.6	98.2	75.8	56.4	47.5
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		48.0	47.3	45.0	41.1	37.6	33.9	29.2	23.4	16.2	13.2
Excess Reserve		118.5	114.6	108.7	102.4	93.8	82.7	69.0	52.4	40.2	34.3
Year Ending December 31,		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Premiums (Including Policy Fees)		\$7.4	\$5.9	\$5.2	\$4.6	\$4.1	\$3.6	\$3.1	\$2.7	\$2.7	\$2.5
Death Benefits		3.6	3.0	2.9	2.8	2.8	2.7	2.7	2.7	2.6	1.4
Expense Allowances		0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.1
Net Cash Flow		\$3.4	\$2.5	\$2.0	\$1.5	\$1.0	\$0.6	\$0.1	\$(0.2)	\$(0.2)	\$1.0
Ratio		55%	57%	62%	68%	75%	85%	95%	109%	107%	59%
Inforce Amount		\$626.4	\$582.4	\$547.8	\$516.4	\$487.7	\$461.2	\$436.7	\$414.0	\$317.1	\$19.0
Base Statutory Reserve		44.5	41.0	37.0	32.5	27.4	21.6	15.1	7.8	2.1	0.0
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		12.7	12.1	11.3	10.2	8.9	7.4	5.5	3.4	1.1	0.0
Excess Reserve		31.8	28.9	25.7	22.3	18.5	14.2	9.6	4.4	1.0	0.0

Table IIc
Chase New Business
Projected 2006 Issues
Summary of Projected Cash Flows and Projected Excess Reserve
As of December 31, 2005
(dollars in millions)

Year Ending December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Premiums (Including Policy Fees)		\$13.3	\$17.3	\$15.9	\$14.7	\$13.7	\$12.9	\$12.1	\$11.4	\$10.7	\$10.0
Death Benefits		1.7	3.4	4.5	5.4	5.9	6.4	6.9	7.3	7.8	8.3
Expense Allowances		13.8	6.9	2.1	1.9	1.8	1.7	1.6	1.5	1.5	1.4
Net Cash Flow		\$(2.2)	\$7.0	\$9.2	\$7.4	\$6.0	\$4.8	\$3.6	\$2.5	\$1.4	\$0.4
Ratio		117%	60%	42%	50%	56%	63%	70%	78%	87%	96%
Inforce Amount	\$0.0	\$6,867.6	\$6,338.6	\$5,924.6	\$5,571.8	\$5,285.9	\$5,035.4	\$4,801.5	\$4,581.0	\$4,371.2	\$4,183.2
Base Statutory Reserve	0.0	4.3	14.5	33.1	48.4	61.2	71.6	79.4	84.5	87.0	87.6
Deficiency Reserve	0.0	15.4	12.0	6.1	2.6	1.1	0.5	0.2	0.1	0.1	0.0
Economic Reserve (Stat Beyond LTP)	0.0	(21.3)	(15.2)	(6.4)	0.9	7.1	12.3	16.7	20.1	22.6	24.2
Excess Reserve	0.0	40.9	41.8	45.6	50.1	55.2	59.7	62.9	64.5	64.4	63.5
Year Ending December 31,		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Premiums (Including Policy Fees)		\$11.4	\$9.4	\$8.4	\$7.8	\$7.3	\$8.6	\$7.0	\$6.2	\$5.7	\$5.2
Death Benefits		8.2	7.5	7.6	8.0	8.5	8.3	7.4	7.4	7.6	7.9
Expense Allowances		1.3	1.1	1.0	1.0	0.9	0.8	0.7	0.7	0.6	0.6
Net Cash Flow		\$1.9	\$0.8	\$(0.2)	\$(1.2)	\$(2.2)	\$(0.5)	\$(1.2)	\$(1.9)	\$(2.6)	\$(3.2)
Ratio		83%	92%	103%	116%	130%	106%	116%	131%	145%	162%
Inforce Amount		\$3,386.4	\$3,159.5	\$3,011.3	\$2,877.3	\$2,756.5	\$2,222.2	\$2,076.4	\$1,977.2	\$1,887.1	\$1,815.6
Base Statutory Reserve		86.2	84.5	81.0	75.6	68.6	61.8	55.5	48.0	39.0	28.8
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		25.6	26.2	26.1	25.2	23.3	21.6	19.6	17.1	13.9	9.9
Excess Reserve		60.6	58.3	54.9	50.4	45.3	40.2	35.9	30.9	25.1	18.9
Year Ending December 31,		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Premiums (Including Policy Fees)		\$8.2	\$5.9	\$4.8	\$4.3	\$3.9	\$3.6	\$3.2	\$2.9	\$2.6	\$2.3
Death Benefits		6.3	3.7	3.0	2.8	2.7	2.7	2.6	2.5	2.5	2.5
Expense Allowances		0.5	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Net Cash Flow		\$1.3	\$1.8	\$1.5	\$1.2	\$0.9	\$0.7	\$0.4	\$0.2	\$(0.0)	\$(0.3)
Ratio		84%	69%	69%	72%	76%	81%	87%	94%	102%	112%
Inforce Amount		\$691.7	\$548.6	\$502.8	\$469.5	\$439.7	\$412.7	\$388.1	\$365.6	\$344.9	\$329.9
Base Statutory Reserve		22.7	21.2	19.8	18.1	16.2	13.9	11.4	8.6	5.4	1.9
Deficiency Reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Reserve (Stat Beyond LTP)		8.3	7.8	7.4	6.9	6.3	5.5	4.6	3.5	2.3	0.8
Excess Reserve		14.4	13.4	12.3	11.2	9.9	8.4	6.8	5.0	3.1	1.1

SECTION V

Summary of Methodology and Assumptions

This section provides a discussion of the key assumptions, basis for the assumptions and an assessment by Milliman of the two key assumptions, mortality and lapsation. A complete discussion of the assumptions is provided in Appendix D of this report.

Mortality

The mortality assumption for the business being securitized is based on the historic experience of the business. Milliman relied upon the mortality study completed by CIO for the issue and exposure period from January 1, 2000 through February 28, 2006. The experience basis excludes mortgage term and related products where the mortality assumption is based on Chase pricing due to the limited amount of credible experience related to this block.

Mortality Multiples by Underwriting Class

The underlying base mortality table from which the Chase assumptions are constructed is the Society of Actuaries 1975-80 ANB experience table with 25-year select factors. The following is a summary of the multiples applied to the 1975-80 table by underwriting class and duration.

Chase Mortality Multiples by Underwriting Class						
Percentage of 1975-80 Experience Table						
Policy Year	Premier NS	Preferred NS	Standard Select NS	Standard NS	Preferred Smoker	Standard Smoker
1	21%	22%	46%	51%	80%	160%
2	27	30	46	51	80	160
3+	30	35	46	51	80	160

As an additional adjustment to mortality, the following multiples were applied by company.

Chase Mortality Multiples by Company	
Company	Multiple
CILAC	96.7%
CILC	103.6

The following is a summary of the actual-to-expected ratios for both CILAC and CILC combined when the expected basis utilizes the multiples outlined in the tables above.

Chase Mortality Study							
Mortality A/Es – Net of Denied Claims							
Milliman Mortality Assumption							
Underwriting Class	Policy Year						All Years
	1	2	3	4	5	6	
Premier NS	100%	100%	105%	94%	108%	76%	100%
Preferred NS	100	99	115	90	100	55	99
Standard Select NS	107	92	57	98	172	125	100
Standard NS	101	83	109	130	80	68	100
Preferred Smoker	109	91	96	79	128	166	102
Standard Smoker	74	137	102	108	70	117	101
Aggregate	100%	97%	102%	100%	108%	82%	100%
Number of Actual Death Claims	281	343	380	330	236	65	1,635

The following is a summary of the actual-to-expected ratios for each company separately.

Chase Mortality Study			
Mortality A/Es – Net of Denied Claims			
Milliman Mortality Assumption			
Underwriting Class	CILAC	CILC	Combined
Premier NS	100%	100%	100%
Preferred NS	101	97	99
Standard Select NS	104	95	100
Standard NS	94	105	100
Preferred Smoker	98	108	102
Standard Smoker	109	91	101
Aggregate	100%	100%	100%
Number of Actual Death Claims	815	820	1,635

The study utilized April 30, 2006 data files, with a cut-off date of February 28, 2006, to allow a two-month lag time for the reporting of claims after death. Claims related to 9/11 were included in the study, but are not material.

The study of claims from January 1, 2000 through February, 2006 totals 1,635 death claims. Therefore the experience data is reasonably credible in aggregate but not fully credible by product, underwriting class, sex, band, duration, etc. We also reviewed the reasonableness of the mortality assumption in light of our knowledge of general industry experience and our knowledge of pricing assumptions utilized by companies in markets similar to CIO's. As a result of the above discussion and review, we view the mortality assumption as being reasonable for the purposes of this analysis.

We have also reviewed the variations in mortality by risk class against CIO experience and our knowledge of industry experience for comparable products. Based on this review, we view the variation in mortality by risk class as reasonable.

For the new Mortgage Term product introduced in November 2004, the mortality multiples are based on the pricing multiples summarized in the tables below. Credible experience is not yet available on the block. The multiples are expressed as a percentage of the 25-year Select and Ultimate, ALB 1975-80 mortality table for the medically underwritten business and the 1975-80 ALB Ultimate mortality table for the non-medical business.

Mortality Multiples		
Mortgage Term Product, Non-Medical		
Policy Year	25-55	65
<i>Non-Smoker by Issue Age</i>		
1-2	43.2%	47.5%
3+	54.0	58.3
<i>Smoker by Issue Age</i>		
1-2	102.6%	108.0%
3+	113.4	118.8

Mortality Multiples					
Mortgage Term Product, Medical					
Issue Ages	Premier Non-Smoker	Preferred Non-Smoker	Standard Non-Smoker	Preferred Smoker	Standard Smoker
<i>Face Amount Band \$100,000 to \$249,999</i>					
25-45	29.2%	34.0%	49.2%	86.4%	108.0%
55-65	32.4	39.1	56.6	99.4	124.2
<i>Face Amount Bands \$250,000+</i>					
25-45	27.0%	31.5%	45.6%	80.0%	100.0%
55-65	30.0	36.2	52.4	92.0	115.0

Mortality anti-selection is based upon the Dukes-MacDonald methodology, assuming 80% of lapses in excess of 15% are newly select.

Other areas of note with respect to mortality assumptions and risk are outlined below.

- 0.5% mortality improvement for projection years 2 through 10 was assumed in the projections.
- After the level term period, CIO has the right to increase premiums above current levels, if necessary, subject to the guaranteed maximum premium level.

The results of sensitivity testing to alternative increases in mortality levels are reflected in Section VI of this report.

Lapse Rates

The following table provides a summary of lapse rates assumed for products other than Mortgage Term, which are based upon CIO persistency studies, a termination study performed by Milliman using June 30, 2004 and June 30, 2005 inforce, our knowledge of similar products in the industry, and CIO's pricing assumptions. The studies differentiated by product, duration, sex, underwriting class, and issue age. After reviewing the experience data, the following lapse assumptions were assumed, which we view as reasonable and consistent with industry experience, as well.

Lapse Rates																		
Products other than Mortgage Term																		
Duration	5 x 5	5-Year then ART	10-Year				15-Year				20-Year				30-Year			
			Preferred		Standard NS & SM		Preferred		Standard NS & SM		Preferred		Standard NS & SM		Preferred		Standard NS & SM	
			25	35+	25	35+	25	35+	25	35+	25	35+	25	35+	25	35+	25	35+
1	8%	8%	12%	8%	14%	10%	10%	6%	12%	8%	10%	6%	12%	8%	10%	6%	12%	8%
2	8	10	11	7	13	9	8	5	10	7	8	5	10	7	8	5	10	7
3	8	12	10	6	12	8	7	5	9	6	7	5	9	6	7	5	9	7
4	8	14	9	5	11	7	6	4	8	5	6	4	8	6	6	4	8	6
5	35	80*	8	5	10	7	5	3.5	7	4.5	5	3.5	7	4.5	5	3.5	7	4.5
6	15	60*	7	5	9	6	5	3.5	6	4.5	5	3.5	6	4.5	5	3.5	6	4.5
7	10	25*	7	5	9	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
8	8	15	7	5	8	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
9	8		7	5	8	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
10	80*		80*	80*	80*	80*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
11	60*		60*	60*	60*	60*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
12	25*		25*	25*	25*	25*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
13	15		15	15	15	15	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
14							4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
15							80*	80*	80*	80*	4	3.5	5	4.5	4	3.5	5	4.5
16							60*	60*	60*	60*	4	3.5	5	4.5	4	3.5	5	4.5
17							25*	25*	25*	25*	4	3.5	5	4.5	4	3.5	5	4.5
18							15	15	15	15	4	3.5	5	4.5	4	3.5	5	4.5
19											4	3.5	5	4.5	4	3.5	5	4.5
20											80*	80*	80*	80*	4	3.5	5	4.5
21											60*	60*	60*	60*	4	3.5	5	4.5
22											25*	25*	25*	25*	4	3.5	5	4.5
23											15	15	15	15	4	3.5	5	4.5
24-29															4	3.5	5	4.5
30															100	100.0	100	100.0

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point. See page 24 for additional detail.

For the new Mortgage Term product, lapse rates are based on pricing assumptions which vary by underwriting class and whether a return of premium rider is attached to the base policy.

Lapse Rates						
Mortgage Term, Non-Medical						
Policy Year	Non-Medical with ROP			Non-Medical without ROP		
	15 Year	20 Year	30 Year	15 Year	20 Year	30 Year
1	25%	25%	25%	18%	18%	18%
2	14	14	14	13	13	13
3	11	10	10	10	10	10
4	10	9	9	10	10	10
5	9	9	9	10	10	10
6	8	8	8	10	10	10
7	7	7	8	10	10	10
8	6	7	8	10	10	10
9	5	7	8	10	10	10
10	4	7	7	10	10	10
11	3	6	7	10	10	10
12	2	5	7	7	10	10
13	2	4	7	7	10	10
14	1	3	6	7	10	10
15	80*	3	5	80*	7	10
16	60*	2	5	60*	7	10
17	25*	2	5	25*	7	10
18	15	2	5	15	7	10
19	15	1	4	15	7	10
20	15	80*	4	15	80*	7
21	15	60*	4	15	60*	7
22	15	25*	4	15	25*	7
23-24	15	15	3	15	15	7
25-27	15	15	2	15	15	7
28-29	15	15	1	15	15	7
30	15	15	100	15	15	100

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point. See page 24 for additional detail.

Lapse Rates						
Mortgage Term, Medical						
Policy Year	Medical with ROP			Medical without ROP		
	15 Year	20 Year	30 Year	15 Year	20 Year	30 Year
1	13%	13%	13%	15%	15%	15%
2	10	9	9	10	10	10
3	10	9	8	8	8	8
4	10	8	7	8	8	8
5	9	7	7	8	8	8
6	8	7	7	8	8	8
7	7	7	7	8	8	8
8	6	7	7	7	8	8
9	5	7	7	7	8	8
10	4	7	7	6	7	7
11	3	6	7	6	7	7
12	2	5	6	5	7	7
13	2	4	6	5	6	7
14	1	3	6	5	6	7
15	80*	3	5	80*	5	6
16	60*	2	5	60*	5	6
17	25*	2	5	25*	5	6
18	15	2	5	15	4	6
19	15	1	4	15	4	6
20	15	80*	4	15	80*	6
21	15	60*	4	15	60*	5
22	15	25*	4	15	25*	5
23-24	15	15	3	15	15	5
25-27	15	15	2	15	15	4
28-29	15	15	1	15	15	4
30	15	15	100	15	15	100

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point. See page 24 for additional detail.

Lapse experience at the end of the level term period will depend on the relationship of the ART rate compared to the level term premium that would be available in the market place at the then current attained age of the policyholder at that time. There is a relatively limited amount of shock lapse experience available because these types of products have only been sold over the last fifteen years or so and this experience only reflects a ten year product where the differential between attained age rates and level term period rates would be smaller than for the longer level term period products.

Milliman selected the following shock lapse assumption based upon industry experience and input from CIO depending on the increase in premium immediately following the level term period. The shock lapse was assumed to increase as the relative magnitude of premium increase becomes larger.

Lapse at End of Term	Lapse Rate Beyond Level Term Period (N)			
	Premium Increase Percentage (ART Premium as Multiple of Level Term Premium) (x)			
	$x \leq 10$	$10 < x \leq 20$	$20 < x \leq 35$	$35 < x$
N	70%	80%	90%	100%
N + 1	55	60	60	
N + 2	25	25	25	
N + 3 and later	15	15	15	

Sensitivity testing of the results under changes to lapse rates are provided in Section VI.

Statutory Reserves

Statutory reserves have been calculated assuming reserves are calculated according to Regulation XXX. Statutory reserve bases were defined by CIO as described here. Reserves reflect a mid-terminal reserve approach plus an unearned premium liability for premiums already collected as of the valuation date but are not fully earned until after the valuation date. Reserves are semi-continuous. X-factors were provided by CIO and are included in Appendix C.

For inforce business other than mortgage term and 2006 issues, valuation mortality was equal to the 1980 CSO mortality table. For mortgage term inforce business and 2006 issues including brokerage and direct term, the 2001 CSO mortality table was used. A valuation rate of 4.5% was used for 2000 through 2005 issues and 4% was used for 2006 issues consistent with regulatory requirements.

Tax Reserves

Tax reserve bases were defined by CIO. Tax reserves are calculated consistent with IRS requirements and Federally prescribed tax interest rates.

Illustrative GAAP Amounts

Illustrative GAAP amounts reflect:

- 1) Capitalization of expense allowances.
- 2) Removal of mortality improvement (0.5% for projection years 2 through 10).
- 3) Interest rate decreases uniformly from 5% in projection year 1 to 4% in projection year 20.
- 4) Calculation performed over the product lifetime including post level term period.

All other assumptions are the same as the base assumptions described in this report.

Reinsurance

Historical retention limits are summarized in the table below.

Historical Retention Limits				
Effective Date	Type	Retained Percentage	Excess or FDQS	Maximum Retention Per Life
January 1, 2000	Coinsurance	10%	FDQS	\$300,000
August 25, 2004	YRT	50*	FDQS	500,000
November, 2005				
- Chase Term	YRT	100	Excess	750,000
- Mortgage Term	YRT	50*	FDQS	500,000

*The historical retention limit for mortgage term was 50% retained with a maximum retention per life of \$500,000. With the withdrawal of ING Re from the pool on January 18, 2005, CIO retained an additional 20% share that was originally planned to be ceded to ING Re on 2005 inforce business. For mortgage term, CIO retains an additional 15% share that was originally planned to be ceded to ING Re for 2005 inforce business and 2006 issues.

SECTION VI

Results of Sensitivity Testing

Milliman was asked by Protective to develop projections of the term business under fourteen specified scenarios as to future experience, in addition to the base scenario. Economic reserves were computed using the reserve factors per unit developed in the base scenario. Assumptions, other than those specifically discussed under the sensitivities, are the same as those underlying the base scenario.

The fourteen scenarios are described on the following page.

Tables IIIa and IIIb summarize the results of our analysis as the present value of ten to thirty years of Projected Cash Flows as of December 31, 2005 for business inforce using a discount rate of 5% per annum with cash flows discounted annually. Results are presented separately for business issued from January 1, 2000 through August 24, 2004 (Table IIIa) and August 25, 2004 to December 31, 2005 (Table IIIb). Table IIIc illustrates the same amounts for 2006 projected sales.

Projected cash flows shown in Tables IIIa, IIIb, and IIIc are net of applicable YRT cashflows.

Summary of Sensitivity Testing	
Scenario	Scenario Description
Scenario 1 (+10% Mortality)	Permanent increase in mortality. Assumes a permanent increase in mortality experience of 10% (base mortality rates multiplied by 1.10) in all years.
Scenario 2 (+20% Mortality)	Permanent increase in mortality. Assumes a permanent increase in mortality experience of 20% (base mortality rates multiplied by 1.20) in all years.
Scenario 3 (+25% Mortality, X-Factor)	Permanent increase in mortality. Assumes a permanent increase in mortality experience of 25% (base mortality rates multiplied by 1.25) in all years. In addition, X-factors have also been increased by 25% in all years.
Scenario 4 (+50% Lapse)	Permanent lapse increase. Assumes a 50% increase in the lapse rates (base lapse rates multiplied by 1.50) in each year to reflect reduced persistency during the Level Term period.
Scenario 5 (-50% Lapse)	Permanent lapse reduction. Assumes a 50% reduction in the lapse rates (base lapse rates multiplied by 0.50) in each year to reflect increased persistency during the Level Term period.
Scenario 6 (Higher mortality past term period)	Increase in mortality after the level term period. Assumes an increase in mortality experience after the end of level term period for term insurance policies. This increase will be accomplished by increasing the effectiveness factor in the Dukes/MacDonald mortality deterioration formula from 80% to 100%.
Scenario 7 (Mortality Deterioration)	Continuous deterioration of mortality. Assumes a continuous deterioration of mortality relative to the base case by 1% for each calendar year (base mortality rate for the calendar year 2006, base mortality rates multiplied by 1.01 for the calendar year 2007, base mortality rates multiplied by 1.02 for the calendar year 2008, etc.)
Scenario 8 (One Time Mortality Event)	One-time adverse mortality. Assumes an increase in mortality experience due to a one-time adverse mortality event. Mortality rates are multiplied by 250% in the calendar year 2007.
Scenario 9 (Anti-Selective Lapse)	Anti-selective lapses. Assumes that lapses are doubled in calendar years 2009, 2010 and 2011 combined with mortality deterioration based on the Dukes/MacDonald method with a 100% effectiveness factor.
Scenario 10 (+15% Mortality, -30% Lapse)	Increase in mortality and reduction in lapses. Assumes that mortality increases by 15% in all years and that lapses are reduced by 30% during the Level Term period.
Scenario 11 (Increased Shock Lapse)	Increase shock lapse to 100%. Assumes that the shock lapse at the end of the Level Term period is 100% for all products.
Scenario 12 (Adverse Lapse, Increased Shock Lapse)	Adverse lapse during Level Term period and increased shock lapse to 100%. Assumes 125% of base lapse rates in first half of Level Term period (no greater than 10 years, for 15 year term through year 7), 75% of base lapse rates in second half of Level Term period, and 100% shock lapse at end of Level Term period.
Scenario 13 (Adverse Lapse)	Adverse lapse during Level Term period. Assumes 125% of base lapse rates in first half of Level Term period (no greater than 10 years, for 15 year term through year 7), 75% of base lapse rates in second half of Level Term period.
Scenario 14 – Mortgage Term Only (Decreased Lapse, Increased Shock Lapse)	Mortgage term policies only: Assumes a decrease in lapse during Level Term period and increased shock lapse to 100%. Lapse rate falls to 1% per year after year 8 for 15 year term, after year 12 for 20 year term, after year 20 for 30 year term. 100% shock lapse at end of Level Term period.

The results for existing business and 2006 issues are illustrated in the following tables.

Table IIIa Sensitivity Testing Results CIO Inforce Business 1/1/2000 through 8/24/2004 XXX Issues Present Value of Projected Cash Flows (5%) As of December 31, 2005 (dollars in millions)					
Scenario	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Base	\$7.6	\$4.6	\$3.8	\$4.2	\$4.4
1 (+10% Mortality)	4.4	0.1	(1.5)	(1.3)	(1.2)
2 (+20% Mortality)	1.2	(4.4)	(6.7)	(6.8)	(6.8)
3 (+25% Mortality, X-Factors)	(0.4)	(6.6)	(9.2)	(9.5)	(9.6)
4 (+50% Lapse)	7.2	4.9	4.4	4.8	5.1
5 (-50% Lapse)	8.1	4.1	2.8	3.1	3.2
6 (Higher Mortality Past Term Period)	5.9	0.8	(3.1)	(4.3)	(4.8)
7 (Mortality Deterioration)	6.2	1.5	(0.6)	(0.8)	(1.0)
8 (One Time Mortality Event)	2.7	(0.3)	(1.2)	(0.8)	(0.5)
9 (Anti-selective Lapse)	4.4	(0.8)	(4.6)	(5.7)	(6.1)
10 (+15% Mortality, -30% Lapse)	2.8	(3.0)	(5.5)	(5.6)	(5.7)
11 (Increased Shock Lapse)	5.5	0.5	(2.7)	(3.7)	(4.1)
12 (Adverse Lapse, Increased Shock Lapse)	5.3	0.3	(2.9)	(3.9)	(4.4)
13 (Adverse Lapse)	7.4	4.5	3.6	4.0	4.2
14 (Mortgage Term Only: Decreased Lapse, Increased Shock Lapse)	7.6	4.6	3.8	4.2	4.4

Table IIIb Sensitivity Testing Results CIO Inforce Business 8/25/2004 through 12/31/2005 XXX Issues Present Value of Projected Cash Flows (5%) As of December 31, 2005 (dollars in millions)					
Scenario	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Base	\$48.0	\$44.6	\$39.6	\$43.1	\$43.5
1 (+10% Mortality)	42.7	37.0	30.4	33.2	33.2
2 (+20% Mortality)	37.4	29.4	21.1	23.4	22.9
3 (+25% Mortality, X-Factors)	34.8	25.6	16.5	18.5	17.9
4 (+50% Lapse)	43.2	40.6	37.5	40.1	40.7
5 (-50% Lapse)	53.4	48.9	41.2	45.7	45.2
6 (Higher Mortality Past Term Period)	46.9	39.9	30.2	28.8	27.2
7 (Mortality Deterioration)	45.4	39.1	31.1	33.2	32.4
8 (One Time Mortality Event)	41.0	37.6	32.7	36.2	36.5
9 (Anti-selective Lapse)	42.9	35.1	25.9	24.6	23.2
10 (+15% Mortality, -30% Lapse)	42.4	34.2	24.7	27.5	26.6
11 (Increased Shock Lapse)	44.8	34.7	22.9	20.7	18.4
12 (Adverse Lapse, Increased Shock Lapse)	42.5	32.8	21.4	19.1	16.6
13 (Adverse Lapse)	45.4	42.2	37.5	40.8	40.9
14 (Mortgage Term Only: Decreased Lapse, Increased Shock Lapse)	48.0	44.4	38.9	42.0	42.1

Table IIIc
Sensitivity Testing Results
CIO New Business
Projected 2006 Issues
Present Value of Projected Cash Flows (5%)
As of December 31, 2005
(dollars in millions)

Scenario	Cash Flows Over				
	10 Years	15 Years	20 Years	25 Years	30 Years
Base	\$31.8	\$31.6	\$27.8	\$30.0	\$30.3
1 (+10% Mortality)	27.6	25.2	19.8	21.3	21.2
2 (+20% Mortality)	23.3	18.8	11.8	12.7	12.2
3 (+25% Mortality, X-Factors)	21.2	15.7	7.9	8.4	7.7
4 (+50% Lapse)	27.5	27.2	24.7	26.3	26.7
5 (-50% Lapse)	36.9	36.8	31.2	34.2	33.8
6 (Higher Mortality Past Term Period)	31.8	28.9	21.8	18.8	17.2
7 (Mortality Deterioration)	29.6	26.7	19.9	20.6	19.7
8 (One Time Mortality Event)	27.1	26.8	23.1	25.3	25.6
9 (Anti-selective Lapse)	27.6	23.8	16.9	14.2	12.9
10 (+15% Mortality, -30% Lapse)	27.7	23.7	15.8	17.1	16.3
11 (Increased Shock Lapse)	31.8	28.2	20.9	19.1	17.5
12 (Adverse Lapse, Increased Shock Lapse)	29.4	25.9	18.9	17.2	15.5
13 (Adverse Lapse)	29.4	29.1	25.6	27.7	27.8
14 (Mortgage Term Only: Decreased Lapse, Increased Shock Lapse)	31.9	31.5	27.2	29.0	29.0

APPENDIX A

**Chase Insurance
Summary of December 31, 2005 Inforce
And New Business Models**

In Force Business As of December 31, 2005

1/1/2000 to 8/24/2004 XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
CT05	Male	Premier NS	\$25,749,000	\$22,949,100	\$2,799,900	\$1,427,949
CT05	Male	Preferred NS	25,831,666	22,968,499	2,863,167	1,460,215
CT05	Male	Select NS	14,990,000	13,507,000	1,483,000	756,330
CT05	Male	Standard NS	17,745,000	16,045,500	1,699,500	866,745
CT05	Male	Preferred SM	5,367,000	4,830,300	536,700	273,717
CT05	Male	Standard SM	5,204,000	4,476,600	727,400	370,974
CT05	Female	Premier NS	7,070,000	6,363,000	707,000	360,570
CT05	Female	Preferred NS	5,608,000	5,047,200	560,800	286,008
CT05	Female	Select NS	1,760,000	1,224,000	536,000	273,360
CT05	Female	Standard NS	5,695,000	4,918,500	776,500	396,015
CT05	Female	Preferred SM	1,845,000	1,660,500	184,500	94,095
CT05	Female	Standard SM	750,000	405,000	345,000	175,950
CT10	Male	Premier NS	\$2,106,724,370	\$1,872,179,015	\$234,545,355	\$119,618,131
CT10	Male	Preferred NS	1,457,107,282	1,282,089,878	175,017,404	89,258,876
CT10	Male	Select NS	532,348,362	472,487,788	59,860,574	30,528,893
CT10	Male	Standard NS	654,197,273	573,447,881	80,749,392	41,182,190
CT10	Male	Preferred SM	234,473,624	206,645,606	27,828,018	14,192,289
CT10	Male	Standard SM	120,734,938	105,561,594	15,173,344	7,738,405
CT10	Female	Premier NS	895,267,033	793,452,715	101,814,318	51,925,302
CT10	Female	Preferred NS	419,101,060	368,862,199	50,238,861	25,621,819
CT10	Female	Select NS	137,284,956	119,826,690	17,458,266	8,903,716
CT10	Female	Standard NS	242,009,274	211,346,406	30,662,868	15,638,063
CT10	Female	Preferred SM	83,901,675	73,629,833	10,271,842	5,238,639
CT10	Female	Standard SM	30,971,785	27,420,362	3,551,423	1,811,226
CT15	Male	Premier NS	\$1,613,879,149	\$1,427,148,168	\$186,730,981	\$95,232,800
CT15	Male	Preferred NS	921,881,276	816,401,966	105,479,310	53,794,448
CT15	Male	Select NS	359,856,426	318,747,149	41,109,277	20,965,731
CT15	Male	Standard NS	344,792,434	301,887,861	42,904,573	21,881,332
CT15	Male	Preferred SM	75,710,446	65,347,590	10,362,856	5,285,057
CT15	Male	Standard SM	28,237,900	24,833,610	3,404,290	1,736,188
CT15	Female	Premier NS	931,527,046	825,870,602	105,656,444	53,884,786
CT15	Female	Preferred NS	352,455,178	309,844,182	42,610,996	21,731,608
CT15	Female	Select NS	124,892,700	111,132,290	13,760,410	7,017,809
CT15	Female	Standard NS	150,860,341	131,295,369	19,564,972	9,978,136
CT15	Female	Preferred SM	37,897,000	33,765,300	4,131,700	2,107,167
CT15	Female	Standard SM	13,273,000	11,356,785	1,916,215	977,270
CT20	Male	Premier NS	\$6,220,981,060	\$5,515,887,133	\$705,093,927	\$359,597,903
CT20	Male	Preferred NS	2,758,142,250	2,431,913,900	326,228,350	166,376,459
CT20	Male	Select NS	1,037,605,370	916,675,782	120,929,588	61,674,090
CT20	Male	Standard NS	838,250,266	738,636,898	99,613,368	50,802,818
CT20	Male	Preferred SM	127,815,000	112,496,875	15,318,125	7,812,244
CT20	Male	Standard SM	39,427,000	34,681,072	4,745,928	2,420,423
CT20	Female	Premier NS	4,824,308,346	4,270,832,116	553,476,230	282,272,877
CT20	Female	Preferred NS	1,337,063,765	1,177,514,940	159,548,825	81,369,901
CT20	Female	Select NS	387,669,256	342,847,077	44,822,179	22,859,311
CT20	Female	Standard NS	481,717,836	421,652,640	60,065,196	30,633,250
CT20	Female	Preferred SM	88,003,173	77,784,973	10,218,200	5,211,282
CT20	Female	Standard SM	25,281,000	22,206,150	3,074,850	1,568,174

1/1/2000 to 8/24/2004 XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
CT30	Male	Premier NS	\$1,954,262,484	\$1,718,248,356	\$236,014,128	\$120,367,205
CT30	Male	Preferred NS	596,693,148	522,010,311	74,682,837	38,088,247
CT30	Male	Select NS	197,672,004	173,289,604	24,382,400	12,435,024
CT30	Male	Standard NS	138,948,734	120,766,913	18,181,821	9,272,729
CT30	Male	Preferred SM	25,139,000	21,867,975	3,271,025	1,668,223
CT30	Male	Standard SM	8,676,000	7,502,400	1,173,600	598,536
CT30	Female	Premier NS	2,088,580,787	1,821,613,116	266,967,671	136,153,512
CT30	Female	Preferred NS	380,742,436	331,638,760	49,103,676	25,042,875
CT30	Female	Select NS	91,786,456	80,317,155	11,469,301	5,849,344
CT30	Female	Standard NS	120,727,800	104,420,664	16,307,136	8,316,639
CT30	Female	Preferred SM	21,918,100	19,112,090	2,806,010	1,431,065
CT30	Female	Standard SM	7,795,000	6,506,325	1,288,675	657,224
ST05	Male	Premier NS	\$27,325,000	\$24,592,500	\$2,732,500	\$1,393,575
ST05	Male	Preferred NS	18,562,000	16,350,800	2,211,200	1,127,712
ST05	Male	Select NS	8,195,000	7,375,500	819,500	417,945
ST05	Male	Standard NS	12,923,000	11,730,700	1,192,300	608,073
ST05	Male	Preferred SM	14,290,000	12,961,000	1,329,000	677,790
ST05	Male	Standard SM	3,651,000	3,285,900	365,100	186,201
ST05	Female	Premier NS	9,665,000	8,718,500	946,500	482,715
ST05	Female	Preferred NS	2,460,000	2,124,000	336,000	171,360
ST05	Female	Select NS	1,250,000	1,125,000	125,000	63,750
ST05	Female	Standard NS	2,700,000	2,430,000	270,000	137,700
ST05	Female	Preferred SM	1,550,000	1,395,000	155,000	79,050
ST05	Female	Standard SM	235,000	211,500	23,500	11,985
ST10	Male	Premier NS	\$219,641,000	\$197,833,200	\$21,807,800	\$11,121,978
ST10	Male	Preferred NS	116,035,750	103,942,175	12,093,575	6,167,723
ST10	Male	Select NS	53,525,000	48,177,500	5,347,500	2,727,225
ST10	Male	Standard NS	66,915,500	60,571,450	6,344,050	3,235,466
ST10	Male	Preferred SM	25,096,100	22,586,490	2,509,610	1,279,901
ST10	Male	Standard SM	8,900,000	8,030,000	870,000	443,700
ST10	Female	Premier NS	97,920,000	88,138,000	9,782,000	4,988,820
ST10	Female	Preferred NS	45,744,000	40,449,600	5,294,400	2,700,144
ST10	Female	Select NS	11,020,000	9,918,000	1,102,000	562,020
ST10	Female	Standard NS	27,615,000	24,938,000	2,677,000	1,365,270
ST10	Female	Preferred SM	10,210,000	9,189,000	1,021,000	520,710
ST10	Female	Standard SM	1,685,000	1,516,500	168,500	85,935
ST15	Male	Premier NS	\$66,299,265	\$59,669,338	\$6,629,927	\$3,381,263
ST15	Male	Preferred NS	43,119,000	38,857,100	4,261,900	2,173,569
ST15	Male	Select NS	10,814,000	9,757,600	1,056,400	538,764
ST15	Male	Standard NS	14,415,000	12,975,500	1,439,500	734,145
ST15	Male	Preferred SM	12,832,000	11,561,300	1,270,700	648,057
ST15	Male	Standard SM	4,259,000	3,833,100	425,900	217,209
ST15	Female	Premier NS	36,064,000	32,457,600	3,606,400	1,839,264
ST15	Female	Preferred NS	14,483,500	12,835,900	1,647,600	840,276
ST15	Female	Select NS	3,430,000	3,087,000	343,000	174,930
ST15	Female	Standard NS	10,310,000	9,279,000	1,031,000	525,810
ST15	Female	Preferred SM	3,463,000	3,116,700	346,300	176,613
ST15	Female	Standard SM	925,000	832,500	92,500	47,175

1/1/2000 to 8/24/2004 XXX Issues						
December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
ST20	Male	Premier NS	\$472,221,842	\$424,056,858	\$48,164,984	\$24,564,142
ST20	Male	Preferred NS	210,811,452	189,803,807	21,007,645	10,713,899
ST20	Male	Select NS	100,866,128	90,237,715	10,628,413	5,420,491
ST20	Male	Standard NS	94,070,000	84,290,600	9,779,400	4,987,494
ST20	Male	Preferred SM	43,382,500	38,909,250	4,473,250	2,281,358
ST20	Male	Standard SM	17,677,000	15,783,300	1,893,700	965,787
ST20	Female	Premier NS	326,591,000	292,412,900	34,178,100	17,430,831
ST20	Female	Preferred NS	88,037,400	78,891,460	9,145,940	4,664,429
ST20	Female	Select NS	37,390,684	33,531,016	3,859,668	1,968,431
ST20	Female	Standard NS	58,688,200	52,455,280	6,232,920	3,178,789
ST20	Female	Preferred SM	20,984,500	18,832,050	2,152,450	1,097,750
ST20	Female	Standard SM	4,832,000	4,330,800	501,200	255,612
ST30	Male	Premier NS	\$379,670,003	\$341,010,502	\$38,659,501	\$19,716,346
ST30	Male	Preferred NS	125,738,000	113,020,200	12,717,800	6,486,078
ST30	Male	Select NS	66,797,443	60,027,699	6,769,744	3,452,569
ST30	Male	Standard NS	41,959,000	37,539,360	4,419,640	2,254,016
ST30	Male	Preferred SM	18,122,000	16,219,800	1,902,200	970,122
ST30	Male	Standard SM	3,880,000	3,492,000	388,000	197,880
ST30	Female	Premier NS	425,759,000	382,480,380	43,278,620	22,072,096
ST30	Female	Preferred NS	76,827,067	69,063,857	7,763,210	3,959,237
ST30	Female	Select NS	29,614,000	26,652,600	2,961,400	1,510,314
ST30	Female	Standard NS	50,216,500	45,104,850	5,111,650	2,606,942
ST30	Female	Preferred SM	17,116,000	15,287,400	1,828,600	932,586
ST30	Female	Standard SM	2,720,000	2,448,000	272,000	138,720
Z205	Male	Premier NS	\$12,980,000	\$11,682,000	\$1,298,000	\$661,980
Z205	Male	Preferred NS	4,460,000	4,014,000	446,000	227,460
Z205	Male	Select NS	3,600,000	3,240,000	360,000	183,600
Z205	Male	Standard NS	7,740,000	7,046,000	694,000	353,940
Z205	Male	Preferred SM	5,530,000	4,977,000	553,000	282,030
Z205	Male	Standard SM	1,945,000	1,750,500	194,500	99,195
Z205	Female	Premier NS	5,480,000	4,932,000	548,000	279,480
Z205	Female	Preferred NS	1,475,000	1,327,500	147,500	75,225
Z205	Female	Select NS	210,000	189,000	21,000	10,710
Z205	Female	Standard NS	1,305,000	1,174,500	130,500	66,555
Z205	Female	Preferred SM	1,100,000	990,000	110,000	56,100
Z205	Female	Standard SM	550,000	495,000	55,000	28,050
Z210	Male	Premier NS	\$1,187,334,000	\$1,069,775,584	\$117,558,416	\$59,954,792
Z210	Male	Preferred NS	621,627,000	560,918,275	60,708,725	30,961,450
Z210	Male	Select NS	314,333,000	283,050,060	31,282,940	15,954,299
Z210	Male	Standard NS	436,888,000	401,308,400	35,579,600	18,145,596
Z210	Male	Preferred SM	96,360,000	86,769,000	9,591,000	4,891,410
Z210	Male	Standard SM	39,640,000	36,181,000	3,459,000	1,764,090
Z210	Female	Premier NS	584,016,800	525,661,520	58,355,280	29,761,193
Z210	Female	Preferred NS	214,871,000	193,477,100	21,393,900	10,910,889
Z210	Female	Select NS	80,992,000	72,928,650	8,063,350	4,112,309
Z210	Female	Standard NS	165,126,000	150,100,900	15,025,100	7,662,801
Z210	Female	Preferred SM	34,921,000	31,428,900	3,492,100	1,780,971
Z210	Female	Standard SM	15,495,000	14,076,500	1,418,500	723,435

1/1/2000 to 8/24/2004 XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
Z215	Male	Premier NS	\$151,160,000	\$136,088,100	\$15,071,900	\$7,686,669
Z215	Male	Preferred NS	74,319,000	67,037,100	7,281,900	3,713,769
Z215	Male	Select NS	30,665,000	27,611,100	3,053,900	1,557,489
Z215	Male	Standard NS	42,134,000	38,648,100	3,485,900	1,777,809
Z215	Male	Preferred SM	7,815,000	7,041,000	774,000	394,740
Z215	Male	Standard SM	4,700,000	4,255,000	445,000	226,950
Z215	Female	Premier NS	80,815,000	72,712,800	8,102,200	4,132,122
Z215	Female	Preferred NS	27,760,000	25,071,600	2,688,400	1,371,084
Z215	Female	Select NS	9,625,000	8,662,500	962,500	490,875
Z215	Female	Standard NS	18,340,000	16,773,000	1,567,000	799,170
Z215	Female	Preferred SM	4,460,000	4,014,000	446,000	227,460
Z215	Female	Standard SM	830,000	747,000	83,000	42,330
Z220	Male	Premier NS	\$513,098,000	\$462,046,125	\$51,051,875	\$26,036,456
Z220	Male	Preferred NS	196,996,000	177,711,400	19,284,600	9,835,146
Z220	Male	Select NS	90,707,000	81,771,500	8,935,500	4,557,105
Z220	Male	Standard NS	116,558,000	107,820,200	8,737,800	4,456,278
Z220	Male	Preferred SM	22,255,000	20,079,500	2,175,500	1,109,505
Z220	Male	Standard SM	7,000,000	6,400,000	600,000	306,000
Z220	Female	Premier NS	332,920,000	299,207,800	33,712,200	17,193,222
Z220	Female	Preferred NS	95,450,000	85,970,750	9,479,250	4,834,418
Z220	Female	Select NS	29,420,000	26,484,300	2,935,700	1,497,207
Z220	Female	Standard NS	60,870,000	55,083,500	5,786,500	2,951,115
Z220	Female	Preferred SM	13,300,000	11,970,000	1,330,000	678,300
Z220	Female	Standard SM	4,395,000	4,010,500	384,500	196,095
Z230	Male	Premier NS	\$230,013,000	\$207,041,450	\$22,971,550	\$11,715,491
Z230	Male	Preferred NS	70,615,000	63,681,800	6,933,200	3,535,932
Z230	Male	Select NS	27,320,000	24,588,000	2,732,000	1,393,320
Z230	Male	Standard NS	25,550,000	23,412,500	2,137,500	1,090,125
Z230	Male	Preferred SM	5,575,000	5,017,500	557,500	284,325
Z230	Male	Standard SM	1,000,000	900,000	100,000	51,000
Z230	Female	Premier NS	190,181,000	171,219,900	18,961,100	9,670,161
Z230	Female	Preferred NS	32,370,000	29,168,000	3,202,000	1,633,020
Z230	Female	Select NS	9,704,000	8,733,600	970,400	494,904
Z230	Female	Standard NS	16,080,000	14,597,000	1,483,000	756,330
Z230	Female	Preferred SM	3,775,000	3,397,500	377,500	192,525
Z230	Female	Standard SM	1,200,000	1,080,000	120,000	61,200
ZD05	Male	Premier NS	\$1,150,000	\$1,035,000	\$115,000	\$58,650
ZD05	Male	Preferred NS	3,000,000	2,700,000	300,000	153,000
ZD05	Male	Select NS	2,147,000	1,932,300	214,700	109,497
ZD05	Male	Standard NS	2,330,000	2,167,000	163,000	83,130
ZD05	Male	Preferred SM	1,550,000	1,395,000	155,000	79,050
ZD05	Male	Standard SM	2,050,000	1,850,000	200,000	102,000
ZD05	Female	Premier NS	800,000	720,000	80,000	40,800
ZD05	Female	Preferred NS	250,000	225,000	25,000	12,750
ZD05	Female	Select NS	1,200,000	1,080,000	120,000	61,200
ZD05	Female	Standard NS	350,000	315,000	35,000	17,850
ZD05	Female	Preferred SM	340,000	306,000	34,000	17,340
ZD10	Male	Premier NS	\$1,117,834,000	\$986,204,615	\$131,629,385	\$67,130,986
ZD10	Male	Preferred NS	786,010,000	691,536,100	94,473,900	48,181,689
ZD10	Male	Select NS	316,923,000	277,760,035	39,162,965	19,973,112
ZD10	Male	Standard NS	559,336,000	502,497,460	56,838,540	28,987,655
ZD10	Male	Preferred SM	139,728,000	120,451,030	19,276,970	9,831,255
ZD10	Male	Standard SM	73,715,000	65,460,450	8,254,550	4,209,821
ZD10	Female	Premier NS	505,165,000	445,028,725	60,136,275	30,669,500
ZD10	Female	Preferred NS	234,045,000	204,583,875	29,461,125	15,025,174
ZD10	Female	Select NS	81,456,000	70,915,230	10,540,770	5,375,793
ZD10	Female	Standard NS	180,601,000	160,757,475	19,843,525	10,120,198
ZD10	Female	Preferred SM	54,902,000	48,406,525	6,495,475	3,312,692
ZD10	Female	Standard SM	19,150,000	16,885,875	2,264,125	1,154,704

1/1/2000 to 8/24/2004 XXX Issues						
December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
ZD15	Male	Premier NS	\$1,235,955,000	\$1,099,058,090	\$136,896,910	\$69,817,424
ZD15	Male	Preferred NS	815,989,000	723,694,320	92,294,680	47,070,287
ZD15	Male	Select NS	294,543,000	260,647,200	33,895,800	17,286,858
ZD15	Male	Standard NS	399,335,000	363,708,175	35,626,825	18,169,681
ZD15	Male	Preferred SM	61,775,000	53,764,425	8,010,575	4,085,393
ZD15	Male	Standard SM	31,610,000	28,798,500	2,811,500	1,433,865
ZD15	Female	Premier NS	708,835,000	630,051,700	78,783,300	40,179,483
ZD15	Female	Preferred NS	276,153,000	244,540,175	31,612,825	16,122,541
ZD15	Female	Select NS	88,995,000	78,205,725	10,789,275	5,502,530
ZD15	Female	Standard NS	161,484,000	145,409,875	16,074,125	8,197,804
ZD15	Female	Preferred SM	31,363,000	27,873,900	3,489,100	1,779,441
ZD15	Female	Standard SM	10,635,000	9,616,600	1,018,400	519,384
ZD20	Male	Premier NS	\$4,495,597,000	\$3,996,218,550	\$499,378,450	\$254,683,010
ZD20	Male	Preferred NS	2,195,944,000	1,947,376,055	248,567,945	126,769,652
ZD20	Male	Select NS	696,896,000	617,383,625	79,512,375	40,551,311
ZD20	Male	Standard NS	831,509,000	756,530,150	74,978,850	38,239,214
ZD20	Male	Preferred SM	77,445,000	68,599,350	8,845,650	4,511,282
ZD20	Male	Standard SM	26,955,000	24,488,375	2,466,625	1,257,979
ZD20	Female	Premier NS	3,116,395,000	2,769,089,405	347,305,595	177,125,853
ZD20	Female	Preferred NS	893,397,000	791,321,465	102,075,535	52,058,523
ZD20	Female	Select NS	258,301,000	228,408,460	29,892,540	15,245,195
ZD20	Female	Standard NS	412,026,000	367,995,475	44,030,525	22,455,568
ZD20	Female	Preferred SM	53,400,000	46,695,375	6,704,625	3,419,359
ZD20	Female	Standard SM	12,586,000	11,364,330	1,221,670	623,052
ZD30	Male	Premier NS	\$1,014,053,000	\$897,938,370	\$116,114,630	\$59,218,461
ZD30	Male	Preferred NS	387,912,000	342,898,950	45,013,050	22,956,656
ZD30	Male	Select NS	96,885,000	84,289,500	12,595,500	6,423,705
ZD30	Male	Standard NS	79,490,000	70,359,000	9,131,000	4,656,810
ZD30	Male	Preferred SM	11,525,000	10,242,000	1,283,000	654,330
ZD30	Male	Standard SM	2,800,000	2,555,750	244,250	124,568
ZD30	Female	Premier NS	1,074,082,000	951,850,735	122,231,265	62,337,945
ZD30	Female	Preferred NS	211,495,000	184,953,375	26,541,625	13,536,229
ZD30	Female	Select NS	47,382,000	41,705,235	5,676,765	2,895,150
ZD30	Female	Standard NS	45,226,000	39,228,325	5,997,675	3,058,814
ZD30	Female	Preferred SM	10,405,000	9,306,000	1,099,000	560,490
ZD30	Female	Standard SM	1,925,000	1,713,250	211,750	107,993
Total			\$70,148,993,099	\$62,220,773,899	\$7,928,219,200	\$4,043,391,792

8/25/2004 & Later XXX Issues						
December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
CT05	Male	Premier NS	\$31,779,000	\$14,699,500	\$17,079,500	\$8,710,545
CT05	Male	Preferred NS	21,838,620	10,821,594	11,017,026	5,618,683
CT05	Male	Select NS	12,910,000	4,920,000	7,990,000	4,074,900
CT05	Male	Standard NS	27,234,000	16,460,200	10,773,800	5,494,638
CT05	Male	Preferred SM	4,151,000	1,305,300	2,845,700	1,451,307
CT05	Male	Standard SM	5,490,000	1,707,000	3,783,000	1,929,330
CT05	Female	Premier NS	3,790,000	1,287,000	2,503,000	1,276,530
CT05	Female	Preferred NS	2,550,000	985,000	1,565,000	798,150
CT05	Female	Select NS	725,000	287,500	437,500	223,125
CT05	Female	Standard NS	2,170,000	691,000	1,479,000	754,290
CT05	Female	Preferred SM	1,740,000	592,000	1,148,000	585,480
CT05	Female	Standard SM	680,000	214,000	466,000	237,660

8/25/2004 & Later XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
CT10	Male	Premier NS	\$877,205,615	\$353,942,285	\$523,263,330	\$266,864,298
CT10	Male	Preferred NS	778,237,793	332,081,606	446,156,187	227,539,655
CT10	Male	Select NS	243,080,705	95,927,861	147,152,844	75,047,950
CT10	Male	Standard NS	424,260,533	184,133,060	240,127,473	122,465,011
CT10	Male	Preferred SM	90,724,700	33,278,350	57,446,350	29,297,639
CT10	Male	Standard SM	61,125,938	22,300,861	38,825,077	19,800,789
CT10	Female	Premier NS	343,016,276	124,449,383	218,566,893	111,469,115
CT10	Female	Preferred NS	233,509,622	83,258,286	150,251,336	76,628,181
CT10	Female	Select NS	82,257,733	29,703,120	52,554,613	26,802,853
CT10	Female	Standard NS	150,118,200	60,106,260	90,011,940	45,906,089
CT10	Female	Preferred SM	32,250,184	12,202,255	20,047,929	10,224,444
CT10	Female	Standard SM	18,789,000	6,712,700	12,076,300	6,158,913
CT15	Male	Premier NS	\$484,269,600	\$200,647,580	\$283,622,020	\$144,647,230
CT15	Male	Preferred NS	386,365,413	150,029,324	236,336,089	120,531,405
CT15	Male	Select NS	132,022,101	49,946,130	82,075,971	41,858,745
CT15	Male	Standard NS	153,435,697	61,531,211	91,904,486	46,871,288
CT15	Male	Preferred SM	28,175,000	10,285,700	17,889,300	9,123,543
CT15	Male	Standard SM	20,723,171	8,873,654	11,849,517	6,043,254
CT15	Female	Premier NS	255,097,500	93,368,300	161,729,200	82,481,892
CT15	Female	Preferred NS	175,216,782	64,523,962	110,692,820	56,453,338
CT15	Female	Select NS	54,075,612	19,114,084	34,961,528	17,830,379
CT15	Female	Standard NS	89,648,464	44,988,689	44,659,775	22,776,485
CT15	Female	Preferred SM	17,722,000	6,721,800	11,000,200	5,610,102
CT15	Female	Standard SM	5,225,000	1,782,500	3,442,500	1,755,675
CT20	Male	Premier NS	\$1,667,108,381	\$668,710,278	\$998,398,103	\$509,183,033
CT20	Male	Preferred NS	1,123,832,948	443,726,634	680,106,314	346,854,220
CT20	Male	Select NS	356,844,099	138,171,970	218,672,129	111,522,786
CT20	Male	Standard NS	401,166,106	163,531,052	237,635,054	121,193,878
CT20	Male	Preferred SM	48,916,962	19,079,889	29,837,073	15,216,907
CT20	Male	Standard SM	21,849,500	8,646,475	13,203,025	6,733,543
CT20	Female	Premier NS	1,334,245,922	505,880,304	828,365,618	422,466,465
CT20	Female	Preferred NS	618,387,427	230,591,213	387,796,214	197,776,069
CT20	Female	Select NS	144,754,011	53,726,903	91,027,108	46,423,825
CT20	Female	Standard NS	231,629,682	87,468,865	144,160,817	73,522,017
CT20	Female	Preferred SM	30,662,000	11,526,600	19,135,400	9,759,054
CT20	Female	Standard SM	11,591,500	4,166,250	7,425,250	3,786,878
CT30	Male	Premier NS	\$638,276,155	\$245,534,611	\$392,741,544	\$200,298,187
CT30	Male	Preferred NS	275,096,888	105,977,383	169,119,505	86,250,948
CT30	Male	Select NS	62,712,354	22,983,177	39,729,177	20,261,880
CT30	Male	Standard NS	63,425,000	21,895,615	41,529,385	21,179,986
CT30	Male	Preferred SM	11,095,000	3,830,500	7,264,500	3,704,895
CT30	Male	Standard SM	5,906,000	1,668,300	4,237,700	2,161,227
CT30	Female	Premier NS	781,247,331	272,741,459	508,505,872	259,337,995
CT30	Female	Preferred NS	186,821,693	64,471,344	122,350,349	62,398,678
CT30	Female	Select NS	40,911,233	14,836,236	26,074,997	13,298,248
CT30	Female	Standard NS	51,230,912	17,061,861	34,169,051	17,426,216
CT30	Female	Preferred SM	8,960,928	3,140,564	5,820,364	2,968,386
CT30	Female	Standard SM	4,258,000	1,103,850	3,154,150	1,608,617
MP30	Male	Premier NS	\$17,350,000	\$6,072,500	\$11,277,500	\$5,751,525
MP30	Male	Preferred NS	77,193,351	26,916,523	50,276,828	25,641,182
MP30	Male	Standard NS	103,620,051	35,761,597	67,858,454	34,607,812
MP30	Male	Preferred SM	14,624,301	5,076,331	9,547,970	4,869,465
MP30	Male	Standard SM	17,555,255	6,016,764	11,538,491	5,884,630
MP30	Female	Premier NS	16,862,000	5,901,700	10,960,300	5,589,753
MP30	Female	Preferred NS	86,226,519	30,144,280	56,082,239	28,601,942
MP30	Female	Standard NS	95,012,940	32,457,820	62,555,120	31,903,111
MP30	Female	Preferred SM	10,572,007	3,693,203	6,878,804	3,508,190
MP30	Female	Standard SM	8,752,569	2,924,991	5,827,578	2,972,065

8/25/2004 & Later XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
MT15	Male	Premier NS	\$7,009,999	\$2,453,500	\$4,556,499	\$2,323,814
MT15	Male	Preferred NS	72,026,284	25,045,050	46,981,234	23,960,429
MT15	Male	Standard NS	146,607,044	49,930,474	96,676,570	49,305,051
MT15	Male	Preferred SM	43,159,198	15,084,720	28,074,478	14,317,984
MT15	Male	Standard SM	22,845,715	7,820,737	15,024,978	7,662,739
MT15	Female	Premier NS	2,500,000	875,000	1,625,000	828,750
MT15	Female	Preferred NS	66,526,675	23,159,036	43,367,639	22,117,496
MT15	Female	Standard NS	99,744,006	33,208,812	66,535,194	33,932,949
MT15	Female	Preferred SM	24,758,960	8,665,636	16,093,324	8,207,595
MT15	Female	Standard SM	13,431,573	4,391,476	9,040,097	4,610,449
MT20	Male	Premier NS	\$18,301,000	\$6,405,350	\$11,895,650	\$6,066,782
MT20	Male	Preferred NS	129,761,403	45,346,495	84,414,908	43,051,603
MT20	Male	Standard NS	117,158,770	40,559,209	76,599,561	39,065,776
MT20	Male	Preferred SM	26,796,156	9,378,656	17,417,500	8,882,925
MT20	Male	Standard SM	12,473,147	4,258,689	8,214,458	4,189,374
MT20	Female	Premier NS	13,169,999	4,347,000	8,822,999	4,499,729
MT20	Female	Preferred NS	128,775,835	45,211,545	83,564,290	42,617,788
MT20	Female	Standard NS	99,163,507	34,134,468	65,029,039	33,164,810
MT20	Female	Preferred SM	15,488,295	5,315,904	10,172,391	5,187,919
MT20	Female	Standard SM	9,852,558	3,307,174	6,545,384	3,338,146
MT30	Male	Premier NS	\$31,150,000	\$11,196,150	\$19,953,850	\$10,176,464
MT30	Male	Preferred NS	99,517,096	34,659,837	64,857,259	33,077,202
MT30	Male	Standard NS	151,933,595	52,457,756	99,475,839	50,732,678
MT30	Male	Preferred SM	11,741,700	4,109,594	7,632,106	3,892,374
MT30	Male	Standard SM	14,721,994	5,018,554	9,703,440	4,948,754
MT30	Female	Premier NS	31,820,998	11,137,350	20,683,648	10,548,660
MT30	Female	Preferred NS	132,101,108	45,954,864	86,146,244	43,934,584
MT30	Female	Standard NS	129,204,716	44,783,890	84,420,826	43,054,621
MT30	Female	Preferred SM	8,659,199	2,816,170	5,843,029	2,979,945
MT30	Female	Standard SM	7,043,367	2,233,225	4,810,142	2,453,172
ST10	Male	Preferred NS	\$2,500,000	\$1,625,000	\$875,000	\$446,250
ST10	Male	Preferred SM	150,000	135,000	15,000	7,650
ST10	Female	Preferred NS	150,000	135,000	15,000	7,650
ST10	Female	Standard NS	250,000	0	250,000	127,500
ST20	Male	Premier NS	\$11,750,000	\$6,790,500	\$4,959,500	\$2,529,345
ST20	Male	Preferred NS	8,355,000	4,270,750	4,084,250	2,082,968
ST20	Male	Select NS	3,039,365	1,511,714	1,527,651	779,102
ST20	Male	Standard NS	9,034,500	4,589,775	4,444,725	2,266,810
ST20	Male	Preferred SM	5,490,000	2,389,500	3,100,500	1,581,255
ST20	Male	Standard SM	1,100,000	616,500	483,500	246,585
ST20	Female	Premier NS	10,400,000	5,391,000	5,009,000	2,554,590
ST20	Female	Preferred NS	5,599,000	2,749,050	2,849,950	1,453,475
ST20	Female	Select NS	1,250,000	603,000	647,000	329,970
ST20	Female	Standard NS	4,890,000	2,835,000	2,055,000	1,048,050
ST20	Female	Preferred SM	750,000	405,000	345,000	175,950
ST30	Male	Premier NS	\$20,745,000	\$14,025,000	\$6,720,000	\$3,427,200
ST30	Male	Preferred NS	6,650,000	4,176,000	2,474,000	1,261,740
ST30	Male	Select NS	3,230,000	2,057,400	1,172,600	598,026
ST30	Male	Standard NS	3,600,000	2,385,000	1,215,000	619,650
ST30	Male	Preferred SM	800,000	504,000	296,000	150,960
ST30	Female	Premier NS	17,744,000	11,520,720	6,223,280	3,173,873
ST30	Female	Preferred NS	2,668,000	1,718,460	949,540	484,265
ST30	Female	Select NS	550,000	369,000	181,000	92,310
ST30	Female	Standard NS	3,055,000	1,767,150	1,287,850	656,804
ST30	Female	Preferred SM	600,000	180,000	420,000	214,200
ST30	Female	Standard SM	250,000	180,000	70,000	35,700

8/25/2004 & Later XXX Issues December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
ZD05	Male	Premier NS	\$2,250,000	\$925,000	\$1,325,000	\$675,750
ZD05	Male	Preferred NS	2,050,000	868,000	1,182,000	602,820
ZD05	Male	Select NS	950,000	405,000	545,000	277,950
ZD05	Male	Standard NS	2,300,000	1,345,000	955,000	487,050
ZD05	Male	Preferred SM	2,035,000	867,500	1,167,500	595,425
ZD05	Male	Standard SM	550,000	260,000	290,000	147,900
ZD05	Female	Preferred NS	1,000,000	330,000	670,000	341,700
ZD05	Female	Select NS	50,000	25,000	25,000	12,750
ZD05	Female	Standard NS	400,000	245,000	155,000	79,050
ZD05	Female	Preferred SM	50,000	15,000	35,000	17,850
ZD05	Female	Standard SM	600,000	230,000	370,000	188,700
ZD10	Male	Premier NS	\$583,148,000	\$237,993,000	\$345,155,000	\$176,029,050
ZD10	Male	Preferred NS	435,771,002	167,112,000	268,659,002	137,016,091
ZD10	Male	Select NS	173,190,000	67,234,000	105,956,000	54,037,560
ZD10	Male	Standard NS	392,814,001	205,834,600	186,979,401	95,359,495
ZD10	Male	Preferred SM	89,050,006	33,500,800	55,549,206	28,330,095
ZD10	Male	Standard SM	70,521,000	37,118,400	33,402,600	17,035,326
ZD10	Female	Premier NS	241,960,000	89,957,000	152,003,000	77,521,530
ZD10	Female	Preferred NS	123,677,000	45,732,750	77,944,250	39,751,568
ZD10	Female	Select NS	53,221,000	19,450,300	33,770,700	17,223,057
ZD10	Female	Standard NS	130,378,003	60,275,200	70,102,803	35,752,430
ZD10	Female	Preferred SM	35,720,000	12,756,000	22,964,000	11,711,640
ZD10	Female	Standard SM	19,482,000	8,304,000	11,178,000	5,700,780
ZD15	Male	Premier NS	\$409,907,000	\$163,621,100	\$246,285,900	\$125,605,809
ZD15	Male	Preferred NS	311,189,252	121,624,025	189,565,227	96,678,266
ZD15	Male	Select NS	110,400,000	40,445,000	69,955,000	35,677,050
ZD15	Male	Standard NS	186,523,000	99,337,600	87,185,400	44,464,554
ZD15	Male	Preferred SM	28,445,000	10,956,500	17,488,500	8,919,135
ZD15	Male	Standard SM	18,959,001	10,543,000	8,416,001	4,292,161
ZD15	Female	Premier NS	234,244,000	88,125,200	146,118,800	74,520,588
ZD15	Female	Preferred NS	117,525,000	43,282,000	74,243,000	37,863,930
ZD15	Female	Select NS	39,372,000	13,966,600	25,405,400	12,956,754
ZD15	Female	Standard NS	80,571,000	36,717,500	43,853,500	22,365,285
ZD15	Female	Preferred SM	13,225,000	5,087,500	8,137,500	4,150,125
ZD15	Female	Standard SM	4,665,000	1,987,500	2,677,500	1,365,525
ZD20	Male	Premier NS	\$1,460,068,000	\$598,530,400	\$861,537,600	\$439,384,176
ZD20	Male	Preferred NS	874,496,384	351,210,912	523,285,472	266,875,591
ZD20	Male	Select NS	267,635,000	102,857,000	164,778,000	84,036,780
ZD20	Male	Standard NS	369,761,501	203,023,650	166,737,851	85,036,304
ZD20	Male	Preferred SM	42,055,002	15,631,500	26,423,502	13,475,986
ZD20	Male	Standard SM	18,567,000	9,949,600	8,617,400	4,394,874
ZD20	Female	Premier NS	1,103,379,275	433,998,932	669,380,343	341,383,975
ZD20	Female	Preferred NS	376,952,516	146,757,250	230,195,266	117,399,586
ZD20	Female	Select NS	115,320,000	45,667,000	69,653,000	35,523,030
ZD20	Female	Standard NS	220,468,003	100,903,800	119,564,203	60,977,744
ZD20	Female	Preferred SM	29,662,001	10,864,500	18,797,501	9,586,726
ZD20	Female	Standard SM	8,450,000	3,195,000	5,255,000	2,680,050

8/25/2004 & Later XXX Issues						
December 31, 2005 Inforce Model						
Model Plan	Sex	Underwriting Class	Direct Insurance Amount	Ceded to 3rd Party Insurance Amount	Net Insurance Amount	Ceded to Captive Insurance Amount
ZD30	Male	Premier NS	\$412,581,000	\$158,106,600	\$254,474,400	\$129,781,944
ZD30	Male	Preferred NS	190,216,002	73,913,300	116,302,702	59,314,378
ZD30	Male	Select NS	42,840,000	16,142,000	26,698,000	13,615,980
ZD30	Male	Standard NS	49,950,000	24,912,500	25,037,500	12,769,125
ZD30	Male	Preferred SM	5,785,000	1,985,500	3,799,500	1,937,745
ZD30	Male	Standard SM	2,310,000	780,500	1,529,500	780,045
ZD30	Female	Premier NS	469,421,000	176,975,800	292,445,200	149,147,052
ZD30	Female	Preferred NS	117,868,002	44,285,050	73,582,952	37,527,306
ZD30	Female	Select NS	22,225,000	8,197,000	14,028,000	7,154,280
ZD30	Female	Standard NS	39,559,000	15,731,500	23,827,500	12,152,025
ZD30	Female	Preferred SM	6,560,000	2,425,000	4,135,000	2,108,850
ZD30	Female	Standard SM	1,150,000	380,000	770,000	392,700
Total			\$25,795,824,997	\$10,198,413,306	\$15,597,411,691	\$7,954,679,962

New Business Issued in 2006

For the brokerage products, new business reflected in this analysis includes business written from January 1, 2006 through July 31, 2006 with no new sales expected after this date. New sales by the direct distribution system include business written from January 1, 2006 through December 31, 2006. Sales of mortgage term include business written from January 1, 2006 through September 30, 2006 with no new sales expected after this date.

For new business, aggregate expected sales figures for 2006 issues were provided by Protective. The model for 2006 issues was constructed based on the mix of business inherent in the 2005 issues which was provided as part of the December 31, 2005 inforce extract.

A distribution of 2006 new sales by product is provided in the table below. Amounts reflect direct annualized premium sales gross of YRT reinsurance deductions. The new sales reflect Protective's share of business written, excluding the portion of the business ceded to Wilton Re.

2006 Direct New Business Annualized Premium Issues	
(in millions)	
Product	CILAC/CILC
Chase Term - Direct	\$9.7
Chase Term - Brokerage	5.7
Mortgage Term	4.4*
Total Premium Issued	\$19.8

* Excludes \$1.1 million of annualized premium related to ROP and level term riders not included in this analysis, consistent with reinsurance treaty terms.

APPENDIX B

**Chase Insurance
Static Validation**

Chase Life Insurance Business Securitized – December 31, 2005 Amounts in Millions																		
Block	Base Statutory Reserve			Deficiency Reserve			Total Statutory Reserve			Policy Count			Insurance Amount			Annualized Premium		
	Tape	Model	A/M	Tape	Model	A/M	Tape	Model	A/M	Tape	Model	A/M	Tape	Model	A/M	Tape	Model	A/M
1/1/2000-8/24/2004 XXX Issues																		
Direct	\$402.8	\$404.3	0.996	\$57.8	\$64.9	0.891	\$460.6	\$469.2	0.982	251,519	251,519	1.000	\$70,149.0	\$70,149.0	1.000	\$127.2	126.1	1.009
Amounts Ceded to Third Parties*	360.9	362.3	0.996	50.0	56.2	0.891	411.0	418.4	0.982	222,841	222,839	1.000	62,220.8	62,220.5	1.000	111.8	111.8	1.009
Amounts Net Retained	41.9	42.1	0.996	7.7	8.7	0.890	49.6	50.7	0.978	28,678	28,680	1.000	7,928.2	7,928.5	1.000	14.5	14.3	1.009
Amounts Securitized @ 51%	21.4	21.4	0.996	3.9	4.4	0.890	25.3	25.9	0.978	14,626	14,627	1.000	4,043.4	4,043.5	1.000	7.4	7.3	1.009
8/25/2004-12/31/2005 XXX Issues																		
Direct	\$33.4	\$33.3	1.001	\$65.5	\$69.5	0.943	\$98.8	\$102.8	0.962	93,274	93,274	1.000	\$25,795.8	\$25,795.8	1.000	\$55.6	\$54.5	1.019
Amounts Ceded to Third Parties*	9.3	13.5	0.685	1.9	0.0	N/A	11.2	13.5	0.828	0	0	N/A	10,198.4	10,198.4	1.000	5.5**	4.9	1.108
Amounts Net Retained	24.1	19.8	1.218	63.5	69.5	0.915	87.6	89.2	0.982	93,274	93,274	1.000	15,597.4	15,597.4	1.000	50.1	49.6	1.011
Amounts Securitized @ 51%	12.3	10.1	1.218	32.4	35.4	0.915	44.7	45.5	0.982	47,570	47,570	1.000	7,954.7	7,954.7	1.000	25.5	25.3	1.011
Total Term Modeled																		
Amounts Securitized @ 51%	\$33.7	\$31.5	1.067	\$36.4	\$39.9	0.912	\$70.0	\$71.4	0.981	62,196	62,197	1.000	\$11,998.1	\$11,998.2	1.000	\$32.9	\$32.6	1.010

* Reserve and annualized premium amounts are pro-rated direct amounts based on the proportion of the inforce business ceded to third party reinsurers.
** Actual annualized premium for business ceded on a YRT basis to third party reinsurers is not available. \$5,467,000 is the actual premium paid in 2005.

APPENDIX C

Chase Insurance Product Descriptions

Product Descriptions

The level premium under the policies included in this report is guaranteed for the entire level premium period for the majority of the policies. Certain of the products guarantee premiums for a shorter period (including Super-T, ZDXP2 and some of the Mortgage Term policies). At the end of the level term period, the premiums become current non-guaranteed annually renewable term (ART) premiums which increase based on attained age.

The major product categories are described briefly below.

Overview of Term Products			
Company	Product	Model Name	Description
CILAC	Certain-T/Super-T	CT05/ST05	5-Year Level Term
		CT10/ST10	10-Year Level Term
		CT15/ST15	15-Year Level Term
		CT20/ST20	20-Year Level Term
		CT30/ST30	30-Year Level Term
CILC	ZDXP3/ZDXP2	ZD05/Z205	5-Year Level Term
		ZD10/Z210	10-Year Level Term
		ZD15/Z215	15-Year Level Term
		ZD20/Z220	20-Year Level Term
		ZD30/Z230	30-Year Level Term
CILAC	Mortgage Term	MT15	15-Year Level Term
		MT20	20-Year Level Term
		MT30	30-Year Level Term
		MP30	30-Year Level Term
CILAC/CILC	Chase Term	CH10	10-Year Level Term
		CH15	15-Year Level Term
		CH20	20-Year Level Term
		CH30	30-Year Level Term

All products other than mortgage term are medically underwritten. Mortgage term is offered on a medical and non-medical basis. In addition, a return of premium rider can be attached to the base mortgage term policy. The rider is not included in this analysis, consistent with reinsurance treaty terms.

Product Characteristics

The following is a summary of product characteristics.

Product Characteristics											
Product	Product Type	Guaranteed Period (in years)	Company	Model Plan	Pricing Eras Modeled	Decennial Issue Ages	Sex	Model Issue Years	Face Amount Bands	U/W Criteria	
Certain-T	5 Year LT	5	CILAC	CT05	2	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM	
Certain-T	10 Year LT	10	CILAC	CT10	4	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM	
Certain-T	15 Year LT	15	CILAC	CT15	4	25-65	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM	
Certain-T	20 Year LT	20	CILAC	CT20	4	25-55	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM	
Certain-T	30 Year LT	30	CILAC	CT30	3	25-45	M/F	2000-2005	2003+: 4 bands; 2002: 2 bands; 2000-2001: No bands	4NS,2SM	
Super-T	5 Year LT	5/5	CILAC	ST05	1	25-65	M/F	2000-2004	No bands	4NS,2SM	
Super-T	10 Year LT	10	CILAC	ST10	1	25-65	M/F	2000-2005	No bands	4NS,2SM	
Super-T	15 Year LT	10	CILAC	ST15	1	25-65	M/F	2000-2005	No bands	4NS,2SM	
Super-T	20 Year LT	10	CILAC	ST20	2	25-55	M/F	2000-2005	No bands	4NS,2SM	
Super-T	30 Year LT	10	CILAC	ST30	2	25-45	M/F	2000-2005	No bands	4NS,2SM	
ZDXP3	5 Year LT	5	CILC	ZD05	1	45-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM	
ZDXP3	10 Year LT	10	CILC	ZD10	4	25-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM	
ZDXP3	15 Year LT	15	CILC	ZD15	4	25-65	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM	
ZDXP3	20 Year LT	20	CILC	ZD20	2	25-55	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM	
ZDXP3	30 Year LT	30	CILC	ZD30	2	25-45	M/F	2000-2005	2003+: 4 bands; 2000-2002: No bands	4NS,2SM	
ZDXP2	5 Year LT	5/5	CILC	Z205	1	25-65	M/F	2000-2002	No bands	4NS,2SM	
ZDXP2	10 Year LT	10	CILC	Z210	1	25-65	M/F	2000-2002	No bands	4NS,2SM	
ZDXP2	15 Year LT	10	CILC	Z215	1	25-65	M/F	2000-2002	No bands	4NS,2SM	
ZDXP2	20 Year LT	10	CILC	Z220	1	25-55	M/F	2000-2004	No bands	4NS,2SM	
ZDXP2	30 Year LT	10	CILC	Z230	1	25-45	M/F	2000-2004	No bands	4NS,2SM	
Mortgage Term	30 Year LT	15	CILAC	MP30	1	25-45	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM	
Mortgage Term	15 Year LT	15	CILAC	MT15	1	25-65	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM	
Mortgage Term	20 Year LT	20	CILAC	MT20	1	25-55	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM	
Mortgage Term	30 Year LT	30	CILAC	MT30	1	25-45	M/F	2004-2006	3 bands	Medical: 3NS,2SM; Non-Medical: 1NS,1SM	
Chase Term	10 Year LT	10	CILAC/CILC	CH10	1	25-65	M/F	2006	4 bands	4NS,2SM	
Chase Term	15 Year LT	15	CILAC/CILC	CH15	1	25-65	M/F	2006	4 bands	4NS,2SM	
Chase Term	20 Year LT	20	CILAC/CILC	CH20	1	25-55	M/F	2006	4 bands	4NS,2SM	
Chase Term	30 Year LT	30	CILAC/CILC	CH30	1	25-45	M/F	2006	4 bands	4NS,2SM	

Premium Rates and Policy Fees

Premium rates and policy fees were provided by CIO. Premium rates vary by plan, issue age, sex, underwriting class and band.

Policy fees are paid to the Captive proportionate to the amount of insurance ceded to the Captive. 100% of the policy fee paid to the Captive is remitted back to the ceding companies.

Product	Pricing Era	Face Amount Band	
		Less than \$250,000	\$250,000 +
Certain-T & Super-T	2000 & 2001	\$70	\$55
	2002 & 2003	60	50
ZDXP2 & ZDXP3	2000	\$60	\$50
	2001	70	55
	2002	75	50
	2003	60	50
Mortgage Term	2004 & 2005	60	60
Chase Term	2005	60	60

Modal Loadings

Modal loadings for other than annual premium modes were provided by CIO.

Cash Value

There are no cash values on brokerage and direct term plans. For mortgage term, a ROP rider can be attached to the base policy which does generate cash values. ROP riders and policies with ROP product features are not reflected in this analysis, consistent with reinsurance treaty terms.

Maturity Age

Insurance coverage expires at age 95 for all plans.

Death Benefit

The death benefit is equal to face amount.

Statutory Reserves

Statutory reserves have been calculated on the term business assuming reserves are calculated according to Regulation XXX. Statutory reserve bases were defined by CIO as described here. Reserves reflect a mid-terminal reserve approach plus an unearned premium liability for premiums already collected as of the valuation date but are not fully earned until after the valuation date. Reserves are semi-continuous.

For inforce business other than mortgage term, valuation mortality was equal to the 1980 CSO mortality table. For mortgage term inforce business and 2006 issues including brokerage and direct term, the 2001 CSO mortality table was used. A valuation rate of 4.5% was used for 2000 through 2005 issues and 4% was used for 2006 issues consistent with regulatory requirements.

For deficiency reserve calculations under XXX, X-factors were provided by CIO and are summarized in the table below.

Issue Year	Risk Class	Face Amount Less Than \$1 Million Guaranteed Period					Face Amount \$1 Million and Above Guaranteed Period				
		5 Yr	10 Yr	15 Yr	20 Yr	30 Yr	5 Yr	10 Yr	15 Yr	20 Yr	30 Yr
2000-2001 (80CSO)	Premier	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
	Preferred Nonsmoker	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
	Select Nonsmoker	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
	Standard Nonsmoker	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0
	Preferred Smoker	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
2002 (80CSO)	Premier	41.7%	38.4%	37.7%	34.0%	31.1%	39.6%	36.5%	35.8%	32.3%	29.6%
	Preferred Nonsmoker	50.3	49.1	47.8	43.4	37.8	47.8	46.6	45.4	41.2	35.9
	Select Nonsmoker	61.4	58.4	57.6	53.2	48.6	58.4	55.4	54.7	50.5	46.2
	Standard Nonsmoker	72.7	70.0	69.4	64.6	60.0	69.1	66.5	65.9	61.4	57.0
	Preferred Smoker	58.2	55.0	53.6	50.9	49.3	55.3	52.3	50.9	48.4	46.9
2003 (80CSO)	Premier	40.7%	39.2%	38.5%	34.5%	31.2%	38.7%	37.3%	36.6%	32.8%	29.7%
	Preferred Nonsmoker	51.0	49.0	47.8	43.9	37.9	48.5	46.6	45.4	41.7	36.0
	Select Nonsmoker	58.7	58.2	57.5	53.6	48.5	55.8	55.3	54.6	50.9	46.0
	Standard Nonsmoker	72.0	70.5	69.6	64.8	60.0	68.4	67.0	66.2	61.5	57.0
	Preferred Smoker	57.3	54.8	53.5	51.2	49.3	54.4	52.0	50.9	48.6	46.9
2004 (80CSO)	Premier	42.6%	39.3%	38.5%	34.7%	31.2%	40.5%	37.3%	36.6%	33.0%	29.6%
	Preferred Nonsmoker	50.4	49.7	48.3	44.0	37.9	47.9	47.2	45.9	41.8	36.0
	Select Nonsmoker	58.3	59.3	57.8	53.9	48.7	55.3	56.4	54.9	51.2	46.2
	Standard Nonsmoker	72.8	71.4	69.6	65.3	60.0	69.1	67.8	66.1	62.1	57.0
	Preferred Smoker	57.4	55.4	53.7	51.2	49.4	54.6	52.6	51.0	48.7	46.9
2005 and Later (80CSO)	Premier	39.8%	40.4%	39.0%	35.0%	31.1%	37.8%	38.4%	37.1%	33.3%	29.5%
	Preferred Nonsmoker	51.5	49.9	47.8	44.1	37.7	48.9	47.4	45.4	41.9	35.8
	Select Nonsmoker	60.7	60.5	59.2	54.1	49.0	57.7	57.4	56.2	51.4	46.5
	Standard Nonsmoker	72.5	71.6	69.5	65.4	59.6	68.9	68.0	66.0	62.1	56.6
	Preferred Smoker	56.0	55.7	53.5	51.2	49.4	53.2	52.9	50.8	49.3	46.9
2005 and Later (2001CSO)	Premier	43.9%	44.9%	42.8%	41.3%	39.4%	41.7%	42.7%	40.6%	39.3%	37.4%
	Preferred Nonsmoker	66.0	57.4	53.2	52.0	47.6	62.7	54.5	50.6	49.4	45.2
	Select Nonsmoker	70.0	68.1	67.9	64.2	62.9	66.5	64.7	64.5	61.0	59.7
	Standard Nonsmoker	94.8	81.6	74.6	75.6	74.2	90.1	77.5	70.9	71.8	70.5
	Preferred Smoker	68.9	66.9	62.6	62.3	58.6	65.4	63.5	59.5	59.2	55.7
	Standard Smoker	84.3	79.9	75.4	74.3	71.9	80.1	75.9	71.6	70.6	68.3

Tax Reserves

Tax reserve bases were defined by CIO. Tax reserves are calculated consistent with IRS requirements and Federally prescribed tax interest rates.

YRT Rates

YRT rates were provided by CIO.

APPENDIX D

Chase Insurance Detailed Actuarial Assumptions

Actuarial assumptions incorporated into the models and projections are discussed below.

Mortality

The underlying base mortality table from which the CIO assumptions are constructed is the Society of Actuaries 1975-80 ANB experience table with 25-year select factors. The following is a summary of the multiples applied to the 1975-80 table by underwriting class and duration.

Chase Mortality Multiples by Underwriting Class						
Percentage of 1975-80 Experience Table						
Policy Year	Premier NS	Preferred NS	Standard Select NS	Standard NS	Preferred Smoker	Standard Smoker
1	21%	22%	46%	51%	80%	160%
2	27	30	46	51	80	160
3+	30	35	46	51	80	160

As an additional adjustment to mortality, the following multiples were applied by company.

Chase Mortality Multiples by Company	
Company	Multiple
CILAC	96.7%
CILC	103.6

For the new Mortgage Term product introduced in November 2004, the mortality multiples are based on the pricing multiples summarized in the tables below. The multiples are expressed as a percentage of the 25-year Select and Ultimate, 1975-80 ALB mortality table for the medically underwritten business and the 1975-80 ALB Ultimate mortality table for the non-medical business.

Mortality Multiples		
Mortgage Term Product, Non-Medical		
Policy Year	25-55	65
<i>Non-Smoker by Issue Age</i>		
1-2	43.2%	47.5%
3+	54.0	58.3
<i>Smoker by Issue Age</i>		
1-2	102.6%	108.0%
3+	113.4	118.8

Mortality Multiples					
Mortgage Term Product, Medical					
Issue Ages	Premier Non-Smoker	Preferred Non-Smoker	Standard Non-Smoker	Preferred Smoker	Standard Smoker
<i>Face Amount Band \$100,000 to \$249,999</i>					
25-45	29.2%	34.0%	49.2%	86.4%	108.0%
55-65	32.4	39.1	56.6	99.4	124.2
<i>Face Amount Bands \$250,000+</i>					
25-45	27.0%	31.5%	45.6%	80.0%	100.0%
55-65	30.0	36.2	52.4	92.0	115.0

Mortality Anti-Selection

Mortality anti-selection is assumed on the level premium term business at the end of the level term period. Mortality anti-selection is based upon the Dukes-MacDonald methodology, assuming 80% of lapses in excess of 15% are newly select.

Mortality Improvement

Mortality improvement was based on Protective's current assumption of 0.5% per year for projections years 2 through 10.

Lapse Rates

The following table provides a summary of lapse rates assumed for products other than Mortgage Term, which are based upon CIO persistency studies, a termination study performed by Milliman using June 30, 2004 and June 30, 2005 inforce, our knowledge of similar products in the industry, and CIO's pricing assumptions.

Lapse Rates																		
Products other than Mortgage Term																		
Duration	5 x 5	5-Year then ART	10-Year				15-Year				20-Year				30-Year			
			Preferred		Standard NS & SM		Preferred		Standard NS & SM		Preferred		Standard NS & SM		Preferred		Standard NS & SM	
			25	35+	25	35+	25	35+	25	35+	25	35+	25	35+	25	35+	25	35+
1	8%	8%	12%	8%	14%	10%	10%	6%	12%	8%	10%	6%	12%	8%	10%	6%	12%	8%
2	8	10	11	7	13	9	8	5	10	7	8	5	10	7	8	5	10	7
3	8	12	10	6	12	8	7	5	9	6	7	5	9	7	7	5	9	7
4	8	14	9	5	11	7	6	4	8	5	6	4	8	6	6	4	8	6
5	35	80*	8	5	10	7	5	3.5	7	4.5	5	3.5	7	4.5	5	3.5	7	4.5
6	15	60*	7	5	9	6	5	3.5	6	4.5	5	3.5	6	4.5	5	3.5	6	4.5
7	10	25*	7	5	9	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
8	8	15	7	5	8	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
9	8		7	5	8	6	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
10	80*		80*	80*	80*	80*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
11	60*		60*	60*	60*	60*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
12	25*		25*	25*	25*	25*	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
13	15		15	15	15	15	4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
14							4	3.5	5	4.5	4	3.5	5	4.5	4	3.5	5	4.5
15							80*	80*	80*	80*	4	3.5	5	4.5	4	3.5	5	4.5
16							60*	60*	60*	60*	4	3.5	5	4.5	4	3.5	5	4.5
17							25*	25*	25*	25*	4	3.5	5	4.5	4	3.5	5	4.5
18							15	15	15	15	4	3.5	5	4.5	4	3.5	5	4.5
19											4	3.5	5	4.5	4	3.5	5	4.5
20											80*	80*	80*	80*	4	3.5	5	4.5
21											60*	60*	60*	60*	4	3.5	5	4.5
22											25*	25*	25*	25*	4	3.5	5	4.5
23											15	15	15	15	4	3.5	5	4.5
24-29															4	3.5	5	4.5
30															100	100.0	100	100.0

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point. See page D-5 for additional detail.

For the new Mortgage Term product, lapse rates are based on pricing assumptions which vary by underwriting class and ROP rider.

Lapse Rates						
Mortgage Term, Non-Medical						
Policy Year	Non-Medical with ROP			Non-Medical without ROP		
	15 Year	20 Year	30 Year	15 Year	20 Year	30 Year
1	25%	25%	25%	18%	18%	18%
2	14	14	14	13	13	13
3	11	10	10	10	10	10
4	10	9	9	10	10	10
5	9	9	9	10	10	10
6	8	8	8	10	10	10
7	7	7	8	10	10	10
8	6	7	8	10	10	10
9	5	7	8	10	10	10
10	4	7	7	10	10	10
11	3	6	7	10	10	10
12	2	5	7	7	10	10
13	2	4	7	7	10	10
14	1	3	6	7	10	10
15	80*	3	5	80*	7	10
16	60*	2	5	60*	7	10
17	25*	2	5	25*	7	10
18	15	2	5	15	7	10
19	15	1	4	15	7	10
20	15	80*	4	15	80*	7
21	15	60*	4	15	60*	7
22	15	25*	4	15	25*	7
23-24	15	15	3	15	15	7
25-27	15	15	2	15	15	7
28-29	15	15	1	15	15	7
30	15	15	100	15	15	100

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point. See page D-5 for additional detail.

Lapse Rates						
Mortgage Term, Medical						
Policy Year	Medical with ROP			Medical without ROP		
	15 Year	20 Year	30 Year	15 Year	20 Year	30 Year
1	13%	13%	13%	15%	15%	15%
2	10	9	9	10	10	10
3	10	9	8	8	8	8
4	10	8	7	8	8	8
5	9	7	7	8	8	8
6	8	7	7	8	8	8
7	7	7	7	8	8	8
8	6	7	7	7	8	8
9	5	7	7	7	8	8
10	4	7	7	6	7	7
11	3	6	7	6	7	7
12	2	5	6	5	7	7
13	2	4	6	5	6	7
14	1	3	6	5	6	7
15	80*	3	5	80*	5	6
16	60*	2	5	60*	5	6
17	25*	2	5	25*	5	6
18	15	2	5	15	4	6
19	15	1	4	15	4	6
20	15	80*	4	15	80*	6
21	15	60*	4	15	60*	5
22	15	25*	4	15	25*	5
23-24	15	15	3	15	15	5
25-27	15	15	2	15	15	4
28-29	15	15	1	15	15	4
30	15	15	100	15	15	100

* Sample rates; the shock lapse at the end of the initial term period reflects consideration for the relative magnitude of the premium increase from the level premium to the ART scale at that point.

Shock Lapse

Milliman selected the following shock lapse assumption based on industry experience and input from CIO, depending on the increase in premium immediately following the level term period. The shock lapse was assumed to increase at the relative magnitude of premium increase becomes larger.

Lapse at End of Term	Lapse Rate Beyond Level Term Period (N)			
	Premium Increase Percentage (ART Premium as Multiple of Level Term Premium) (x)			
	x <= 10	10 < x <= 20	20 < x <= 35	35 < x
N	70%	80%	90%	100%
N + 1	55	60	60	
N + 2	25	25	25	
N + 3 and later	15	15	15	

Expense Allowances

Expenses in the projections are intended to reflect the cost of the Captive and include provision for reinsurance allowances for first year expenses, reimbursement for premium taxes, licenses and fees, and repayment of policy fees to the ceding companies to cover normal policy maintenance.

Expense allowances are described below:

- 100% of first year premium, plus
- 3% of renewal premium, plus
- 100% of policy fees in all years.

The 3% allowance covers premium taxes, licenses and fees. The first year allowance covers part of the upfront policy issue cost. Percent of premium allowances do not apply to policy fees and are based on premium gross of YRT reinsurance deduction. There is no advancing of allowances. Rather, allowances are paid as premium is collected.

Reinsurance

Historical retention limits are summarized in the table below.

Historical Retention Limits				
Effective Date	Type	Retained Percentage	Excess or FDQS	Maximum Retention Per Life
January 1, 2000	Coinsurance	10%	FDQS	\$300,000
August 25, 2004	YRT	50*	FDQS	500,000
November, 2005				
- Chase Term	YRT	100	Excess	750,000
- Mortgage Term	YRT	50*	FDQS	500,000

* The historical retention limit for mortgage term was 50% retained with a maximum retention per life of \$500,000. With the withdrawal of ING Re from the pool on January 18, 2005, CIO retained an additional 20% share that was originally planned to be ceded to ING Re on 2005 inforce business. For mortgage term, CIO retained an additional 15% share that was originally planned to be ceded to ING Re for 2005 inforce business and 2006 issues.

Interest Rate

A 5% interest rate has been used as specified by Protective.

Policy Loans

No policy loans are reflected in the model consistent with policy structure.

Premium Refund on Death

The model reflects an assumption that unearned premium is refunded on death consistent with actual practices of CIO. This benefit is netted against premium income in the projection model.

APPENDIX E

Chase Insurance Projection Results Under Baseline Scenario

<u>Existing Business as of December 31, 2005</u>		<u>Page</u>
CILAC/CILC:	1/1/00 through 8/24/04 Issues	E-2
	8/25/04 Issues and Later	E-4
	Total Existing Business	E-6
<u>Future Business – 2006 Issues</u>		
CILAC/CILC:	Direct	E-8
	Brokerage	E-10
	Mortgage Term	E-12
	Total Future Business	E-14

D

LEHMAN BROTHERS

Appendix D

Chase Acquisition Press Release

FOR IMMEDIATE RELEASE

PROTECTIVE COMPLETES ACQUISITION OF CHASE INSURANCE GROUP

BIRMINGHAM, Alabama (July 3, 2006) Protective Life Corporation (NYSE: PL) ("Protective") announced today that its principal subsidiary, Protective Life Insurance Company ("Protective Life"), has completed the acquisition of the stock of five life insurance companies that manufacture and distribute traditional life insurance and annuities (the "Chase Insurance Group") and the stock of four related non-insurance companies from JPMorgan Chase & Co. (NYSE: JPM). Through a series of reinsurance agreements entered into immediately after the acquisition, approximately 42% of the business of the Chase Insurance Group, excluding the variable annuity business, has been reinsured to insurance subsidiaries of Wilton Re Holdings Limited and 100% of the variable annuity business has been reinsured to Allmerica Financial Life Insurance and Annuity Company, a subsidiary of The Goldman Sachs Group, Inc.

The Chase Insurance Group is headquartered in Elgin, IL. It offers primarily level premium term and other traditional life products as well as fixed and variable annuity products. As of March 31, 2006, the Chase Insurance Group had approximately 1.2 million life insurance and annuity policies in-force and statutory reserves of approximately \$7.0 billion.

Protective Life Corporation provides financial services through the production, distribution and administration of insurance and investment products throughout the United States. It has annual revenues of approximately \$2.1 billion and as of March 31, 2006 had assets of approximately \$29.0 billion.

FORWARD-LOOKING STATEMENTS

This release includes "forward-looking statements" which express expectations of future events and/or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the Company cannot give assurance that such statements will prove to be correct. The factors which could affect the Company's future results include, but are not limited to, general economic conditions and the following known trends and uncertainties: we are exposed to the risks of natural disasters, pandemics, malicious and terrorist acts that could adversely affect our operations; we operate in a mature, highly competitive industry, which could limit our ability to gain or maintain our position in the industry; a ratings downgrade could adversely affect our ability to compete; our policy claims fluctuate from period to period, and actual results could differ from our expectations; our results may be negatively affected should actual experience differ from management's assumptions and estimates; the use of reinsurance introduces variability in our statements of income; we could be forced to sell investments at a loss to cover policyholder withdrawals; interest rate fluctuations could negatively affect our spread income or otherwise impact our business; equity market volatility could negatively impact our business; insurance companies are highly regulated and subject to numerous legal restrictions and regulations; changes to tax law or interpretations of existing tax law could adversely affect the Company and its ability to compete with non-insurance products or reduce the demand for certain insurance products; financial services companies are frequently the targets of litigation, including class action litigation, which could result in substantial judgments; the financial

services industry is sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; our ability to maintain low unit costs is dependent upon the level of new sales and persistency of existing business; our investments are subject to market and credit risks; we may not realize our anticipated financial results from our acquisitions strategy; we are dependent on the performance of others; our reinsurers could fail to meet assumed obligations, increase rates or be subject to adverse developments that could affect us; computer viruses or network security breaches could affect our data processing systems or those of our business partners; our ability to grow depends in large part upon the continued availability of capital; and new accounting rules or changes to existing accounting rules could negatively impact us. Please refer to Exhibit 99 about these factors that could affect future results. Please refer to Exhibit 99 of the Company's most recent Form 10-K/10-Q for more information about these factors which could affect future results.

CONTACTS:

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E

LEHMAN BROTHERS

CONFIDENTIAL TREATMENT REQUESTED BY
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 974235

Appendix E

Recent Q2 Protective Financials

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars in thousands except per share amounts)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Revenues				
Gross premiums and policy fees	\$ 516,182	\$ 484,643	\$ 1,023,876	\$ 953,157
Reinsurance ceded	(317,740)	(312,511)	(598,410)	(594,663)
Net premiums and policy fees	198,442	172,132	425,466	358,494
Net investment income	300,734	282,374	599,799	570,327
Realized investment gains (losses):				
Derivative financial instruments	(4,799)	(26,021)	8,538	(32,389)
All other investments	14,663	12,480	19,816	40,358
Other income	53,599	45,505	102,135	89,789
Total revenues	562,639	486,470	1,155,754	1,026,579
Benefits and expenses				
Benefits and settlement expenses, net of reinsurance ceded: (three months: 2006 - \$290,566; 2005 - \$279,484 six months: 2006 - \$547,125; 2005 - \$544,847)	335,937	291,636	685,545	592,070
Amortization of deferred policy acquisition costs	34,153	51,867	84,184	126,118
Other operating expenses, net of reinsurance ceded: (three months: 2006 - \$48,703; 2005 - \$54,489 six months: 2006 - \$94,994; 2005 - \$91,363)	89,863	69,525	172,682	143,079
Total benefits and expenses	459,953	413,028	942,411	861,267
Income before income tax	102,686	73,442	213,343	165,312
Income tax expense	35,745	25,411	74,265	57,198
Net income	\$ 66,941	\$ 48,031	\$ 139,078	\$ 108,114
Net income per share - basic	\$ 0.94	\$ 0.68	\$ 1.96	\$ 1.53
Net income per share - diluted	\$ 0.94	\$ 0.68	\$ 1.95	\$ 1.52
Cash dividends paid per share	\$ 0.215	\$ 0.195	\$ 0.41	\$ 0.37
Average shares outstanding - basic	70,805,802	70,517,476	70,779,151	70,496,026
Average shares outstanding - diluted	71,381,677	71,279,363	71,469,976	71,276,577

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

	June 30 2006	December 31 2005
Assets		
Investments:		
Fixed maturities, at market (amortized cost: 2006 - \$15,197,216; 2005 - \$15,172,482)	\$ 14,901,325	\$ 15,472,386
Equity securities, at market (cost: 2006 - \$117,652; 2005 - \$114,994)	121,215	121,012
Mortgage loans on real estate	3,537,842	3,287,745
Investment in real estate, net of accumulated depreciation (2006 - \$9,056; 2005 - \$14,684)	57,059	72,932
Policy loans	454,225	458,825
Other long-term investments	290,427	279,676
Short-term investments	734,021	776,139
Total investments	20,096,114	20,468,715
Cash	35,718	83,670
Accrued investment income	204,572	189,038
Accounts and premiums receivable, net of allowance for uncollectible amounts (2006 - \$3,623; 2005 - \$3,296)	114,514	82,080
Reinsurance receivables	3,212,207	3,020,685
Deferred policy acquisition costs	2,475,843	2,171,988
Goodwill	49,423	49,423
Property and equipment, net	44,897	47,010
Other assets	151,499	140,124
Income tax receivable	21,581	85,807
Assets related to separate accounts		
Variable annuity	2,391,285	2,377,124
Variable universal life	275,261	251,329
	\$ 29,072,914	\$ 28,966,993
Liabilities		
Policy liabilities and accruals	\$ 12,496,204	\$ 11,895,145
Stable value product account balances	5,764,856	6,057,721
Annuity account balances	3,328,479	3,388,005
Other policyholders' funds	144,951	147,921
Other liabilities	937,138	968,403
Deferred income taxes	240,774	317,317
Non-recourse funding obligations	200,000	125,000
Liabilities related to variable interest entities	435,980	448,093
Long-term debt	489,532	482,532
Subordinated debt securities	324,743	324,743
Liabilities related to separate accounts		
Variable annuity	2,391,285	2,377,124
Variable universal life	275,261	251,329
	27,029,203	26,783,333
Commitments and contingent liabilities - Note 2		
Share-owners' equity		
Preferred Stock, \$1 par value, shares authorized: 4,000,000; Issued: None		
Common Stock, \$.50 par value, shares authorized: 2006 and 2005 - 160,000,000 shares issued: 2006 and 2005 - 73,251,960	36,626	36,626
Additional paid-in capital	443,462	440,475
Treasury stock, at cost (2006 - 3,335,383 shares; 2005 - 3,557,911 shares)	(11,968)	(12,765)
Unallocated stock in Employee Stock Ownership Plan (2006 - 373,729 shares; 2005 - 480,356 shares)	(1,231)	(1,610)
Retained earnings	1,726,146	1,615,714
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on investments, net of income tax: (2006 - \$(80,103); 2005 - \$57,649)	(150,874)	104,489
Accumulated gain - hedging, net of income tax: (2006 - \$1,955; 2005 - \$394)	3,682	731
Minimum pension liability adjustment, net of income tax: (2006 - \$(1,132); 2005 - \$0)	(2,132)	0
	2,043,711	2,183,660
	\$ 29,072,914	\$ 28,966,993

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30	
	2006	2005
Cash flows from operating activities		
Net income	\$ 139,078	\$ 108,114
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized investment (gains) losses	(19,816)	(40,358)
Amortization of deferred policy acquisition costs	84,184	126,118
Capitalization of deferred policy acquisition costs	(192,892)	(208,213)
Depreciation expense	6,742	7,635
Deferred income tax	61,393	(19,454)
Accrued income tax	59,720	7,193
Interest credited to universal life and investment products	379,760	353,739
Policy fees assessed on universal life and investment products	(232,124)	(197,873)
Change in reinsurance receivables	(191,522)	(133,388)
Change in accrued investment income and other receivables	(47,968)	(300,723)
Change in policy liabilities and other policyholders' funds of traditional life and health products	539,386	381,201
Net change in trading securities	5,329	190
Change in other liabilities	44,375	302,392
Other, net	2,474	23,071
Net cash provided by operating activities	638,119	409,644
Cash flows from investing activities		
Investments available for sale:		
Maturities and principal reductions of investments		
Fixed maturities	580,437	901,778
Equity securities	0	189
Sale of investments		
Fixed maturities	2,496,444	2,881,206
Equity securities	3,520	6,199
Cost of investments acquired		
Fixed maturities	(3,096,211)	(4,931,094)
Equity securities	(3,343)	(32,114)
Mortgage loans:		
New borrowings	(489,928)	(304,451)
Repayments	238,972	182,005
Change in investment real estate, net	34,368	3,757
Change in policy loans, net	4,600	16,040
Change in other long-term investments, net	19,124	5,598
Change in short-term investments, net	(21,081)	446,623
Purchase of property and equipment	(3,053)	(5,283)
Net cash used in investing activities	(236,151)	(829,547)
Cash flows from financing activities		
Borrowings under line of credit arrangements and long-term debt	89,000	52,600
Principal payments on line of credit arrangement and long-term debt	(82,000)	(34,716)
Net proceeds from securities sold under repurchase agreements	0	31,550
Payments on liabilities related to variable interest entities	(12,113)	(17,356)
Issuance of non-recourse funding obligations	75,000	0
Dividends to share owners	(28,647)	(25,756)
Investment product deposits and change in universal life deposits	991,537	1,563,274
Investment product withdrawals	(1,461,953)	(1,275,863)
Excess tax benefits on stock based compensation	2,668	0
Other financing activities, net	(23,412)	93,890
Net cash provided by (used in) financing activities	(449,920)	387,623
Change in cash	(47,952)	(32,280)
Cash at beginning of period	83,670	130,596
Cash at end of period	\$ 35,718	\$ 98,316

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LBEX-WGM 974240

Appendix F
Scottish Re Exposure

Summary of credit exposure to Scottish Re by Golden Gate and by Protective Life:

MEMO from Wayne Stuenkel, Chief Actuary, Protective Life
August 11, 2006

* Golden Gate risk ceded by PLICO, EG and WCL

For the newly written business, there is no exposure as Scottish Re is not a pool member. For the WCL B3 block, Security Life of Denver (ING Re) has a 40.5% pool share for the 10, 15, 20 and 25 year plans, and a 42.75% pool share for the 30 year plan, but Golden Gate is not exposed to risk of loss as performance risk on reinsurance is not borne by the Captive.

Additionally, the credit exposure here is to ING/Security Life of Denver and not to Scottish (as operator).

* Golden Gate risk ceded by Chase entities

Scottish Re is part of the YRT reinsurance pools. However Golden Gate is not exposed to risk of loss as performance risk on reinsurance is not borne by the Captive. Premiums and Claims are net of existing reinsurance with claims paid by YRT calculated on payable rather than paid basis. The reinsurance pool also includes ING Re (Security Life of Denver is the counterparty). Although operated by Scottish Re, the credit exposure is to ING. This exposure risk is also not borne by the Captive.

* Protective Corp overall exposure to Scottish Re

I performed the initial exposure assessment in connection with Protective's recent Q2 earnings call and quarterly SEC filings. The initial assessment, which is materially correct, continues to be monitored and refined as the situation further develops.

For Chase business, \$150m of statutory reserve exposure (net of 49% share at Wilton Re) arises to Scottish Re. There is no specific ratings or financial strength recapture trigger in the reinsurance agreements for this business. The current economic reserve exposure is around \$65m. In the event of Scottish Re's insolvency, Protective would suffer a liquidity strain of \$150m which can be mitigated by securing XXX warehousing or reinsurance capacity. The economic loss amount would depend on the ability to recover funds from Scottish Re and would be at worst equal to the economic reserve of \$65m plus write-off of part of the purchase consideration for the Chase block. This would be offset (potentially to a significant extent) by the tax loss value arising from recapture. This offset depends on Protective Life being in an overall tax paying position.

There is additional contingent exposure to Wilton Re arising from the Chase block. To the extent that Wilton Re fails to perform arising from Scottish's failure to pay claims, then Protective has additional counterparty risk. The Chase block is currently a significant portion of Wilton Re's total business. Wilton Re has a rating of A- from AM Best and committed capital of \$628m from its investors. The Wilton Re agreements provide for recapture with certain financial strength triggers. A similar tax value offset would arise for this block upon recapture by Protective, although again limited by the total taxable income available.

For non-Chase business, around \$150m of statutory reserve exposure arises based on Scottish Re's participation in the 90/10 quota share pools used by Protective prior to the setting up of their warehouse facility. Of this \$102m relates to an EG treaty where recapture triggers (with economic reserve repaid to EG) exist. To date, these triggers have not yet been met.

The triggers for recapture are either a ratings downgrade of 3 notches or failure to maintain an S&P capital level of 150% for two consecutive quarters. The exposure then is a liquidity strain of \$150m and some economic loss exposure arising from a "mark to market" of replacing the old reinsurance contract with

current market conditions. This is mitigated by receipt of the economic reserve from Scottish in a recapture scenario.

The balance of the non Chase business is primarily with WCL and has some downgrade protection, although less strong than for EG business.

* Protective Group life insurance companies financial strength analysis

As of year end 2005, Protective had coverage of 360% to 380% of NAIC required capital (Company Action Level). A \$250m liquidity strain arising from the requirement to post statutory reserves on the net business currently reinsured to Scottish Re would reduce coverage to around 300%. Protective's track record of successfully implementing securitization and warehouse facilities will likely be important in the rating agency response to this liquidity event. In any case, a target range of capital for AA S&P financial strength is around 290% to 300%.

The downside for Protective is therefore limited to maintenance of its AA financial strength rating rather than its solvency. The impact on earnings and investor confidence are related material risks to be managed.

Protective disclosed its exposure to Scottish Re in its Q2 earnings call. Protective Corp's market capitalization as of August 9th is around \$3 billion.

Some additional factors affect the analysis of financial strength prospectively. Since year end 2005, Protective has raised additional capital to fund the acquisition of the Chase block and its related capital strain. The capital position will also be positively impacted by the planned securitization of its AXXX portfolio before year end 2006.

Additionally, financial strength impact analysis is based on the assumption that capital within the captive continues to be counted for capital strength ratio tests.

Protective has a process in place to review reinsurance counterparty exposure to help manage its exposure to reinsurers (separate email provided on this process).

Please let me know if you have any additional questions.

Wayne Stuenkel
Protective Life

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Appendix G

Business Profile Summary – Protective Companies v Chase Block

Summary of Profile of Chase block relative to Protective blocks:

Product Type	PLICO + EG + WCL	CILAC + CILC
10-year Term	24%	23%
15-year Term	13%	14%
20-year Term	50%	47%
30-year Term	12%	16%
Total	100%	100%

Underwriting Class	PLICO + EG + WCL	CILAC + CILC
Super Preferred NS	23%	52%
Preferred NS	24%	24%
Non-Smoker	49%	20%
Smoker	5%	3%
Total	100%	100%

Issue Age Band	PLICO + EG + WCL	CILAC + CILC
<30	5%	8%
30 - 39	35%	37%
40 - 49	35%	35%
50 - 59	19%	17%
>=60	5%	4%
Total	100%	100%

Sex	PLICO + EG + WCL	CILAC + CILC
Female	37%	24%
Male	63%	76%
Total	100%	100%

Face Amount	PLICO + EG + WCL	CILAC + CILC
< \$250,000	5%	20%
\$250,000 - \$999,999	48%	62%
>=\$1,000,000	47%	17%
Total	100%	100%

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LBEX-WGM 974247

Appendix H

Golden Gate Deal Model Projections

Securitization in 2006 - With no Post Level Term Profits, Mortality - 100% (PLICO additional - 104% mortality)

Year	Notes Outstanding					Captive Cash Flows										Captive Equity												
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Recapt. Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Prefunded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ²	RBC Ratio ³	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ⁴	GAAP Equity	Trigger for Interest Approval Formula ⁵	
Initial	284,152	9,718	274,433	52,176	300,000																195,000							
2006	429,488	2,431	426,056	84,200	450,000	127,893	-26,355	-83,101	0	-1,048	6,288	8,028	7,740	-9,853	-800	0	0	0	0	26,891	221,981	345%	383%	245,934	245,934	187,302	16,589	
2007	677,853	8,241	671,612	77,770	675,000	286,198	-78,795	-119,503	0	-2,565	-2,810	15,430	23,220	-22,985	-3,960	0	0	0	0	104,619	326,810	420%	424%	329,898	329,898	204,577	106,364	
2008	924,867	53,437	871,430	73,757	875,000	281,884	-100,369	-28,748	0	-2,738	-47,195	23,047	34,830	-34,493	-4,806	0	0	0	0	121,481	448,101	608%	612%	451,871	451,871	223,982	253,667	
2009	1,179,973	171,301	1,008,672	70,712	1,025,000	264,564	-117,129	-21,000	0	-2,958	-117,865	31,824	45,150	-44,713	-5,818	0	0	0	0	31,927	480,028	670%	702%	486,356	486,356	243,088	371,186	
2010	1,421,130	280,453	1,140,686	68,016	1,150,000	249,400	-130,200	-18,858	0	-3,225	-109,152	39,515	52,860	-52,378	-8,761	0	0	0	0	-3,485	476,533	701%	714%	485,848	485,848	246,466	480,552	
2011	1,620,287	371,700	1,248,587	65,639	1,250,000	235,817	-141,022	-18,796	0	-3,483	-91,247	44,818	59,340	-58,765	-7,489	0	0	0	0	-3,482	444,071	677%	679%	445,484	445,484	231,798	525,589	
2012	1,768,335	448,520	1,320,815	63,370	1,325,000	225,599	-150,823	-17,938	0	-3,621	-76,820	47,594	64,500	-63,975	-8,944	0	0	0	0	-3,167	412,504	652%	658%	417,989	417,989	220,045	570,771	
2013	1,868,267	509,686	1,358,582	61,061	1,375,000	215,031	-160,466	-17,057	0	-4,125	-61,166	49,815	68,370	-67,708	-8,465	0	0	0	0	-30,310	382,584	627%	653%	389,012	389,012	209,529	585,729	
2014	1,925,046	551,240	1,373,806	58,782	1,375,000	201,584	-170,650	-16,029	0	-3,609	-41,554	50,733	70,950	-70,263	-8,702	0	0	0	0	-28,867	353,607	602%	604%	354,801	354,801	197,484	598,244	
2015	1,929,846	572,876	1,355,771	55,332	1,375,000	184,452	-176,840	-14,899	0	-3,905	-21,836	50,822	70,950	-70,263	-8,630	0	0	0	0	-8,857	343,750	621%	621%	362,979	362,979	195,826	578,723	
2016	1,802,893	588,308	1,316,585	49,893	1,355,000	157,877	-160,985	-13,014	0	-3,908	-13,432	51,230	70,950	-70,263	-8,668	0	0	0	0	-5,000	338,750	679%	756%	377,165	351,412	198,090	550,045	
2017	1,668,698	597,118	1,269,580	46,581	1,307,000	139,866	-147,818	-11,583	0	-3,360	-10,810	51,622	69,918	-69,241	-8,801	0	0	0	0	-12,000	326,750	701%	782%	364,170	326,836	198,180	518,439	
2018	1,764,054	593,437	1,200,817	44,754	1,237,000	133,359	-158,820	-11,014	0	-3,457	3,881	51,127	67,441	-66,788	-8,584	0	0	0	0	-17,500	309,250	681%	772%	345,633	309,751	195,472	471,923	
2019	1,682,063	570,501	1,111,562	42,779	1,146,000	124,858	-189,068	-10,365	0	-3,221	22,935	49,397	69,828	-63,211	-8,248	0	0	0	0	-22,750	288,500	670%	750%	320,938	287,297	187,969	406,680	
2020	1,526,873	530,239	896,734	39,922	1,030,000	114,508	-174,659	-9,850	0	-3,471	40,263	46,351	59,134	-58,561	-7,800	0	0	0	0	-29,000	257,500	645%	723%	288,766	256,186	174,786	325,806	
2021	1,361,042	485,211	875,831	35,795	904,000	98,081	-164,955	-8,427	0	-3,978	45,927	42,278	53,148	-52,833	-7,214	0	0	0	0	-31,500	229,000	631%	710%	254,189	228,848	162,284	238,684	
2022	1,198,968	441,105	757,864	32,687	782,000	88,832	-150,288	-7,563	0	-4,328	44,107	38,112	46,646	-46,194	-6,579	0	0	0	0	-30,500	185,500	598%	672%	219,636	195,556	152,002	198,789	
2023	1,023,151	385,877	637,275	30,633	658,000	86,131	-154,801	-7,186	0	-4,217	55,228	33,712	40,351	-39,860	-5,967	0	0	0	0	-5,000	185,000	637%	704%	219,636	185,262	161,220	173,649	
2024	832,234	314,685	517,569	28,509	535,000	76,544	-161,454	-6,481	0	-2,478	71,212	30,168	33,953	-33,824	-5,345	0	0	0	0	-34,500	160,500	583%	624%	177,931	161,266	133,166	-25,266	
2025	627,041	232,272	394,770	24,214	408,000	64,670	-158,139	-5,684	0	-1,854	82,393	23,994	27,006	-27,338	-4,729	0	0	0	0	-38,100	122,400	505%	560%	135,930	123,060	96,672	-130,979	
2026	477,583	174,808	302,755	13,660	313,000	39,426	-105,883	-3,482	0	-1,613	57,484	18,018	21,053	-20,848	-4,083	0	0	0	0	-26,500	83,800	687%	762%	104,142	94,592	70,546	-206,616	
2027	432,875	163,350	269,525	8,618	278,000	19,299	-96,110	-1,871	0	-937	11,458	14,580	16,151	-15,984	-3,584	0	0	0	0	-10,200	83,700	871%	1081%	83,175	84,518	63,448	-231,529	
2028	400,831	156,322	244,508	8,198	253,000	16,812	-90,733	-1,465	0	-857	7,026	13,505	14,389	-14,257	-3,461	0	0	0	0	-7,800	75,800	926%	1029%	84,382	78,375	58,218	-251,034	
2029	363,308	146,020	217,288	7,758	225,000	15,538	-82,485	-1,374	0	-827	10,302	12,585	13,055	-12,928	-3,375	0	0	0	0	-6,400	67,500	870%	969%	75,212	67,946	52,256	-298,357	
2030	319,831	132,416	187,512	7,240	184,000	14,421	-74,248	-1,293	0	-890	13,802	11,451	11,610	-11,498	-3,280	0	0	0	0	-9,300	58,200	804%	893%	64,888	58,289	45,294	-353,804	
2031	271,277	115,835	155,442	6,666	161,000	13,315	-65,560	-1,202	0	-523	16,583	10,983	10,010	-9,813	-3,171	0	0	0	0	-8,900	48,300	725%	808%	53,858	48,432	37,805	-325,477	
2032	218,532	97,191	121,341	6,082	126,000	12,689	-56,367	-1,130	0	-485	18,644	8,580	8,308	-8,227	-3,055	0	0	0	0	-10,500	37,800	821%	897%	42,459	38,088	30,471	-353,804	
2033	161,856	75,194	86,664	5,583	90,000	12,081	-38,007	-1,082	0	-401	21,997	6,853	6,502	-6,438	-2,928	0	0	0	0	-10,800	27,000	483%	542%	30,336	27,089	22,827	-384,142	
2034	102,755	49,239	53,516	5,082	56,000	10,659	-39,735	-891	0	53	25,958	4,927	4,844	-4,599	-2,798	0	0	0	0	-5,304	21,938	426%	475%	24,118	22,083	20,475	-418,914	
2035	43,792	21,439	22,353	3,934	24,000	7,842	-37,714	-749	0	199	27,787	3,145	2,880	-2,882	-2,677	0	0	0	0	-4,896	18,740	425%	467%	18,387	17,511	17,701	-450,013	
2036	4,983	2,395	2,587	1,462	3,000	3,731	-23,625	-387	0	325	18,044	1,589	1,236	-1,226	-2,565	0	0	0	0	-10,488	8,252	428%	458%	6,695	6,506	9,178	-472,704	
Final				0	0																0							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Securitization in 2006 - With Post Level Term Profits, Mortality - 100% (PLICO additional - 104% mortality)

Year	Notes Outstanding					Captive Cash Flows					Captive Equity																
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Receipt Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Pre-funded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ²	RBC Ratio ³	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ⁴	QAAP Equity	Trigger for Interest Approval Formula ⁵
Initial	284,152	8,719	274,433	52,175	300,000															195,000							
2006	428,488	3,431	425,056	64,276	450,000	127,893	-28,355	-83,101	0	-1,048	6,288	6,026	7,740	-8,653	-800	0	0	0	26,991	221,991	345%	383%	245,934	245,934	187,801	16,589	
2007	677,853	6,241	671,612	77,770	675,000	288,199	-78,795	-119,503	0	-2,565	-2,810	15,430	23,220	-22,895	-3,560	0	0	0	104,619	326,619	420%	424%	329,998	329,998	206,153	108,364	
2008	924,868	53,439	871,430	73,757	875,000	281,984	-100,381	-28,749	0	-2,738	-47,198	23,047	34,830	-34,493	-4,806	0	0	0	121,487	448,107	608%	812%	451,677	451,677	226,772	253,675	
2009	1,179,870	171,289	1,008,581	70,714	1,025,000	284,823	-117,139	-21,032	0	-2,868	-117,859	31,628	45,150	-44,713	-5,918	0	0	0	31,870	480,077	679%	702%	488,405	486,405	247,087	371,240	
2010	1,421,308	280,622	1,140,686	69,049	1,150,000	250,176	-130,444	-19,892	0	-3,224	-109,324	39,532	52,860	-52,378	-6,781	0	0	0	-3,316	476,761	701%	714%	485,075	486,075	252,298	481,096	
2011	1,620,404	371,817	1,248,587	65,681	1,250,000	236,574	-141,366	-18,828	0	-3,477	-91,185	44,852	59,340	-59,785	-7,468	0	0	0	-32,528	444,233	677%	679%	445,846	445,846	238,854	526,526	
2012	1,769,418	448,803	1,320,615	63,385	1,325,000	228,188	-150,867	-17,953	0	-3,821	-76,798	47,819	64,500	-63,875	-8,044	0	0	0	-31,223	413,009	652%	658%	417,194	417,194	228,244	572,020	
2013	1,868,449	509,868	1,358,581	61,091	1,375,000	216,047	-160,731	-17,098	0	-4,128	-61,265	46,644	68,370	-67,708	-8,485	0	0	0	-30,218	382,782	627%	653%	398,210	398,210	216,456	597,627	
2014	1,925,203	551,398	1,373,806	58,844	1,375,000	204,620	-171,366	-16,146	0	-3,813	-41,530	50,808	70,950	-70,263	-8,792	0	0	0	-28,778	354,016	602%	604%	355,210	355,210	210,506	602,030	
2015	1,928,076	573,306	1,355,771	55,448	1,375,000	191,285	-179,012	-15,162	0	-3,434	-21,808	50,977	70,950	-70,263	-8,830	0	0	0	-10,268	343,750	620%	655%	362,979	362,979	213,157	586,878	
2016	1,908,128	600,002	1,318,126	50,231	1,355,000	170,809	-185,188	-13,423	0	-3,220	-18,896	51,505	70,950	-70,263	-8,889	0	0	0	-5,000	338,750	674%	752%	377,824	354,674	219,415	567,089	
2017	1,870,323	602,934	1,267,389	46,976	1,305,000	160,823	-198,479	-12,068	0	-3,424	-18,932	52,154	69,918	-69,241	-8,631	0	0	0	-12,500	326,250	685%	775%	363,861	326,455	220,448	546,939	
2018	1,787,239	598,328	1,188,910	45,067	1,235,000	152,046	-184,800	-11,435	0	-3,666	-8,805	51,715	87,338	-86,686	-8,573	0	0	0	-17,500	308,750	685%	765%	344,840	308,895	217,364	510,622	
2019	1,664,610	574,444	1,110,165	43,048	1,145,000	142,469	-174,892	-10,774	0	-3,740	-23,884	49,824	83,726	-83,109	-8,238	0	0	0	-22,500	288,250	695%	745%	329,885	287,188	210,438	455,457	
2020	1,531,502	533,557	997,945	40,175	1,029,000	132,878	-161,844	-10,115	0	-3,745	-40,888	46,854	59,082	-58,510	-7,796	0	0	0	-28,000	257,250	640%	718%	288,305	257,373	199,129	384,836	
2021	1,365,175	490,101	875,074	38,135	903,000	110,911	-172,779	-8,975	0	-4,102	-43,456	42,918	53,096	-52,502	-7,215	0	0	0	-31,500	225,750	625%	702%	253,676	226,373	168,361	311,677	
2022	1,203,180	446,583	756,597	33,038	781,000	114,920	-161,844	-8,135	0	-4,747	-43,538	38,756	46,595	-46,143	-6,580	0	0	0	-30,500	195,250	581%	665%	218,623	195,559	178,116	245,290	
2023	1,026,880	390,076	636,804	30,829	658,000	109,747	-165,228	-7,704	0	-4,667	-58,487	34,346	40,300	-39,808	-5,968	0	0	0	-250	195,000	630%	689%	215,196	195,658	166,674	171,471	
2024	835,388	317,568	517,800	28,784	535,000	99,337	-171,153	-7,009	0	-3,237	-72,597	30,736	33,853	-33,624	-5,350	0	0	0	-34,500	160,500	580%	617%	177,700	160,993	159,377	84,059	
2025	629,854	234,588	395,266	24,489	408,000	86,218	-169,080	-6,295	0	-1,823	-82,981	24,829	27,806	-27,338	-4,735	0	0	0	-38,100	122,400	500%	551%	135,034	122,435	125,959	8,665	
2026	484,589	183,393	301,196	14,439	311,000	72,800	-118,298	-4,285	0	-1,381	-51,195	18,890	21,053	-20,848	-4,067	0	0	0	-28,100	93,300	648%	714%	103,094	93,402	103,621	-65,148	
2027	440,250	185,048	255,201	9,423	265,000	65,124	-158,147	-2,566	0	-1,280	-1,655	15,693	16,048	-15,892	-3,626	0	0	0	-13,800	79,500	844%	948%	89,288	80,483	88,386	-66,673	
2028	407,168	173,587	233,581	8,841	242,000	57,345	-148,479	-2,254	0	-1,208	-11,460	15,071	13,674	-13,542	-3,431	0	0	0	-8,900	72,600	821%	916%	61,019	72,678	68,778	-65,698	
2029	368,755	158,444	209,312	8,280	217,000	50,706	-148,328	-2,055	0	-1,124	-14,144	13,887	12,487	-12,366	-3,361	0	0	0	-7,500	65,100	786%	879%	72,788	65,413	79,034	-69,861	
2030	324,586	142,687	181,899	7,665	189,000	44,872	-147,752	-1,881	0	-1,010	-16,757	12,524	11,197	-11,088	-3,282	0	0	0	-8,400	56,700	740%	832%	63,791	57,299	68,873	-78,914	
2031	275,351	123,719	151,632	7,018	158,000	38,930	-147,150	-1,713	0	-878	-18,967	10,885	9,752	-9,856	-3,189	0	0	0	-8,300	47,400	675%	769%	53,768	48,281	58,744	-82,014	
2032	222,044	103,018	119,026	6,381	124,000	38,033	-148,414	-1,578	0	-787	-20,791	9,308	8,153	-8,074	-3,078	0	0	0	-14,289	37,200	583%	681%	42,174	37,733	48,290	-107,638	
2033	164,860	79,091	85,769	5,828	90,000	32,259	-146,838	-1,451	0	-674	-23,927	7,458	6,308	-6,336	-2,954	0	0	0	-10,200	27,000	463%	536%	31,231	27,934	38,008	-127,298	
2034	105,317	51,520	53,797	5,316	56,000	28,080	-147,200	-1,288	0	-160	-27,572	5,413	4,644	-4,599	-2,831	0	0	0	-4,250	22,750	429%	469%	24,853	22,847	33,730	-150,693	
2035	45,968	22,578	23,392	4,120	25,000	22,764	-144,125	-1,038	0	-27	-28,843	3,564	2,860	-2,862	-2,708	0	0	0	-5,146	17,603	427%	466%	18,212	18,293	28,006	-175,774	
2036	7,051	2,699	4,352	1,610	5,000	17,301	-29,419	-811	0	357	-19,877	1,821	1,290	-1,278	-2,801	0	0	0	-10,669	8,934	431%	471%	7,582	7,441	8,778	-190,746	
Final					0															0							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Securitization in 2006 - With Post Level Term Profits, Mortality - 126.2% (PLICO additional - 104% mortality)

Year	Notes Outstanding				Captive Cash Flows				Captive Equity																			
	EGY Statutory Reserve	EGY Economic Reserve	EGY Excess Reserve	Company Action RBC	EGY Notes	Premium Collected	Death Benefits	Expense Allow.	Recapt. Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Pre-funded	Increase Equity Assets	EGY Equity Assets	Equity Ratio ²	RBC Ratio ³	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ⁴	GAAP Equity	Trigger for Interest Approval Formula ⁵	
Initial	284,152	9,719	274,433	52,176	300,000																195,000							
2006	429,445	3,431	426,015	64,266	450,000	127,893	-33,227	-83,101	0	121	6,258	5,846	7,740	-9,653	-800	0	0	0	0	21,208	195,000	336%	374%	240,193	240,193	184,045	10,887	
2007	877,663	6,240	871,423	77,728	875,000	286,173	-89,307	-119,493	0	942	-2,809	14,822	23,220	-22,985	-3,560	0	0	0	0	66,792	303,000	380%	394%	308,577	308,577	190,832	65,641	
2008	924,427	59,416	871,011	73,857	875,000	261,921	-128,483	-28,741	0	1,891	-47,176	21,059	34,830	-34,483	-4,808	0	0	0	0	97,832	400,832	544%	550%	404,820	404,820	198,115	208,212	
2009	1,179,125	171,185	1,007,940	70,520	1,025,000	264,501	-147,581	-21,023	0	2,159	-117,770	28,436	45,150	-44,713	-5,918	0	0	0	0	3,282	404,094	573%	597%	421,154	421,154	197,812	301,371	
2010	1,419,901	280,384	1,139,537	67,785	1,150,000	250,000	-164,279	-19,878	0	2,438	-109,179	34,432	52,890	-52,378	-6,761	0	0	0	0	-12,712	391,382	577%	593%	401,845	401,845	196,558	362,883	
2011	1,618,295	371,365	1,246,930	65,396	1,250,000	236,340	-177,984	-18,811	0	2,836	-91,001	39,145	59,340	-58,765	-7,489	0	0	0	0	-16,569	374,812	573%	578%	377,882	377,882	193,933	397,804	
2012	1,766,502	447,909	1,318,593	63,117	1,325,000	225,889	-189,881	-17,940	0	2,875	-76,544	42,745	64,500	-63,875	-8,044	0	0	0	0	-20,476	354,337	561%	572%	360,743	360,743	190,351	410,302	
2013	1,864,645	506,889	1,355,756	60,811	1,375,000	215,681	-202,220	-17,070	0	2,785	-60,981	45,304	68,370	-67,708	-6,485	0	0	0	0	-24,321	330,016	543%	574%	349,260	349,260	185,434	400,896	
2014	1,920,442	550,108	1,370,334	58,545	1,375,000	204,191	-215,608	-18,114	0	3,480	-41,218	46,721	70,950	-70,263	-8,792	0	0	0	0	-26,572	303,444	518%	525%	308,109	308,109	177,949	368,234	
2015	1,923,395	571,708	1,351,685	55,053	1,375,000	180,799	-225,014	-15,125	0	4,074	-21,601	48,847	70,950	-70,263	-8,830	0	0	0	0	-28,063	275,381	500%	543%	288,698	288,698	168,061	314,138	
2016	1,889,501	588,084	1,311,507	48,716	1,350,000	170,401	-207,534	-13,384	0	3,191	-16,384	46,524	70,850	-70,263	-8,866	0	0	0	0	-25,368	250,013	503%	580%	288,505	288,505	162,100	257,943	
2017	1,862,940	600,667	1,262,273	46,395	1,300,000	160,067	-196,484	-12,028	0	2,518	-12,573	46,055	69,880	-68,985	-8,774	0	0	0	0	-20,552	229,460	495%	576%	287,187	229,928	157,897	203,233	
2018	1,788,076	585,733	1,193,343	44,450	1,230,000	151,438	-206,888	-11,300	0	2,588	4,833	45,093	67,080	-66,430	-8,546	0	0	0	0	-21,822	207,538	467%	549%	244,195	208,413	151,846	130,635	
2019	1,676,045	571,590	1,104,455	42,407	1,138,000	141,812	-219,338	-10,725	0	2,908	24,154	42,874	63,468	-62,853	-8,211	0	0	0	0	-25,809	181,729	428%	508%	215,264	181,743	142,863	37,083	
2020	1,522,448	530,528	991,919	39,537	1,023,000	132,178	-227,893	-10,062	0	3,000	41,051	38,538	56,721	-56,152	-7,758	0	0	0	0	-29,288	152,460	366%	464%	183,542	153,083	131,365	-73,464	
2021	1,356,106	486,983	869,142	35,501	897,000	118,166	-215,389	-8,922	0	2,025	43,565	35,648	52,787	-52,275	-7,182	0	0	0	0	-31,548	120,812	341%	418%	148,770	121,848	120,522	-184,737	
2022	1,184,283	443,353	750,300	32,435	775,000	114,136	-202,536	-8,080	0	1,013	43,611	31,648	48,285	-45,837	-6,547	0	0	0	0	-26,307	84,605	282%	366%	118,675	94,790	112,934	-286,751	
2023	1,018,384	386,951	631,442	30,255	652,000	108,897	-208,584	-7,645	0	1,290	56,401	27,455	39,890	-39,603	-8,935	0	0	0	0	-25,744	66,662	228%	286%	89,419	69,051	104,861	-396,739	
2024	827,658	314,724	512,935	28,186	530,000	98,489	-213,798	-6,950	0	2,978	72,227	22,384	33,843	-33,317	-5,318	0	0	0	0	-28,685	39,187	139%	200%	56,262	39,709	92,697	-521,341	
2025	623,503	232,283	391,220	24,013	424,000	88,372	-211,001	-6,237	0	3,991	82,441	16,469	27,348	-27,083	-4,708	0	0	0	0	-30,407	8,788	37%	17%	41,569	29,089	77,553	-650,923	
2026	478,111	181,484	297,648	13,982	344,000	71,857	-148,768	-4,251	0	2,360	50,819	11,394	21,878	-21,868	-4,184	0	0	0	11,772	-8,768	0	0%	24%	34,581	24,998	70,808	-733,910	
2027	434,845	162,861	251,985	8,924	294,000	61,399	-73,670	-2,556	0	603	-1,397	8,936	17,143	-17,578	-3,804	0	0	0	0	6,938	0	0%	0%	23,316	14,618	74,801	-748,840	
2028	401,841	171,314	230,328	8,374	256,000	58,648	-61,552	-2,225	0	391	11,547	10,141	14,208	-15,023	-3,587	0	0	0	-10,545	0	0	0%	208%	17,518	8,485	76,953	-778,285	
2029	363,259	157,140	206,119	7,859	222,000	50,024	-60,038	-2,028	0	430	14,174	9,351	12,789	-13,082	-3,436	0	0	0	-8,154	35	35	0%	203%	15,815	8,650	82,038	-774,309	
2030	318,310	140,419	178,891	7,317	188,000	44,206	-58,232	-1,851	0	523	16,721	8,418	11,455	-11,344	-3,308	0	0	0	0	5,587	5,821	77%	201%	14,730	8,344	84,005	-793,973	
2031	270,480	121,581	148,899	6,742	155,000	39,180	-58,391	-1,684	0	639	18,858	7,679	9,701	-9,607	-3,183	0	0	0	0	3,191	8,813	131%	221%	14,894	9,484	85,136	-817,412	
2032	217,795	101,084	116,711	6,175	122,000	35,378	-57,382	-1,548	0	723	20,497	5,721	7,598	-7,921	-3,062	0	0	0	0	1,409	10,218	195%	251%	15,467	11,131	85,778	-843,303	
2033	181,443	77,471	83,972	5,678	88,000	31,014	-57,584	-1,421	0	894	23,594	5,538	8,295	-8,234	-2,843	0	0	0	0	-287	9,951	175%	240%	13,979	10,750	85,509	-872,763	
2034	162,958	50,371	52,985	5,169	55,000	27,478	-56,164	-1,259	0	1,372	27,109	4,976	4,541	-4,497	-2,819	0	0	0	0	-2,163	7,768	151%	187%	10,203	8,144	84,044	-908,145	
2035	44,881	22,039	22,842	4,010	25,000	22,260	-54,287	-1,014	0	1,331	28,331	2,300	2,838	-2,811	-2,702	0	0	0	0	-3,684	4,124	103%	157%	6,282	5,384	81,071	-940,558	
2036	6,878	2,633	4,245	1,574	6,000	16,884	-36,143	-597	0	1,128	19,406	849	1,290	-1,278	-2,600	0	0	0	0	-949	3,175	202%	313%	4,931	4,793	73,088	-961,875	
Final					0																0							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 974252

Warehouse - With no Post Level Term Profits, Mortality - 100%

Year	Notes Outstanding			Captive Cash Flows										Captive Equity														
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Note	Premium Collected	Death Benefits	Expense Allow.	Receipt Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Pre-funded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ²	RBC Ratio ³	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ⁴	QAAP Equity	Trigger for Interest Approval Formula ⁵	
Initial	284,152	0,719	274,433	52,176	300,000																195,000							
2006	429,488	11,851	417,637	64,268	425,000	127,693	-26,228	-83,101	0	-1,067	-2,232	6,028	7,740	-9,653	-600	0	0	0	0	18,579	213,579	332%	344%	221,042	221,042	187,462	16,698	
2007	677,857	15,045	662,812	77,743	600,000	298,199	-78,323	-119,503	0	-2,631	-3,094	15,447	21,930	-20,255	-1,130	0	0	0	0	100,640	314,219	404%	323%	251,407	314,219	202,245	111,306	
2008	924,876	63,721	861,155	73,609	600,000	281,986	-80,757	-28,748	0	-2,825	-48,676	22,859	30,960	-45,380	-1,161	0	0	0	0	109,278	423,498	575%	221%	162,343	423,498	214,683	260,803	
2009	1,176,990	159,461	1,020,530	70,398	600,000	264,567	-116,377	-21,030	0	-3,060	-85,739	31,034	30,960	-51,360	-1,193	0	0	0	0	37,802	461,300	655%	58%	40,770	461,300	223,184	383,711	
2010	1,421,169	281,946	1,139,223	67,549	600,000	249,405	-129,358	-19,858	0	-3,338	-122,466	37,808	30,960	-55,660	-1,226	0	0	0	0	-13,952	447,348	662%	-136%	-91,875	447,348	228,458	479,336	
2011	1,620,332	365,527	1,254,806	65,103	600,000	235,822	-140,115	-19,785	0	-3,602	-103,569	43,278	30,960	-55,860	-1,259	0	0	0	0	-13,154	434,194	667%	-308%	-200,812	434,194	234,354	551,386	
2012	1,769,400	471,556	1,297,844	62,795	600,000	225,606	-149,658	-17,939	0	-3,846	-86,029	47,841	30,960	-55,880	-1,284	0	0	0	0	-10,319	423,874	675%	-436%	-273,970	423,874	242,133	804,154	
2013	1,868,354	539,615	1,328,739	60,478	600,000	215,039	-159,363	-17,058	0	-4,255	-68,359	51,562	30,960	-55,860	-1,330	0	0	0	0	-8,683	415,191	687%	-518%	-313,246	415,191	250,344	837,168	
2014	1,925,156	589,059	1,336,087	58,261	600,000	201,604	-169,563	-16,030	0	-3,745	-40,153	54,310	30,960	-55,860	-1,367	0	0	0	0	-8,645	406,346	697%	-568%	-328,741	406,346	256,334	648,066	
2015	1,928,761	616,720	1,312,061	54,804	600,000	184,483	-175,492	-14,600	0	-3,745	-27,852	55,968	30,960	-55,860	-1,405	0	0	0	0	-7,662	396,604	727%	-572%	-313,376	396,604	259,996	636,889	
2016	1,903,050	634,175	1,268,875	49,349	600,000	157,889	-159,843	-13,015	0	-3,634	-17,455	58,639	30,960	-55,860	-1,444	0	0	0	0	-5,762	392,822	796%	-559%	-275,953	392,822	264,381	618,742	
2017	1,896,677	647,010	1,249,668	48,126	600,000	139,678	-148,807	-11,594	0	-3,465	-12,835	57,413	30,960	-55,860	-1,464	0	0	0	0	-3,684	388,228	844%	-500%	-230,638	388,228	271,189	583,370	
2018	1,794,256	643,979	1,150,277	44,451	600,000	133,372	-155,746	-11,615	0	-3,568	-3,031	57,503	30,960	-55,860	-1,526	0	0	0	0	-2,850	385,378	809%	-359%	-163,900	385,378	278,399	554,885	
2019	1,682,284	622,029	1,060,255	42,683	600,000	124,874	-168,907	-10,366	0	-3,340	21,849	56,840	30,960	-55,860	-1,589	0	0	0	0	-3,819	382,759	897%	-182%	-77,488	382,759	283,984	497,576	
2020	1,528,208	625,035	947,173	40,107	600,000	114,522	-173,421	-8,652	0	-3,586	39,994	54,732	30,960	-55,860	-1,611	0	0	0	0	-3,932	378,827	945%	79%	31,654	378,827	287,256	423,818	
2021	1,361,285	533,021	828,264	36,154	521,000	98,076	-183,348	-6,428	0	-4,087	49,014	52,091	30,960	-55,860	-1,652	0	0	0	0	-3,244	375,583	1038%	186%	68,318	375,583	280,515	344,369	
2022	1,199,216	483,051	716,165	33,182	400,000	88,846	-149,218	-7,564	0	-4,431	49,970	49,282	28,884	-48,505	-1,677	0	0	0	0	3,576	370,159	1143%	190%	62,894	370,159	288,569	270,305	
2023	1,023,398	421,629	601,770	31,093	270,000	85,146	-153,518	-7,186	0	-4,324	61,422	46,486	20,840	-37,240	-1,744	0	0	0	0	10,681	369,840	1254%	187%	58,070	369,840	311,037	188,677	
2024	832,471	345,327	487,144	28,070	137,000	76,560	-180,300	-6,492	0	-2,594	76,302	43,228	13,932	-25,137	-1,792	0	0	0	0	13,714	403,554	1388%	184%	53,410	403,554	323,082	85,069	
2025	627,253	280,072	387,181	24,902	0	64,686	-156,828	-5,666	0	-1,873	85,255	38,480	7,068	-12,755	-1,640	0	0	0	0	17,337	420,691	1690%	216%	93,710	420,691	334,108	-6,554	
2026	477,742	187,468	280,274	15,017	0	39,438	-104,824	-3,483	0	-1,708	62,604	36,478	0	0	-1,880	0	0	0	0	28,523	447,415	2870%	1113%	167,140	447,415	350,386	-79,212	
2027	433,049	183,020	250,029	10,722	0	19,305	-37,786	-1,672	0	-871	14,448	35,842	0	0	-1,804	-15,086	0	0	0	12,264	459,676	4287%	1955%	208,650	459,676	369,335	-102,140	
2028	401,008	173,630	227,378	10,458	0	16,817	-30,488	-1,468	0	-894	9,390	35,866	0	0	-1,854	-18,848	0	0	0	10,632	470,311	4497%	2323%	242,932	470,311	388,231	-119,914	
2029	363,488	161,152	202,336	10,198	0	15,544	-32,221	-1,375	0	-655	12,478	35,854	0	0	-2,009	-17,814	0	0	0	8,803	480,114	4726%	2734%	277,778	480,114	407,202	-140,630	
2030	320,109	145,483	174,626	9,774	0	14,427	-33,863	-1,283	0	-621	15,869	35,826	0	0	-2,085	-18,825	0	0	0	8,955	489,069	5004%	3217%	314,443	489,069	426,253	-164,145	
2031	271,449	126,716	144,733	9,317	0	13,321	-35,243	-1,203	0	-566	18,737	35,183	0	0	-2,124	-18,690	0	0	0	8,456	497,525	5340%	3787%	352,782	497,525	445,517	-189,949	
2032	218,690	105,332	113,358	8,827	0	12,685	-38,037	-1,130	0	-501	21,384	34,584	0	0	-2,185	-20,289	0	0	0	8,501	506,028	5733%	4448%	392,668	506,028	485,154	-217,106	
2033	161,694	80,611	81,383	8,340	0	12,068	-37,651	-1,063	0	-440	24,721	33,777	0	0	-2,248	-20,711	0	0	0	8,452	514,479	6169%	5193%	433,098	514,478	485,003	-246,441	
2034	102,858	52,273	50,586	7,770	0	10,665	-38,352	-852	0	11	26,338	32,786	0	0	-2,312	-20,885	0	0	0	8,319	522,798	6729%	6076%	472,212	522,798	504,803	-278,381	
2035	43,850	23,235	20,615	6,759	0	7,849	-37,306	-749	0	153	28,038	31,842	0	0	-2,374	-20,313	0	0	0	7,937	530,735	7853%	7548%	510,120	530,735	523,752	-310,610	
2036	4,961	2,836	2,325	5,463	0	3,735	-23,491	-357	0	288	20,599	30,739	0	0	-2,436	-18,098	0	0	0	12,979	543,714	9953%	9910%	541,399	543,714	542,607	-333,071	
Final					0																0							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Warehouse - With no Post Level Term Profits, Mortality - 110%

Year	Notes Outstanding				Captive Cash Flows								Captive Equity										Equity Ratio ²	RBC Ratio ³	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ⁴	GAAP Equity	Trigger for Interest Approval Formula ⁵
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Recapt. Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Pre-funded	Increase Equity Assets	EOY Equity Assets							
Initial	284,152	9,719	274,433	52,176	300,000															165,000								
2006	428,472	11,991	417,521	64,266	425,000	127,693	-28,852	-83,101	0	-620	-2,232	5,997	7,740	-9,853	-600	0	0	0	16,373	211,373	329%	341%	218,851	218,851	186,029	14,520		
2007	677,784	15,044	662,741	77,727	600,000	296,199	-88,133	-119,500	0	-1,292	-3,093	15,139	21,930	-29,225	-1,130	0	0	0	93,838	305,208	393%	312%	242,467	305,208	196,397	102,635		
2008	924,707	63,710	860,998	73,573	600,000	281,858	-109,721	-26,746	0	-1,134	-48,667	22,116	30,860	-45,360	-1,161	0	0	0	100,245	405,454	551%	196%	144,457	405,454	202,982	243,831		
2009	1,179,658	159,420	1,020,248	70,329	600,000	264,521	-127,991	-21,026	0	-1,102	-95,710	29,740	30,860	-51,360	-1,193	0	0	0	26,838	432,292	615%	17%	12,044	432,292	204,368	357,039		
2010	1,420,632	281,840	1,138,792	67,436	600,000	248,338	-142,255	-19,853	0	-1,177	-122,427	35,863	30,860	-55,860	-1,226	0	0	0	-26,637	405,655	602%	-107%	-133,130	405,655	201,420	441,867		
2011	1,619,528	385,348	1,234,180	64,933	600,000	235,733	-154,066	-18,790	0	-1,289	-103,501	40,584	30,860	-55,860	-1,259	0	0	0	-27,486	378,188	582%	-394%	-255,992	378,188	198,026	502,217		
2012	1,768,288	471,278	1,297,010	62,555	600,000	225,482	-164,538	-17,930	0	-1,465	-85,930	44,314	30,860	-55,860	-1,284	0	0	0	-26,252	351,936	563%	-552%	-345,074	351,936	195,462	542,481		
2013	1,866,803	539,520	1,327,382	60,157	600,000	214,990	-175,204	-17,047	0	-1,614	-68,243	47,106	30,860	-55,860	-1,330	0	0	0	-26,332	325,605	541%	-868%	-401,778	325,605	182,213	582,186		
2014	1,923,340	589,544	1,334,796	57,848	600,000	201,442	-186,365	-16,018	0	-937	-49,023	48,827	30,860	-55,860	-1,367	0	0	0	-28,342	297,263	514%	-756%	-437,533	297,263	185,540	558,941		
2015	1,928,618	616,068	1,310,550	54,285	600,000	184,285	-192,847	-14,886	0	-959	-27,524	49,359	30,860	-55,860	-1,405	0	0	0	-28,876	268,386	494%	-815%	-442,163	268,386	175,424	533,130		
2016	1,900,575	633,397	1,267,178	48,694	600,000	157,510	-175,824	-13,001	0	-1,277	-17,330	49,057	30,860	-55,860	-1,444	0	0	0	-27,008	241,380	496%	-874%	-425,799	241,380	166,007	489,285		
2017	1,864,091	646,091	1,218,001	45,339	600,000	136,791	-161,267	-11,579	0	-1,342	-12,684	48,453	30,860	-55,860	-1,484	0	0	0	-25,023	218,357	477%	-886%	-401,644	218,357	158,949	463,413		
2018	1,781,184	642,927	1,148,257	43,550	600,000	133,166	-171,054	-10,999	0	-1,310	3,164	47,310	30,860	-55,860	-1,526	0	0	0	-26,149	190,208	437%	-922%	-358,050	190,208	151,014	411,690		
2019	1,678,992	620,863	1,058,128	41,883	600,000	124,653	-183,267	-10,349	0	-916	22,084	45,098	30,860	-55,860	-1,569	0	0	0	-29,169	161,022	389%	-713%	-297,106	161,022	138,956	340,243		
2020	1,525,812	580,796	945,016	36,965	600,000	114,291	-190,370	-9,633	0	-1,174	40,058	41,722	30,860	-55,860	-1,611	0	0	0	-31,608	129,414	322%	-853%	-216,902	129,414	125,254	251,745		
2021	1,357,895	531,743	826,152	35,004	600,000	97,853	-179,269	-8,410	0	-1,912	49,053	37,535	30,860	-55,860	-1,652	0	0	0	-31,702	97,712	279%	-367%	-128,440	97,712	110,008	158,355		
2022	1,195,901	481,754	714,147	32,053	600,000	86,812	-163,710	-7,545	0	-2,414	49,869	33,161	30,860	-55,860	-1,697	0	0	0	-28,504	69,209	216%	-140%	-44,939	69,209	97,193	71,601		
2023	1,020,247	420,371	599,876	30,052	600,000	85,888	-166,376	-7,167	0	-2,209	61,383	28,534	30,860	-55,860	-1,744	0	0	0	-28,591	40,617	135%	136%	40,741	40,617	84,122	-22,007		
2024	824,612	344,178	480,434	28,035	532,000	76,310	-175,755	-6,402	0	-372	78,185	23,043	30,860	-55,860	-1,792	0	0	0	-33,732	6,865	25%	191%	53,449	53,885	65,310	-130,078		
2025	624,872	258,125	366,746	23,884	440,000	64,453	-171,987	-5,647	0	7	85,051	16,638	27,451	-48,529	-1,840	0	0	0	28,527	-6,885	0	0%	191%	45,727	41,473	42,045	-245,101	
2026	475,750	186,705	279,045	13,330	381,000	39,284	-114,865	-3,470	0	-520	62,420	12,369	21,232	-40,964	-1,860	0	0	0	26,483	0	0	0%	202%	26,935	305,980	23,887	-326,672	
2027	431,124	192,228	248,896	6,202	341,000	19,212	-41,382	-1,665	0	-453	14,477	10,428	15,769	-33,609	-1,904	0	0	0	19,107	0	0	0%	219%	17,676	268,873	12,598	-352,863	
2028	399,084	172,819	226,265	7,826	337,000	16,729	-33,373	-1,459	0	-345	9,409	9,775	13,771	-31,747	-1,854	0	0	0	19,194	0	0	0%	222%	17,412	243,676	1,152	-373,265	
2029	361,602	160,336	201,266	7,437	332,000	15,457	-35,257	-1,368	0	-283	12,483	9,158	12,574	-31,375	-2,008	0	0	0	20,630	0	0	0%	226%	16,783	218,049	-11,239	-396,734	
2030	318,312	144,682	173,631	6,974	325,000	14,341	-37,148	-1,286	0	-235	15,654	8,372	11,251	-30,809	-2,065	0	0	0	22,025	0	0	0%	221%	15,393	188,023	-24,568	-423,127	
2031	268,804	125,854	142,950	6,458	317,000	13,235	-38,531	-1,185	0	-148	16,727	7,422	8,754	-30,258	-2,124	0	0	0	23,118	0	0	0%	218%	14,056	157,905	-38,634	-451,890	
2032	217,282	104,647	112,635	5,940	308,000	12,802	-39,378	-1,123	0	-89	21,308	6,326	8,146	-29,513	-2,195	0	0	0	23,883	0	0	0%	209%	12,407	125,022	-53,241	-482,043	
2033	160,847	80,468	80,800	5,486	300,000	11,870	-41,123	-1,055	0	21	24,600	5,060	6,451	-28,675	-2,248	0	0	0	24,989	0	0	0%	204%	11,223	92,024	-68,600	-514,476	
2034	102,068	51,873	50,195	5,098	295,000	10,577	-42,958	-944	0	492	28,174	3,595	4,748	-27,930	-2,312	0	0	0	26,558	0	0	0%	205%	10,270	60,465	-85,043	-549,623	
2035	43,466	23,045	20,451	3,868	292,000	7,788	-40,712	-744	0	593	28,827	1,995	1,120	-27,465	-2,374	0	0	0	29,000	0	0	0%	205%	8,014	28,465	-103,317	-585,102	
2036	-4,819	2,614	2,305	1,450	282,000	3,706	-26,830	-354	0	507	20,432	687	1,489	-26,120	-2,438	0	0	0	27,740	0	0	0%	-109%	-1,580	725	-121,789	-608,309	
Final					286,661																							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Warehouse - With no Post Level Term Profits, Mortality - 120%

Year	Notes Outstanding			Captive Cash Flows										Captive Equity													
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Recpt. Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Pre-funded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ¹	RBC Ratio ²	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ³	GAAP Equity	Trigger for Interest Approval Formula ⁴
Initial	284,152	9,719	274,433	52,176	300,000																195,000						
2006	429,458	11,850	417,608	64,262	425,000	127,893	-31,475	-83,101	0	-174	-2,231	5,865	7,740	-9,653	-600	0	0	0	14,166	208,166	325%	337%	216,660	216,660	184,586	12,343	
2007	677,712	15,042	662,670	77,711	600,000	296,160	-93,982	-119,496	0	47	-3,092	14,631	21,930	-26,255	-1,130	0	0	0	87,032	296,198	381%	301%	233,526	296,198	190,549	83,862	
2008	924,538	63,700	860,838	73,537	600,000	281,828	-118,683	-28,743	0	557	-48,658	21,372	30,960	-45,360	-1,161	0	0	0	91,214	387,412	527%	172%	126,573	387,412	191,282	226,861	
2009	1,179,346	159,380	1,019,965	70,261	600,000	264,474	-139,601	-21,023	0	854	-85,680	28,446	30,960	-51,360	-1,193	0	0	0	15,878	403,289	574%	-24%	-16,676	403,289	185,581	330,373	
2010	1,429,998	281,748	1,148,250	67,325	600,000	249,271	-155,143	-19,848	0	963	-122,369	33,917	30,960	-55,860	-1,226	0	0	0	-39,316	363,974	541%	-259%	-174,373	363,974	174,350	404,408	
2011	1,618,724	385,170	1,233,554	64,766	600,000	235,644	-166,005	-18,793	0	1,002	-103,421	37,894	30,960	-55,860	-1,259	0	0	0	-41,769	322,205	497%	-81%	-311,349	322,205	161,714	453,068	
2012	1,767,176	471,000	1,296,176	62,322	600,000	225,378	-179,402	-17,922	0	1,013	-85,830	40,788	30,960	-55,860	-1,294	0	0	0	-42,170	280,035	449%	-66%	-416,141	280,035	148,818	480,841	
2013	1,865,453	538,126	1,327,327	59,848	600,000	214,762	-191,005	-17,037	0	1,023	-68,126	42,652	30,960	-55,860	-1,330	0	0	0	-43,960	236,075	394%	-81%	-480,251	236,075	134,120	487,255	
2014	1,921,527	588,020	1,333,507	57,453	600,000	201,261	-203,136	-16,006	0	1,865	-48,894	43,347	30,960	-55,860	-1,367	0	0	0	-47,811	188,264	328%	-94%	-545,243	188,264	114,801	489,890	
2015	1,924,458	615,416	1,309,042	53,791	600,000	184,107	-210,166	-14,872	0	1,822	-27,386	42,755	30,960	-55,860	-1,405	0	0	0	-50,055	138,209	257%	-108%	-570,833	138,209	90,929	428,376	
2016	1,889,104	632,620	1,256,483	48,075	600,000	157,331	-181,388	-12,987	0	1,075	-17,204	41,282	30,960	-55,860	-1,444	0	0	0	-48,215	89,984	187%	-119%	-575,490	133,552	67,735	381,983	
2017	1,861,310	645,173	1,216,137	44,503	600,000	139,804	-175,889	-11,584	0	775	-12,593	39,504	30,960	-55,860	-1,484	0	0	0	-46,308	43,686	98%	-128%	-572,450	136,591	46,839	333,625	
2018	1,788,118	641,877	1,146,241	42,732	600,000	132,850	-186,311	-10,993	0	839	-3,286	37,130	30,960	-55,860	-1,528	0	0	0	5,798	-43,666	0	0%	-581,849	137,092	23,794	288,705	
2019	1,675,705	618,700	1,056,005	40,918	600,000	124,433	-189,587	-10,331	0	1,498	22,177	33,884	30,665	-55,860	-1,569	0	0	0	54,659	0	0	0%	-515,372	192,870	-3,326	183,170	
2020	1,522,424	578,559	943,864	38,281	600,000	114,061	-207,249	-8,614	0	1,237	40,141	32,144	27,845	-55,860	-1,611	0	0	0	58,006	0	0	0%	-462,137	248,805	-38,275	78,994	
2021	1,354,514	530,468	824,047	34,351	600,000	97,831	-195,117	-8,391	0	262	49,082	29,761	24,809	-55,860	-1,652	0	0	0	59,468	0	0	0%	-402,788	306,254	-69,578	-27,273	
2022	1,162,565	480,461	712,103	31,457	600,000	88,378	-178,125	-7,526	0	-407	50,007	27,212	21,737	-55,860	-1,697	0	0	0	56,281	0	0	0%	-347,157	361,885	-100,465	-126,650	
2023	1,017,186	418,118	599,068	29,533	600,000	85,632	-183,148	-7,147	0	-107	61,343	24,186	18,833	-55,860	-1,744	0	0	0	58,010	0	0	0%	-291,021	308,968	-132,871	-233,183	
2024	826,794	343,030	483,764	27,878	600,000	79,962	-181,108	-6,442	0	1,899	79,088	20,300	15,849	-55,860	-1,791	0	0	0	65,977	0	0	0%	-241,843	241,891	-171,874	-354,607	
2025	622,498	259,182	363,317	23,626	600,000	64,221	-186,955	-5,927	0	1,975	84,848	15,811	12,482	-55,860	-1,840	0	0	0	70,948	0	0	0%	-193,372	170,945	-218,237	-482,532	
2026	473,766	185,944	277,821	13,068	600,000	38,130	-124,970	-3,457	0	660	82,238	12,083	8,821	-55,860	-1,880	0	0	0	83,234	0	0	0%	-170,110	107,711	-280,257	-573,348	
2027	429,207	181,438	247,769	7,802	600,000	19,120	-44,947	-1,657	0	-38	14,506	10,283	5,558	-6,542	-1,903	0	0	0	7,711	0	0	0%	-147,769	100,000	-294,860	-602,774	
2028	397,170	172,011	225,158	7,597	600,000	16,641	-38,228	-1,452	0	-9	9,427	9,657	5,160	-1,241	-1,954	0	0	0	0	0	0	0%	-125,158	100,000	-332,191	-625,776	
2029	359,726	159,525	200,202	7,225	600,000	15,371	-38,261	-1,381	0	88	12,487	9,035	5,160	-489	-2,008	0	0	0	0	0	0	0%	-100,202	100,000	-373,597	-651,970	
2030	316,528	143,885	172,643	6,814	600,000	14,255	-40,297	-1,279	0	147	15,639	8,245	5,160	0	-2,065	0	0	0	194	0	0	0%	-72,835	99,806	-418,427	-681,209	
2031	268,170	125,198	142,972	6,348	600,000	13,149	-41,776	-1,188	0	255	16,587	7,284	5,150	0	-2,123	0	0	0	553	0	0	0%	-43,720	98,253	-468,868	-712,894	
2032	215,843	103,966	111,877	5,878	600,000	12,508	-42,675	-1,115	0	358	21,232	6,200	5,121	0	-2,195	0	0	0	554	0	0	0%	-13,178	98,689	-525,101	-748,031	
2033	159,707	79,466	80,222	5,472	600,000	11,874	-44,544	-1,047	0	475	24,811	4,935	5,083	0	-2,248	0	0	0	882	0	0	0%	17,495	97,717	-585,931	-781,481	
2034	101,284	51,476	49,808	4,986	600,000	10,489	-46,506	-837	0	665	26,010	3,474	5,042	0	-2,312	0	0	0	1,774	0	0	0%	46,135	95,943	-652,832	-818,791	
2035	43,145	22,857	20,287	3,890	600,000	7,727	-44,060	-738	0	968	28,619	1,888	4,851	0	-2,374	0	0	0	3,021	0	0	0%	72,835	82,922	-727,089	-858,270	
2036	4,877	2,592	2,286	1,475	600,000	3,676	-27,732	-351	0	723	20,265	622	4,795	0	-2,438	0	0	0	437	0	0	0%	90,199	92,485	-606,765	-884,390	
Final					504,924																						

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Warehouse - With no Post Level Term Profits, Mortality - 110%, Interest Threshold moved to 110% from 120%

Year	Notes Outstanding			Captive Cash Flows							Captive Equity																	
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Receipt Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Prefunded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ¹	RBC Ratio ²	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ³	GAAP Equity	Trigger for Interest Approval Formula ⁴	
Initial	284,152	8,719	274,433	52,176	300,000																185,000							
2006	429,472	11,951	417,521	64,266	425,000	127,693	-28,852	-83,101	0	-820	-2,232	5,997	7,740	-8,653	-600	0	0	0	0	16,373	211,373	328%	341%	218,851	218,851	186,029	14,520	
2007	677,784	15,044	662,741	77,727	600,000	286,189	-46,153	-119,500	0	-1,282	-3,093	15,139	21,830	-28,255	-1,130	0	0	0	0	93,836	305,208	393%	312%	242,467	305,208	196,367	102,635	
2008	824,707	63,710	800,999	73,573	600,000	281,656	-109,721	-28,746	0	-1,134	-48,587	22,116	30,960	-45,360	-1,161	0	0	0	0	100,245	405,454	551%	198%	144,457	405,454	202,982	243,831	
2009	1,175,658	159,420	1,020,248	70,329	600,000	264,521	-127,891	-21,026	0	-1,177	-122,427	29,740	30,960	-51,360	-1,193	0	0	0	0	26,838	432,292	615%	17%	12,044	432,292	204,386	357,039	
2010	1,420,632	281,648	1,138,785	67,436	600,000	249,338	-142,255	-19,853	0	-1,177	-122,427	35,863	30,960	-55,860	-1,226	0	0	0	0	-26,637	405,655	602%	-197%	-133,130	405,655	201,420	441,867	
2011	1,819,528	385,348	1,234,180	64,933	600,000	235,733	-154,066	-18,790	0	-1,269	-103,501	40,584	30,960	-55,860	-1,259	0	0	0	0	-27,466	376,188	523%	-394%	-255,992	376,188	198,026	502,217	
2012	1,768,286	471,278	1,287,010	62,555	600,000	225,482	-164,538	-17,930	0	-1,465	-85,930	44,314	30,960	-55,900	-1,294	0	0	0	0	-28,252	351,936	563%	-552%	-345,074	351,936	195,462	542,481	
2013	1,866,003	539,520	1,327,382	60,157	600,000	214,900	-175,204	-17,047	0	-1,614	-65,243	47,106	30,960	-55,860	-1,330	0	0	0	0	-28,342	297,263	514%	-756%	-437,533	297,263	185,540	558,941	
2014	1,923,340	588,544	1,334,796	57,848	600,000	201,442	-186,365	-16,016	0	-937	-49,023	48,827	30,960	-55,860	-1,367	0	0	0	0	-28,342	325,605	541%	-668%	-401,778	325,605	192,213	562,188	
2015	1,926,616	616,068	1,310,550	54,285	600,000	194,285	-192,847	-14,886	0	-959	-27,524	48,358	30,960	-55,860	-1,405	0	0	0	0	-28,876	268,368	494%	-815%	-442,163	268,368	175,424	533,130	
2016	1,800,575	633,397	1,267,178	48,684	600,000	157,510	-175,624	-13,001	0	-1,277	-17,330	49,057	30,960	-55,860	-1,444	0	0	0	0	-27,000	241,380	496%	-874%	-425,799	241,380	166,007	499,295	
2017	1,864,091	646,091	1,218,001	45,338	600,000	139,781	-161,267	-11,579	0	-1,342	-12,694	48,453	30,960	-55,860	-1,484	0	0	0	0	-25,023	216,357	477%	-836%	-401,844	216,357	156,849	463,413	
2018	1,791,184	642,927	1,148,257	43,550	600,000	133,168	-171,054	-10,999	0	-1,310	3,164	47,310	30,960	-55,860	-1,526	0	0	0	0	-26,148	190,208	437%	-822%	-358,050	190,208	151,014	411,690	
2019	1,678,992	620,863	1,058,128	41,683	600,000	124,653	-183,287	-10,348	0	-916	22,064	45,995	30,960	-55,860	-1,569	0	0	0	0	-26,148	181,022	386%	-713%	-287,105	181,022	139,856	340,245	
2020	1,525,812	580,796	945,016	39,985	600,000	114,291	-190,370	-9,833	0	-1,174	40,068	41,722	30,960	-55,860	-1,611	0	0	0	0	-31,702	129,414	332%	-553%	-215,802	129,414	125,254	251,745	
2021	1,357,895	531,743	826,152	35,004	600,000	97,653	-179,269	-8,410	0	-1,812	49,053	37,535	30,960	-55,860	-1,652	0	0	0	0	-31,702	97,712	279%	-387%	-128,440	97,712	110,008	158,355	
2022	1,195,801	481,754	714,147	32,053	600,000	88,612	-163,710	-7,545	0	-2,414	49,989	33,161	30,960	-55,860	-1,697	0	0	0	0	-28,504	69,209	216%	-140%	-44,939	69,209	97,193	71,801	
2023	1,020,247	344,371	589,436	30,052	600,000	85,888	-168,376	-7,167	0	-2,209	61,383	28,534	30,960	-55,860	-1,744	0	0	0	0	-28,591	40,817	135%	136%	40,741	40,817	84,122	32,007	
2024	829,612	344,176	485,436	28,035	532,000	76,310	-175,755	-6,482	0	-372	76,195	23,043	30,960	-55,860	-1,792	0	0	0	0	-28,591	6,995	25%	191%	53,449	6,995	65,310	-130,078	
2025	624,872	259,125	365,746	23,884	440,000	64,453	-171,897	-5,647	0	7	85,051	16,838	27,451	-49,529	-1,840	0	0	0	28,527	0	0	0%	101%	45,727	411,473	42,045	-245,101	
2026	475,750	186,705	279,045	13,330	361,000	39,284	-114,885	-3,470	0	-520	62,420	12,389	21,232	-40,864	-1,880	0	0	0	28,483	0	0	0%	202%	26,935	305,980	23,887	-326,672	
2027	431,124	182,228	248,896	8,202	341,000	19,212	-41,382	-1,665	0	-453	14,477	10,428	15,788	-33,609	-1,804	0	0	0	18,107	0	0	0%	218%	17,876	266,873	12,598	-352,863	
2028	399,084	172,819	226,268	7,826	337,000	16,729	-33,373	-1,459	0	-345	8,408	9,775	13,771	-31,747	-1,854	0	0	0	18,184	0	0	0%	222%	17,412	243,878	1,152	-373,265	
2029	361,602	160,336	201,266	7,437	332,000	15,457	-35,257	-1,368	0	-283	12,483	9,158	12,574	-31,375	-2,008	0	0	0	20,630	0	0	0%	226%	16,783	218,049	-11,239	-386,734	
2030	318,312	144,892	173,631	6,974	325,000	14,341	-37,148	-1,286	0	-235	16,654	7,422	11,251	-30,909	-2,065	0	0	0	22,025	0	0	0%	221%	15,383	189,023	-24,568	-423,127	
2031	269,804	125,954	143,850	6,458	317,000	13,235	-38,531	-1,195	0	-148	16,727	7,422	9,754	-30,258	-2,124	0	0	0	23,118	0	0	0%	209%	12,407	125,022	-53,241	-482,043	
2032	217,262	104,647	112,615	5,940	308,000	12,602	-39,378	-1,123	0	-69	21,308	6,326	8,149	-29,513	-2,185	0	0	0	24,898	0	0	0%	204%	11,223	92,024	-68,600	-514,478	
2033	160,847	80,046	80,800	5,486	300,000	11,870	-41,123	-1,055	0	21	24,800	5,060	6,451	-28,875	-2,248	0	0	0	26,558	0	0	0%	205%	10,270	60,465	-85,043	-549,623	
2034	102,066	51,873	50,195	5,008	295,000	10,577	-42,958	-944	0	492	28,174	3,595	4,748	-27,930	-2,312	0	0	0	29,000	0	0	0%	206%	8,014	28,465	-103,317	-585,102	
2035	43,496	23,045	20,451	3,889	292,000	7,786	-40,712	-744	0	583	28,827	1,896	3,120	-27,465	-2,374	0	0	0	1,619	0	0	0%	166%	24,540	26,840	-121,786	-609,309	
2038	4,819	2,614	2,305	1,455	282,000	3,706	-25,630	-354	0	507	20,432	687	1,469	0	-2,436	0	0	0	0	0	0	0%						
Final				262,541	262,541																							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

Warehouse - With no Post Level Term Profits, Mortality - 120%, Interest Threshold moved to 110% from 120%

Year	Notes Outstanding				Captive Cash Flows								Captive Equity															
	EOY Statutory Reserve	EOY Economic Reserve	EOY Excess Reserve	Company Action Level RBC	EOY Notes	Premium Collected	Death Benefits	Expense Allow.	Recap. Payment	Net YRT Flows	Increase in Economic Reserves	Net Inv Income B	Net Inv Income A	Cost of Notes	Other Expenses	Taxes	Experience Refund	Dividends	Increase Excess Prefunded	Increase Equity Assets	EOY Equity Assets	Equity Ratio ¹	RBC Ratio ²	Total Adjusted Capital (Statutory Equity)	Modified Total Adjusted Capital ³	GAAP Equity	Trigger for Interest Approval Formula ⁴	
Initial	284,152	9,719	274,433	52,178	300,000															185,000								
2005	429,456	11,959	417,506	64,262	425,000	127,693	-31,475	-93,101	0	-174	-2,231	5,966	7,740	-9,853	-600	0	0	0	14,166	206,166	325%	337%	216,660	216,660	184,566	12,343		
2007	677,712	15,942	662,070	77,711	600,000	296,180	-83,982	-119,486	0	47	-3,092	14,831	21,930	-28,255	-1,130	0	0	0	67,032	296,198	361%	301%	233,528	296,198	180,549	83,982		
2008	924,536	63,700	860,838	73,537	600,000	281,929	-119,883	-28,743	0	557	-48,858	21,372	30,960	-45,360	-1,161	0	0	0	81,214	387,412	527%	172%	126,573	387,412	191,282	226,961		
2009	1,179,346	159,360	1,019,985	70,261	600,000	264,474	-139,601	-21,023	0	854	-95,680	28,446	30,960	-51,360	-1,193	0	0	0	15,878	403,289	574%	24%	-16,676	403,289	185,581	330,373		
2010	1,420,066	281,749	1,138,317	67,325	600,000	248,271	-155,143	-19,846	0	683	-122,369	33,917	30,960	-55,860	-1,226	0	0	0	-39,316	363,974	541%	-256%	-174,373	363,974	174,390	404,409		
2011	1,618,724	385,170	1,233,555	64,786	600,000	235,644	-168,006	-16,783	0	1,062	-103,421	37,894	30,960	-55,860	-1,259	0	0	0	-41,769	322,205	487%	-461%	-311,349	322,205	161,714	453,068		
2012	1,767,176	471,000	1,296,176	62,322	600,000	225,376	-179,402	-17,822	0	1,013	-89,830	40,789	30,960	-55,860	-1,294	0	0	0	-42,170	280,035	449%	-658%	-416,141	280,035	148,816	480,841		
2013	1,865,453	539,126	1,326,327	59,846	600,000	214,762	-191,005	-17,937	0	1,023	-68,126	42,652	30,960	-55,860	-1,300	0	0	0	-43,960	236,075	394%	-819%	-480,251	236,075	134,120	487,255		
2014	1,921,527	588,020	1,333,507	57,453	600,000	201,281	-203,138	-16,006	0	1,865	-48,894	43,347	30,960	-55,860	-1,387	0	0	0	-47,811	188,264	328%	-949%	-545,243	188,264	114,801	466,890		
2015	1,924,456	615,416	1,309,042	53,791	600,000	184,107	-210,166	-14,872	0	1,822	-27,396	42,755	30,960	-55,860	-1,405	0	0	0	-50,055	138,209	257%	-1081%	-570,833	138,209	80,829	429,376		
2016	1,898,104	632,620	1,265,483	48,075	600,000	157,331	-191,366	-12,987	0	1,075	-17,204	41,282	30,960	-55,860	-1,444	0	0	0	-68,215	88,994	187%	-1197%	-575,490	133,552	67,735	381,893		
2017	1,861,310	645,173	1,216,137	44,603	600,000	139,604	-175,889	-11,564	0	775	-12,553	39,504	30,960	-55,860	-1,484	0	0	0	-66,308	43,888	98%	-1283%	-572,450	136,591	46,839	333,625		
2018	1,788,119	641,877	1,146,241	42,732	600,000	132,860	-186,311	-10,983	0	938	3,296	37,130	30,960	-55,860	-1,526	0	0	5,708	-43,686	0	0%	-1282%	-551,849	157,092	23,764	268,705		
2019	1,675,705	619,700	1,056,005	40,918	600,000	124,433	-189,597	-10,331	0	1,499	22,177	33,994	30,960	-55,860	-1,569	0	0	54,659	0	0	0%	-1262%	-516,372	192,670	-3,826	183,170		
2020	1,522,424	679,559	842,864	38,281	600,000	114,061	-207,249	-9,614	0	1,237	40,141	32,144	27,845	-55,860	-1,511	0	0	58,908	0	0	0%	-1207%	-462,137	246,905	-38,275	79,994		
2021	1,354,514	530,468	824,047	34,351	600,000	87,631	-195,117	-8,381	0	262	49,092	28,761	24,808	-55,860	-1,652	0	0	59,469	0	0	0%	-1173%	-402,798	306,254	-69,578	-27,273		
2022	1,192,595	480,461	712,135	31,457	600,000	88,376	-178,125	-7,526	0	-407	50,007	27,212	21,737	-55,860	-1,697	0	0	56,281	0	0	0%	-1104%	-347,157	361,885	-100,465	-126,650		
2023	1,017,106	418,118	597,989	28,533	600,000	85,632	-183,146	-7,147	0	-107	61,343	24,186	18,633	-55,860	-1,744	0	0	58,010	0	0	0%	-895%	-281,021	306,969	-132,871	-233,163		
2024	826,764	343,030	483,734	27,878	600,000	76,062	-191,108	-6,442	0	1,836	76,068	20,300	15,840	-55,860	-1,781	0	0	65,077	0	0	0%	-874%	-241,843	241,843	-171,874	-354,607		
2025	622,489	258,182	364,311	23,626	600,000	64,221	-188,955	-5,627	0	1,975	84,848	15,811	12,482	-55,860	-1,840	0	0	70,846	0	0	0%	-818%	-183,372	170,945	-218,237	-482,832		
2026	473,766	185,944	287,821	13,088	600,000	39,130	-124,870	-3,457	0	860	82,238	12,083	8,821	-55,860	-1,880	0	0	83,234	0	0	0%	-1302%	-170,110	107,711	-280,257	-573,348		
2027	429,297	161,438	247,769	7,802	600,000	19,120	-44,847	-1,657	0	-38	14,505	10,293	5,556	-8,842	-1,803	0	0	7,711	0	0	0%	-1670%	-147,769	100,000	-294,860	-602,774		
2028	387,170	172,011	225,158	7,587	600,000	16,641	-38,229	-1,452	0	-9	6,427	9,657	5,180	-1,241	-1,954	0	0	0	0	0	0%	-1054%	-125,158	100,000	-332,191	-625,775		
2029	359,726	158,525	200,202	7,225	600,000	15,371	-38,261	-1,361	0	66	12,467	8,035	5,160	-488	-2,006	0	0	0	0	0	0%	-1387%	-100,202	100,000	-373,597	-651,970		
2030	316,528	143,885	172,641	6,814	600,000	14,255	-40,287	-1,279	0	147	15,639	8,245	5,160	0	-2,065	0	0	194	0	0	0%	-1069%	-72,835	99,806	-419,427	-681,209		
2031	288,170	125,198	142,872	6,348	600,000	13,146	-41,778	-1,188	0	255	16,687	7,294	5,150	0	-2,123	0	0	553	0	0	0%	-689%	-43,720	96,253	-469,869	-712,894		
2032	215,843	103,968	111,877	5,878	600,000	12,509	-42,675	-1,115	0	358	21,232	6,200	5,121	0	-2,165	0	0	554	0	0	0%	-224%	-13,178	98,699	-525,101	-746,001		
2033	159,707	79,488	80,222	5,472	600,000	11,874	-44,544	-1,047	0	475	24,481	4,935	5,093	0	-2,248	0	0	852	0	0	0%	320%	17,495	97,717	-585,831	-781,481		
2034	101,284	51,476	49,808	4,998	600,000	10,489	-46,508	-837	0	865	28,010	3,474	5,042	0	-2,312	0	0	1,774	0	0	0%	823%	48,135	95,943	-852,832	-819,781		
2035	43,145	22,857	20,287	3,880	600,000	7,727	-44,060	-738	0	868	28,819	1,888	4,951	0	-2,374	0	0	3,021	0	0	0%	1667%	72,635	92,922	-727,089	-858,270		
2036	4,877	2,592	2,286	1,475	600,000	3,878	-27,732	-351	0	723	20,285	822	4,795	0	-2,436	0	0	437	0	0	0%	6114%	80,199	92,486	-806,765	-884,390		
Final					504,924																							

2. Equity Ratio = Equity Assets / Company Action Level RBC
 3. RBC Ratio = Total Adjusted Capital / Company Action Level RBC
 4. Modified Total Adjusted Capital = Equity Assets + Pre-Funded Assets
 5. Trigger for Interest Approval Formula = Death Benefits + Expense Allowance + Premium Collected - Net YRT Flows + Other Expenses

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 974257

LEHMAN BROTHERS

Appendix I

Recent Golden Gate Q2 Financials



LIFE ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2006

OF THE CONDITION AND AFFAIRS OF THE

GOLDEN GATE CAPTIVE INSURANCE COMPANY

NAIC Group Code 0458 (Current) 0458 (Prior) NAIC Company Code 80234 Employer's ID Number 63-1191165

Organized under the Laws of SOUTH CAROLINA State of Domicile or Part of Entry SC

Country of Domicile United States of America

Incorporated/Organized 10/24/1997 Commenced Business 01/22/1998

Statutory Home Office 151 Meeting Street, Suite 301 Charleston, SC 29401 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office c/o Marsh Management Services, Inc., 151 Meeting Street, Suite 301 Charleston, SC 29401 (Street and Number) (City or Town, State and Zip Code) 205-268-1000 (Area Code) (Telephone Number)

Mail Address 151 Meeting Street, Suite 301 Charleston, SC 29401 (Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 2801 Highway 280 South Birmingham, AL 35223 (Street and Number) (City or Town, State and Zip Code) 205-268-1000 (Area Code) (Telephone Number)

Internet Website Address www.protective.com

Statutory Statement Contact Charles Dwight Evers, Jr. 205-268-1000 (Name) (Area Code) (Telephone Number) regulatorycommunicationonly@protective.com 205-268-3541 (E-mail Address) (FAX Number)

Policyowner Relations Contact 343 Sansome Street San Francisco, CA 94104 (Street and Number) (City or Town, State and Zip Code) 415-591-8265 (Area Code) (Telephone Number)

OFFICERS

President Allen Walker Ritchie Treasurer Richard Joseph Bialen Secretary Deborah Joyce Long Actuary Anil Sadrudin Manji

OTHER

Charles Dwight Evers Jr. VP, Accounting Anil Sadrudin Manji VP and Actuary Wayne Edmund Stuenkel VP Steven Glen Walker Controller, CAO

DIRECTORS OR TRUSTEES

Michael Alan Molony Allen Walker Ritchie Wayne Edmund Stuenkel FSA MAAA

State of Alabama SS: County of Jefferson

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Allen Walker Ritchie President

Deborah Joyce Long Secretary

Richard Joseph Bialen Treasurer

Subscribed and sworn to before me this 5th day of August 2006

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number.
2. Date filed.
3. Number of pages attached.

Nora G. Essman, Notary Public

My Commission Expires: January 13, 2010

STATEMENT AS OF JUNE 30, 2006 OF THE GOLDEN GATE CAPTIVE INSURANCE COMPANY

ASSETS

	Current Statement Date			December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	269,225,529		269,225,529	163,510,029
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (27,065), cash equivalents (\$ 17,578,000) and short-term investments (\$ 62,309,533)	79,860,448		79,860,448	90,030,414
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets				0
8. Receivables for securities	27,705		27,705	18,547
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	349,113,682	0	349,113,682	253,558,990
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	1,972,695		1,972,695	1,340,441
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	13,183,100		13,183,100	8,330,112
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	750,000		750,000	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts	4,458		4,458	3,687
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon				0
16.2 Net deferred tax asset	35,438,603	35,438,603	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	298,266	116,669	181,597	181,597
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	400,760,804	35,555,272	365,205,531	263,414,827
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	400,760,804	35,555,272	365,205,531	263,414,827
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. State Taxes Recoverable	181,597		181,597	181,597
2302. IFR Asset	116,669	116,669	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	298,266	116,669	181,597	181,597

STATEMENT AS OF JUNE 30, 2006 OF THE GOLDEN GATE CAPTIVE INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ 198,073,665 less \$ included in Line 6.3 (including \$ Modco Reserve)	198,073,665	113,788,067
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	0	0
3. Liability for deposit-type contracts (including \$ Modco Reserve)	0	0
4. Contract claims:		
4.1 Life	13,865,291	1,905,371
4.2 Accident and health	0	0
5. Policyholders' dividends \$ and coupons \$ due and unpaid	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)	0	0
6.2 Dividends not yet apportioned (including \$ Modco)	0	0
6.3 Coupons and similar benefits (including \$ Modco)	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums	0	0
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds	0	0
9.3 Other amounts payable on reinsurance, including \$ 21 assumed and \$ ceded	21	0
9.4 Interest Maintenance Reserve	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$	0	0
11. Commissions and expense allowances payable on reinsurance assumed	11,521,652	7,974,268
12. General expenses due or accrued	4,972	4,972
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	52,874	63,000
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	0	0
15.2 Net deferred tax liability	0	0
16. Unearned investment income	0	0
17. Amounts withheld or retained by company as agent or trustee	30,831	37,768
18. Amounts held for agents' account, including \$ agents' credit balances	16,268,104	16,268,104
19. Remittances and items not allocated	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21. Liability for benefits for employees and agents if not included above	0	0
22. Borrowed money \$ and interest thereon \$	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	581,911	503,284
24.2 Reinsurance in unauthorized companies	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	0	0
24.4 Payable to parent, subsidiaries and affiliates	130,662	124,163
24.5 Drafts outstanding	0	0
24.6 Liability for amounts held under uninsured plans	0	0
24.7 Funds held under coinsurance	0	0
24.8 Payable for securities	0	0
24.9 Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	165,528	90,531
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	240,690,539	124,468,424
27. From Separate Accounts Statement	0	0
28. Total liabilities (Lines 26 and 27)	240,690,539	124,468,424
29. Common capital stock	850	850
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	200,000,000	125,000,000
33. Gross paid in and contributed surplus	122,669,473	117,669,474
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(188,155,331)	(103,743,921)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)	0	0
36.2 shares preferred (value included in Line 30 \$)	0	0
37. Surplus (Total Lines 31-32-33-34-35-36) (including \$ in Separate Accounts Statement)	124,514,142	138,925,553
38. Totals of Lines 29, 30 and 37	124,514,992	138,926,403
39. Totals of Lines 28 and 38	365,205,531	263,414,827
DETAILS OF WRITE-INS		
2501. Surplus Note Accrued Interest	165,528	90,531
2502.	0	0
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	165,528	90,531
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)	0	0
3401.	0	0
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)	0	0

STATEMENT AS OF JUNE 30, 2006 OF THE GOLDEN GATE CAPTIVE INSURANCE COMPANY
SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	63,720,827	3,832,434	35,485,687
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	2,032,144	1,501,779	3,293,651
4. Amortization of Interest Maintenance Reserve (IMR)	48,650	21	(16,309)
5. Separate Accounts net gain from operations excluding unrealized gains or losses			0
6. Commissions and expense allowances on reinsurance ceded	30,592	269	13,084
7. Reserve adjustments on reinsurance ceded			0
8. Miscellaneous income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			0
8.2 Charges and fees for deposit-type contracts			0
8.3 Aggregate write-ins for miscellaneous income	0	0	0
9. Totals (Lines 1 to 8.3)	85,832,212	5,334,504	38,766,483
10. Death benefits	14,928,042	1,440,002	4,959,073
11. Matured endowments (excluding guaranteed annual pure endowments)			0
12. Annuity benefits			0
13. Disability benefits and benefits under accident and health contracts			0
14. Coupons, guaranteed annual pure endowments and similar benefits			0
15. Surrender benefits and withdrawals for life contracts			0
16. Group conversions			0
17. Interest and adjustments on contract or deposit-type contract funds	23,944	15,766	27,235
18. Payments on supplementary contracts with life contingencies			0
19. Increase in aggregate reserves for life and accident and health and contracts	84,295,599	3,560,656	65,339,156
20. Totals (Lines 10 to 19)	89,237,585	5,016,424	76,325,464
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)			0
22. Commissions and expense allowances on reinsurance assumed	60,656,520	424,747	30,226,095
23. General insurance expenses	142,675	95,862	3,542,318
24. Insurance taxes, licenses and fees, excluding federal income taxes	53,062	127,653	(78,241)
25. Increase in loading on deferred and uncollected premiums			0
26. Net transfers to or (from) Separate Accounts net of reinsurance			0
27. Aggregate write-ins for deductions	0	0	0
28. Totals (Lines 20 to 27)	160,083,842	5,664,687	104,015,637
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(94,251,629)	(330,183)	(65,249,153)
30. Dividends to policyholders			0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(94,251,629)	(330,183)	(65,249,153)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	133,286		97,269
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(94,384,915)	(330,183)	(65,346,422)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (133,286) (excluding taxes of \$ (133,286) transferred to the IMR)			0
35. Net Income (Line 33 plus Line 34)	(94,384,915)	(330,183)	(65,346,422)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	139,926,403	14,635,103	14,635,103
37. Net income (Line 35)	(94,384,915)	(330,183)	(65,346,422)
38. Change in net unrealized capital gains (losses)	5,081		370,471
39. Change in net unrealized foreign exchange capital gain (loss)			0
40. Change in net deferred income tax	18,666,376	(653,031)	10,457,676
41. Change in non-admitted assets and related items	(18,619,325)	653,031	(10,621,396)
42. Change in liability for reinsurance in unauthorized companies			0
43. Change in reserve on account of change in valuation basis, (increase) or decrease			0
44. Change in asset valuation reserve	(78,527)	(30,163)	(442,353)
45. Change in treasury stock			0
46. Surplus (contributed to) withdrawn from Separate Accounts during period			0
47. Other changes in surplus in Separate Accounts Statement			0
48. Change in surplus notes	75,000,000		125,000,000
49. Cumulative effect of changes in accounting principles			0
50. Capital changes:			
50.1 Paid in			0
50.2 Transferred from surplus (Stock Dividend)			0
50.3 Transferred to surplus			0
51. Surplus adjustment:			
51.1 Paid in	5,000,000		64,870,324
51.2 Transferred to capital (Stock Dividend)			0
51.3 Transferred from capital			0
51.4 Change in surplus as a result of reinsurance			0
52. Dividends to stockholders			0
53. Aggregate write-ins for gains and losses in surplus			0
54. Net change in capital and surplus for the year (Lines 37 through 53)	(14,411,411)	(380,346)	124,291,380
55. Capital and surplus, as of statement date (Lines 36 + 54)	124,514,992	14,274,757	138,926,403
DETAILS OF WRITE-INS			
08.301.			
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	0	0	0
2701.			
2702.			
2703.			
2796. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2796) (Line 27 above)	0	0	0
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	0	0

STATEMENT AS OF JUNE 30, 2006 OF THE GOLDEN GATE CAPTIVE INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	58,867,839	27,639,439
2. Net investment income	1,378,238	2,294,376
3. Miscellaneous income	30,592	49,497
4. Total (Lines 1 to 3)	60,276,669	29,983,313
5. Benefit and loss related payments	3,742,846	4,394,401
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	57,311,743	25,691,632
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$ (133,286) net of tax on capital gains (losses)	0	(424,107)
10. Total (Lines 5 through 9)	61,053,789	29,661,326
11. Net cash from operations (Line 4 minus Line 10)	(777,120)	321,986
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	29,758,280	18,291,352
12.2 Stocks	0	385,234
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(45,547)	4,254
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	29,712,733	18,681,640
13. Cost of investments acquired (long-term only):		
13.1 Bonds	135,439,065	128,877,401
13.2 Stocks	0	375,000
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	9,158	18,548
13.7 Total investments acquired (Lines 13.1 to 13.6)	135,448,243	129,270,949
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(105,735,510)	(110,589,309)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	75,000,000	125,000,000
16.2 Capital and paid in surplus, less treasury stock	4,999,999	64,870,324
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	16,342,664	(3,059)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	96,342,663	189,867,265
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(70,169,967)	79,600,143
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	90,030,415	10,430,272
19.2 End of period (Line 18 plus Line 19.1)	79,860,448	90,030,415
Note: Supplemental disclosures of cash flow information for non-cash transactions:		

J

LEHMAN BROTHERS

CONFIDENTIAL TREATMENT REQUESTED BY
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 974265

Appendix J

Credit Rating of YRT Reinsurance Providers

EGL:

Third Party Reinsurer	Share of Reinsurance Pool	S & P Rating	Moody's Rating
Canada Life Assurance Company	10%	AA	A1
Gen Re Life Corporation	25%	AAA	Aa1
RGA Reinsurance Company	40%	AA-	A1
Swiss Re Life and Health America	25%	AA-	Aa2

PLICO:

Third Party Reinsurer	Share of Reinsurance Pool	S & P Rating	Moody's Rating
Canada Life Assurance Company	30%	AA	A1
RGA Reinsurance Company	40%	AA-	A1
Swiss Re Life and Health America	30%	AA-	Aa2

WCL:

Third Party Reinsurer	Share of Reinsurance Pool	S & P Rating	Moody's Rating
Gen Re Life Corporation	20%	AAA	Aa1
RGA Reinsurance Company	30%	AA-	A1
Swiss Re Life and Health America	50%	AA-	Aa2