

# **EXHIBIT A**

Execution Version

CONFIDENTIAL

**STOCK PURCHASE AGREEMENT**  
**BY AND BETWEEN**  
**GLOBAL LIFE HOLDINGS, LLC**  
**AND**  
**CENTRAL UNITED LIFE INSURANCE COMPANY**

**Dated as of December 4, 2012**

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## STOCK PURCHASE AGREEMENT

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**THIS STOCK PURCHASE AGREEMENT** (this "Agreement") is entered into by and between GLOBAL LIFE HOLDINGS, LLC ("Seller"), a Delaware Limited Liability Company, and CENTRAL UNITED LIFE INSURANCE COMPANY ("Purchaser"), an Arkansas life insurance company as of the Effective Date. Certain capitalized terms used herein are defined in Section 1.1.

**WHEREAS**, Seller owns all of the issued and outstanding shares (the "Shares") of common stock of Western United Life Assurance Company, a Washington domiciled stock life insurance company (the "Company"); and

**WHEREAS**, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, all of the Shares, on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the respective representations, warranties, and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **ARTICLE 1** **DEFINITIONS**

**1.1 Definitions**. The following terms shall have the respective meanings set forth below throughout this Agreement:

**"Affiliate"** means, with respect to any Person, at any relevant time, any other Person controlling, controlled by or under common control with such Person.

**"Applicable Law"** means any domestic or foreign federal, state, or local statute, law, ordinance, or code, or any written rules, regulations, or administrative interpretations issued by any Governmental Authority pursuant to any of the foregoing, and any order, writ, injunction, directive, judgment, or decree of a court of competent jurisdiction applicable to the parties.

**"Business Day"** means any day other than a Saturday, Sunday, a day on which banking institutions in the State of New York are permitted or obligated by Applicable Law to be closed, or a day on which the New York Stock Exchange is closed for trading.

**"Cash Bonus Plan"** means the annual cash bonus plan of the Company.

**"Closing"** means the closing of the purchase and sale of the Shares as contemplated by this Agreement.

**"Closing Date"** has the meaning set forth in Section 2.2.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

“**Company**” has the meaning set forth in the first recital of this Agreement.

“**Company Benefit Plan**” has the meaning set forth in Section 5.10.

“**Company SAP Statements**” has the meaning set forth in Section 5.5.

“**Confidential Information**” has the meaning set forth in Section 6.10(b).

“**Consent**” means any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract or Applicable Law.

“**Contract**” means any written contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, or license.

“**Control**” (including the terms “**controlling**,” “**controlled by**,” and “**under common control with**”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise. Except as provided otherwise in this Agreement, control is presumed to exist if any Person, directly or indirectly, owns, controls, or holds with the power to vote ten percent (10%) or more of the voting securities of any other Person, or is entitled by Contract or otherwise to appoint or elect the majority of the board of directors or comparable governing body of any other Person.

“**Effective Date**” means December 4, 2012.

“**Enforceability Exceptions**” has the meaning set forth in Section 3.2.

“**Environmental Law**” means any law regulating or relating to the protection of natural resources, the environment or human health as it relates to pollution.

“**ERISA**” has the meaning set forth in Section 5.10.

“**Governmental Authority**” means any court, administrative or regulatory agency or commission, or other federal, state, or local governmental authority or instrumentality having jurisdiction over any party.

“**Hazardous Substance**” means (i) any petroleum or petroleum products, asbestos, urea formaldehyde insulation or polychlorinated biphenyls and (ii) any material or substance regulated as toxic or hazardous under any applicable Environmental Law.

“**IRS**” means the United States Internal Revenue Service.

“**Knowledge of Purchaser**” means the actual knowledge of the Persons set forth on *Schedule 1.1(a)*.

“**Knowledge of Seller**” means the actual knowledge of the Persons set forth on *Schedule 1.1(b)*.

**“Lien”** means any claim, charge, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, security interest, or other security arrangement, on or with respect to any asset or property.

**“Litigation”** means any action, cease and desist letter, demand, suit, arbitration proceeding, administrative or regulatory proceeding, citation, summons or subpoena of any nature, civil, criminal, regulatory or otherwise, in law or in equity.

**“Material Contract”** has the meaning set forth in Section 5.25(a).

**“Ordinary Course of Business”** means the ordinary and usual course of normal operations of the Company through the Effective Date consistent with past practice.

**“Permits”** means any licenses, permits, approvals, registrations, authorizations, or qualifications of any Governmental Authority required under Applicable Law.

**“Permitted Lien”** means (i) statutory liens for Taxes, assessments or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings, (ii) any imperfection of title that does not interfere with present use or continuation of such present use, (iii) liens or obligations arising in the Ordinary Course of Business securing accrued obligations not yet due and payable or being contested in good faith and which individually or in the aggregate would not be materially adverse to the Company, (iv) matters disclosed in the schedules to this Agreement, (v) Liens arising in the Ordinary Course of Business and which individually or in the aggregate would not be material to the Company, (vi) mortgages or security interests or obligations, with respect to which no default (or event that, with notice or lapse of time or both, would constitute a default) exists, (vii) liens for current taxes not yet due, or (viii) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto.

**“Person”** means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization, governmental, judicial or regulatory body, business unit, division, or other entity.

**“Policies”** means all policies or insurance and annuity contracts, together with all related binders, slips and certificates (including all supplements, endorsements, riders and agreements in connection therewith) which have been issued or reinsured by the Company (in accordance with, and as determined by reference to, the Company’s historical practices) before the date hereof.

**“Producer”** means each insurance agent, marketer, underwriter, wholesaler, broker, distributor or other producer that has written, sold, produced or marketed any Policies.

**“Purchase Price”** has the meaning set forth in Section 2.1.

**“Purchaser”** has the meaning set forth in the Preamble.

**“Purchaser Material Adverse Effect”** means an event, change or occurrence that has a material adverse effect on (i) the business, properties, assets, liabilities, operations or financial condition of Purchaser considered as a whole, or (ii) the ability of Purchaser to perform its

obligations under this Agreement or to consummate the transactions contemplated hereby in a timely manner.

“**Retention Award Letters**” means the cash retention award letters referenced on *Schedule 6.1*.

“**Restricted Stock Plan**” means the Restricted Stock Plan of the Company, under which awards of restricted stock are granted to certain eligible employees of the Company.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Seller**” has the meaning set forth in the Preamble.

“**Seller Material Adverse Effect**” means a material adverse change in, or effect on, (i) the business, assets, results of operations or financial condition of the Company, considered as a whole, or (ii) the ability of Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby, *provided, however*, that a “Seller Material Adverse Effect” shall not include the effect of any event, change or occurrence arising out of or attributable to an Excluded Matter. “Excluded Matter” means any one or more of the following: (a) the effects of changes that are generally applicable to any segment of the lines insurance industry generally, (b) the effect of any general economic, political or market conditions, (c) the effect of any outbreak or escalation of hostilities, earthquakes, war (whether or not declared), acts of terrorism, or national emergency or other national or international calamity or crisis, (d) the effect of any general suspension of trading in securities or the declaration of a banking moratorium or any suspension of payments on the extension of credit by lending institutions, (e) the effect of any accounting rules or Applicable Law or in the interpretation of any Applicable Law by any Governmental Authority, (f) the effect of any changes in SAP, (g) the effect of any changes in prevailing interest rates, (h) financial or securities market fluctuations or conditions, (i) any change or effect resulting from the announcement of the pendency of the transactions contemplated herein, and (j) the effects of a force majeure event.

“**Shares**” has the meaning set forth in the first recital to this Agreement.

“**Taxes**” (or “**Tax**” as the context may require) means all federal, state, county, local, foreign and other taxes (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, withholding, employment and payroll related, and property taxes).

“**Washington SAP**” means the statutory accounting principles and practices prescribed or permitted by the Commissioner of Insurance of the State of Washington.

## **ARTICLE 2**

### **PURCHASE AND SALE OF SHARES**

**2.1 Purchase and Sale of Shares.** Subject to the terms and conditions of this Agreement, at the Closing, Purchaser shall purchase all of the Shares from Seller, and Seller

shall sell all of the Shares to Purchaser, for Thirty Million Dollars (\$30,000,000) (the "Purchase Price").

**2.2 Closing.** The Closing shall take place at the offices of Debevoise & Plimpton LLP, located at 919 Third Avenue, New York, New York 10022, at 10:00 a.m. local time on (a) the last Business Day of the month in which the last of the conditions set forth in Article 7 (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time) is satisfied or waived by the party entitled to waive the same, *provided, however*, that if the date of such satisfaction or waiver is less than five Business Days prior to the such last Business Day of the month, the Closing shall take place on the last Business Day of the succeeding month, or (b) such other date as Seller and Purchaser may mutually agree. The day on which the Closing actually takes place is referred to herein as the "Closing Date." The transactions contemplated hereby to occur on the Closing Date shall be deemed to have been consummated and become effective for all purposes at 11:59 p.m. on the Closing Date.

**2.3 Closing Deliveries.**

(a) At the Closing, Seller shall execute (where appropriate) and deliver to Purchaser the following:

(i) Certificate(s) representing the Shares, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank;

(ii) Evidence of receipt of all Consents identified on *Schedule 7.3(d)*, to the extent such Consents are addressed to Seller;

(iii) Letters of resignation of all the directors and officers of the Company;

(iv) Certificates of Compliance issued by the Washington State Office of the Insurance Commissioner;

(v) A certificate complying with the Code certifying that Seller's owner for U.S. federal tax purposes is not a foreign person for purposes of Section 1445 of the Code; and

(vi) Any other deliveries contemplated by Article 7 to be delivered by Seller at the Closing.

(b) At the Closing, Purchaser shall execute (where appropriate) and deliver to Seller the following:

(i) the Purchase Price;

(ii) Evidence of receipt of all Consents identified on *Schedule 7.2(d)*.

(iii) Any other deliveries contemplated by Article 7 to be delivered by Purchaser at the Closing.

(c) At the Closing, Seller shall fully redeem the Senior Secured Note issued by Seller to the Company effective August 8, 2011 by paying the Company cost in the amount of \$8,380,000.

**2.4 Wire Transfers.** Any payment of cash required by this Agreement shall be paid to the recipient in immediately available funds, United States Dollars, by means of a wire transfer to an account designated by the recipient at least one Business Day prior to the required date of payment.

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby represents and warrants to Purchaser as follows:

**3.1 Existence and Power.** Seller is organized, validly existing and in good standing under the laws of Delaware and has all requisite powers required to carry on its business as now conducted.

**3.2 Authority.** Seller has all requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement. The execution and delivery by Seller of this Agreement, and the performance of its obligations under this Agreement, have been duly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and, subject to the due execution and delivery by the other parties to this Agreement, this Agreement will, upon due execution and delivery, be the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except (i) as the same may be limited by bankruptcy, insolvency, rehabilitation, receivership, moratorium or other similar laws affecting the enforcement of creditors' rights and remedies, generally, and (ii) for the limitations imposed by equitable principles of general applicability (whether considered in a proceeding at law or in equity). The foregoing exceptions set forth in clauses (i) and (ii) of this Section 3.2 are hereinafter referred to as the "Enforceability Exceptions."

**3.3 Governmental Authorization.** Except as set forth on *Schedule 3.3*, the execution, delivery, and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby do not require Seller to obtain any Consent from, or give any notice to, any Governmental Authority.

**3.4 No Conflict or Violation by Seller.** Except as set forth on *Schedule 3.4*, the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby will not (a) violate any provision of the charter, bylaws or any other organizational document of Seller, or (b) assuming the receipt of the Consents and giving of the notices set forth in *Schedule 3.3*, (i) violate any order, judgment, injunction, award or decree of any arbitrator or Governmental Authority, or any agreement with, or condition imposed by, any arbitrator or Governmental Authority binding upon Seller in connection with the Company, (ii) violate, in any respect, any agreement with, or condition imposed by, any Governmental Authority specifically upon Seller with respect to the Company, (iii) violate, in any respect, any Applicable Law, or (iv) result in a breach or violation of any of the terms or

conditions of, constitute a default under, or otherwise cause an impairment or a revocation of, any license or authorization related to the Company, except, in the case of the foregoing clause (b), as would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect.

**3.5 Brokerage and Financial Advisers.** No broker, finder, or financial adviser has acted directly or indirectly as such for, or is entitled to any compensation from, Seller in connection with this Agreement or the transactions contemplated hereby.

**3.6 Shares.** Except as set forth on *Schedule 3.6*, Seller holds of record and owns beneficially, free and clear of any and all Liens, all of the Shares. Seller is not a party to any option, warrant, purchase right, or other contract or commitment that would require it to sell, transfer, or otherwise dispose of any capital stock of the Company, other than this Agreement. Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of the Company. Upon the delivery of and payment for the Shares at the Closing as provided for in this Agreement, Purchaser will acquire good and valid title to all of the Shares, free and clear of any Lien other than any Lien created by Purchaser and be the sole shareholder of the Company.

#### **ARTICLE 4** **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

Purchaser represents and warrants to Seller as follows:

**4.1 Corporate Existence and Power.** Purchaser is organized, validly existing and in good standing under the laws of the State of Arkansas and has all requisite powers required to carry on its business as now conducted.

**4.2 Authority.** Purchaser has all requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement. The execution and delivery by Purchaser of this Agreement, and the performance of its obligations under this Agreement, have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser, and, subject to the due execution and delivery by the other parties to this Agreement, this Agreement will, upon due execution and delivery, be the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to the Enforceability Exceptions.

**4.3 Governmental Authorization.** Except as set forth in *Schedule 4.3*, the execution, delivery, and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby do not require Purchaser to obtain any Consent or give any notice to, any Governmental Authority.

**4.4 No Conflict or Violation by Purchaser.** The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby will not (a) violate any provision of the charter, bylaws or any other organizational document of Purchaser or (b) assuming the receipt of the Consents and giving of the notices set forth in *Schedule 4.3*, (i) violate any order, judgment, injunction, award or decree

of any arbitrator or Governmental Authority, or any agreement with, or condition imposed by, any arbitrator or Governmental Authority binding upon Purchaser, (ii) violate, in any respect, any agreement with, or condition imposed by, any Governmental Authority specifically upon Purchaser, (iii) subject to the requirements referred to in *Schedule 4.3*, violate, in any respect, any Applicable Law, or (iv) result in a breach or violation of any of the terms or conditions of, constitute a default under, or otherwise cause an impairment or a revocation of, any license or authorization related to Purchaser, except, in the case of the foregoing clause (b), as would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

**4.5 Brokerage and Financial Advisers.** Except for Caldwell & Caldwell, whose fees and expenses will be paid by Purchaser, no broker, finder, or financial adviser has acted directly or indirectly as such for, or is entitled to any compensation from, Purchaser in connection with this Agreement or the transactions contemplated hereby.

**4.6 Investment Intent.** Purchaser is purchasing the Shares solely for investment for the account of Purchaser, and not with a view to resale in connection with any distribution, within the meaning of the Securities Act or other Applicable Law, of the Shares. Purchaser hereby acknowledges that the Shares have not been registered pursuant to the Securities Act and may not be transferred in the absence of such registration or an exemption therefrom under the Securities Act.

**4.7 Licenses and Authorizations.** Purchaser has all licenses and authorizations necessary to perform its obligations under this Agreement. All such licenses and authorizations are valid and in full force and effect and Purchaser is not operating under any formal or informal agreement or understanding with any Governmental Authority that restricts its authority to do business or requires Purchaser to take, or refrain from taking, any action. No violations exist in respect of any such license or authorization and no investigation or proceeding is pending or, to the Knowledge of Purchaser, threatened, that would be reasonably likely to result in the suspension, revocation or limitation or restriction of any such license or authorization.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Seller hereby represents and warrants to Purchaser as follows:

**5.1 Corporate Existence and Power.** Company is organized, validly existing and in good standing under the laws of the State of Washington and has all requisite powers required to carry on its business as now conducted.

**5.2 Capitalization.** The authorized capital stock of the Company consists of 5,000,000 shares of common stock, par value \$1 per share, of which 2,400,000 shares are issued and outstanding and 15,000,000 shares of preferred stock of which none is issued and outstanding as of the Effective Date. All of the issued and outstanding shares of capital stock of the Company have been duly authorized, are validly issued, fully paid, and non-assessable except as provided under RCW 48.08.050 and Article 12, Section 11 of the Washington State Constitution. There are no outstanding options, warrants, purchase rights, subscription rights,

conversion rights, exchange rights, or other contracts or commitments that could require Company to issue, sell, or otherwise cause to become outstanding any of its capital stock. There are no outstanding stock appreciations, phantom stocks, profit participations, or similar rights with respect to the Company.

**5.3 No Conflict or Violation by the Company.** Except as set forth on *Schedule 5.3*, the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby will not (a) violate any provision of the charter, bylaws or any other organizational document of the Company, or (b) assuming the receipt of the Consents and giving of the notices set forth in *Schedule 3.3*, (i) violate, conflict with or result in the breach of any of the terms of, result in any modification of the effect of, otherwise give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both, constitute) a default under, any Material Contract, (ii) violate any order, judgment, injunction, award or decree of any arbitrator or Governmental Authority, or any agreement with, or condition imposed by, any arbitrator or Governmental Authority binding upon the Company, (iii) violate, in any respect, any agreement with, or condition imposed by, any Governmental Authority specifically upon Company, (iv) subject to the requirements referred to in *Schedule 3.3*, violate, in any respect, any Applicable Law, or (v) result in a breach or violation of any of the terms or conditions of, constitute a default under, or otherwise cause an impairment or a revocation of, any license or authorization related to the Company, except, in the case of the foregoing clause (b), as would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect.

**5.4 Permits.** The Company has all Permits affecting, or relating to, the operation of the Business, except as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect. The Permits are valid and in full force and effect, Company is not in default under the Permits and none of the Permits will be terminated as a result of the transactions contemplated hereby, except, in each case, as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect.

**5.5 Financial Statements.**

(a) Seller has made available to Purchaser true, complete, and correct copies of the audited GAAP Financial Statements of Seller as of December 31, 2010 and 2011 and the audited statutory financial statements of the Company at and for the years ended December 31, 2010 and 2011. Except as set forth therein or in the notes thereto, these financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus, results of operations and cash flows of the Company as of the respective dates and for the respective periods covered thereby in accordance with Washington SAP or GAAP, as applicable, applied on a consistent basis throughout the periods indicated, except as otherwise noted therein.

(b) Seller has made available to Purchaser true, complete, and correct copies of (i) the unaudited statutory annual statement of the Company as filed with the Washington State Office of the Insurance Commissioner at and for the year ended December 31, 2011, together with all exhibits and schedules thereto and (ii) the statutory quarterly statements of the Company as filed with the Washington State Office of the Insurance Commissioner at and for the nine month period ended September 30, 2012 (the statements described in (i) and (ii) are

collectively referred to as, the “Company SAP Statements”). Except as set forth therein or in the notes thereto, or in *Schedule 5.5*, the Company SAP Statements (A) have been prepared in accordance with Washington SAP, consistently applied, and (B) present fairly, in all material respects, the statutory financial position, results of operations and cash flows of the Company as at the respective dates thereof, and for the periods referred to therein, except as otherwise noted therein.

**5.6 Actions and Proceedings.** Except as set forth on *Schedule 5.6*, as of the date hereof, (a) there are no outstanding orders, decrees, judgments, agreements, or understandings by or with any Governmental Authority before which the Company is a party that, individually or in the aggregate, would have a Seller Adverse Effect, and (b) there is no Litigation pending or, to the Knowledge of Seller, threatened in writing against the Company at law or in equity, or before or by any Governmental Authority or before any arbitrator of any kind, except, in each case, as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect.

**5.7 Compliance with Laws.** Except as set forth on *Schedule 5.7*, (a) to the Knowledge of Seller, the Company is in compliance with all Applicable Laws, and (b) since January 1, 2010, neither Seller nor the Company has received any written notice alleging any violation of any such Applicable Law by the Company, except, in each case, as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect.

**5.8 Regulatory Filings.** Except as identified on *Schedule 5.8*, since January 1, 2010, (a) the Company has filed all reports, statements, documents, registrations, filings or submissions required to be filed by it with any Governmental Authority, and (b) all such registrations, filings, and submissions were in compliance in all respects with Applicable Law when filed or as amended or supplemented, and, to the Knowledge of Seller, no deficiencies have been asserted by any Governmental Authority with respect to such registrations, filings, or submissions that have not been satisfied, except, in each case, as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect.

**5.9 Employees and Compensation.** Attached as *Schedule 5.9* is a complete and accurate list of all employees of the Company, their positions and annual base compensation, and all persons appointed to act as agents for the Company, in each case, as of the Effective Date of this Agreement. Since June 30, 2012, there have been no new agency appointments and no new employees hired, except as set forth on *Schedule 5.9*, and except for the officers of the Company or as otherwise reflected on *Schedule 5.9*, no other person has the authority to bind the Company to any contract. Except as set forth in *Schedule 5.9*, since the date of this Agreement, no employee has received any extraordinary compensation, and there has been no material general increase in the compensation or rate of compensation payable to any employees of the Company, nor has there been any material change in any employee benefit arrangement, nor has any extraordinary increase in his or her compensation, general material increase, or material change in employee benefit arrangements been promised to any employee orally or in writing (whether or not legally binding), in each case above, other than that (i) required by an agreement or other plan or arrangement in place, as of the date of this Agreement, (ii) required by applicable law or (iii) in the ordinary course of business, consistent with past practices.

**5.10 Employee Benefit Plans, Deferred Compensation, Pension, and Profit-Sharing Plans.** *Schedule 5.10* lists all Company Benefit Plans. For purposes of this agreement, “Company Benefit Plan” means any material (a) “employee pension benefit plan” (as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), determined without regard to whether coverage under ERISA is excluded under Section 4 thereof, (b) “employee welfare benefit plan” (as such term is defined in Section 3(1) of ERISA) determined without regard to whether coverage under ERISA is excluded under Section 4 thereof, (c) collective bargaining agreement; (d) personnel policy (including but not limited to vacation time, holiday pay, bonus programs, moving expense reimbursement programs, and sick leave); (e) excess benefit plan, bonus or incentive plan (including but not limited to stock options, restricted stock, stock bonus, and deferred bonus plans); (f) salary agreement or consulting agreement; (g) other benefit, program or contract, whether or not written; or (h) multi-employer plan which provides welfare benefits as described in Section 3(1) of ERISA, in each case of (a) through (h), that is maintained or contributed to by the Company or any of its subsidiaries to provide benefits to any employee or independent contractor providing services to the Company; excluding any multi-employer plans.

**5.11 Tax Returns.** Except as set forth in *Schedule 5.11* or, other than with respect to Section 5.11(g), as would not, individually or in the aggregate, have a Seller Material Adverse Effect:

(a) The Company has filed all federal income Tax returns required to be filed by it. The Company has paid or there has been paid on its behalf all material federal income Taxes of the Company that are due and payable (to the extent not provided for on the Company’s SAP Balance Sheets prepared as of the Closing Date).

(b) The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax payment, assessment, deficiency, or collection that is still pending (other than pursuant to extensions of time to file Tax returns in the Ordinary Course of Business).

(c) The Company has never received written notice of any audit or of any proposed deficiencies from the Internal Revenue Service (the “IRS”) or any other taxing authority concerning any Tax liability of the Company (other than audits or deficiencies which have been resolved).

(d) The Company has no liability for Taxes of any other Person under Treasury Regulations § 1.1502-6 (or any similar provision of foreign, state or local law) other than with respect to any consolidated, combined or unitary Tax group of which it currently is a member.

(e) The Company has not agreed to make any adjustment under Section 481(a) or Section 807(f) of the Code that would result in the Company including any material item of income in taxable income for any taxable period ending after the Closing Date.

(f) The Company is not a party to any contract, agreement, plan or arrangement covering any employee or former employee thereof, that would, under the terms of

such contract, agreement, plan or arrangement, be paid upon consummation of the transaction contemplated by this Agreement, and such payment, if paid, would individually or collectively, not be deductible by the Company pursuant to Section 280G of the Code.

(g) Seller is disregarded as separate from its owner for U.S. federal income tax purposes, and Seller's owner for U.S. federal income tax purposes is not a "foreign person" within the meaning of Section 1445 of the Code and Treasury Regulations Section 1.1445-2.

**5.12 Title to Assets.** Except as set forth on *Schedule 5.12*, the Company has good and marketable title to, or otherwise has the right to use pursuant to a valid and enforceable lease, license or similar contractual arrangement, all of its material personal property assets, in each case free and clear of all Liens, other than Permitted Liens, except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

**5.13 Title to Properties; Encumbrances.** *Schedule 5.13* contains a complete and accurate list of all real property, leaseholds or other interests in real property owned by the Company. Seller has delivered or made available to Buyer copies of the deeds and other instruments (as recorded) by which the Company acquired such real property and interests, and copies of all material title insurance policies, opinions, abstracts, and surveys in the possession of Seller or the Company that relate to such property or interest. The Company has good and marketable title to the real property owned by it (together with all improvements and fixtures located thereon or attached or appurtenant thereto), free and clear of all Liens other than Permitted Liens. All buildings, plants, and structures owned by the Company lie wholly within the boundaries of the real property owned by the Company and do not encroach upon the property of, or otherwise conflict with the real property rights of, any other Person.

**5.14 Environmental Matters.** Except as set forth in *Schedule 5.14* or as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect: (a) the Company is, and since January 1, 2010 has been, in compliance with all applicable Environmental Laws and is in possession of, and in compliance with, all Permits required under applicable Environmental Laws; (b) since January 1, 2010, the Company has not received from any Governmental Body any notice of violation or alleged violation of any Environmental Law, other than any such violation or alleged violation that has been resolved or for which there are no additional obligations; (c) as of the date hereof, no Litigation is pending or, to the Knowledge of Seller, threatened against the Company arising under any Environmental Law; and (d) the Company has not released Hazardous Substances into the soil or groundwater at, under or from the real property owned by the Company, which, as of the date hereof, requires investigation or remediation by the Company under applicable Environmental Laws.

**5.15 Trademarks and Copyrights.** Except as set forth on *Schedule 5.15*, the Company does not own any material trademarks, trade names, or copyrights necessary for the conduct of its business. There is no claim pending or, to the Knowledge of Seller, threatened against the Company with respect to alleged infringement of any trademark or trade name owned by it, nor, to the Knowledge of Seller, does the operation of the Company in the manner in which it has heretofore operated give rise to any such action for or allegation of infringement.

**5.16 Conduct of Business.** Except as set forth in *Schedule 5.16*, since January 1, 2012, there has not been any Seller Material Adverse Effect.

**5.17 Insurance Policies.** Except as set forth in *Schedule 5.17*, all current insurance policies covering the Company, its assets, its employee(s) or other assets are in full force and effect (and all premiums due and payable thereon have been paid in full on a timely basis), and no written notice of cancellation, termination or revocation or other written notice that any such insurance policy is no longer in full force or effect or that the issuer of any policy is not willing or able to perform its obligations thereunder has been received by Seller or the Company.

**5.18 Bank Accounts, Etc.** *Schedule 5.18* sets forth a correct and complete list of each bank account, safe deposit box, brokerage account, trust account, depository account, or other custodial account of the Company, the number of each such account or box, and the name of all persons authorized to draw thereon or to have access thereto. Effective as of the Closing, Seller shall change the individuals authorized to draw on or having access to the bank, savings, deposit or custodial accounts and safe deposit boxes maintained by the Company to the individuals designated in writing by Purchaser.

**5.19 Books and Records.** The minute books, stock certificate books, and stock record books of Company are true and complete except as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect, and the signatures therein are the true signatures of the persons purporting to have signed them.

**5.20 Labor Relations; Compliance.** The Company is not a party to any collective bargaining or other labor Contract. There has not been, there is not presently pending or existing, and there is not threatened, (a) any strike, slowdown, picketing, work stoppage, or employee grievance process, (b) any proceeding against or affecting the Company relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed by an employee or union with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Body, organizational activity, or other labor or employment dispute against or affecting the Company or its premises, or (c) any application for certification of a collective bargaining agent, except, in each case, as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect. To the Knowledge of Seller, no event has occurred or circumstance exists that could provide the basis for any material work stoppage or other labor dispute. To the Knowledge of Seller, there is no lockout of any employees by the Company, and, as of the date hereof, no such action is being contemplated by the Company. Except as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect, (i) the Company has, since January 1, 2010, complied in all respects with all Applicable Laws relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar taxes, occupational safety and health, and plant closing, and (ii) the Company is not liable for the payment of any compensation, damages, taxes, fines, penalties, or other amounts, however designated, for failure to materially comply with any of the foregoing requirements of Applicable Law.

**5.21 Commercial Domicile.** The Company is not commercially domiciled in any state.

**5.22 Subsidiaries.** The Company has no subsidiaries.

**5.23 Affiliate Transactions.** *Schedule 5.23* lists all Contracts between the Company and any of its Affiliates, including a description of the agreement or transaction, and the date of approval or acceptance by the Governmental Authority, if required by law.

**5.24 Producers.** *Schedule 5.24* contains a correct and complete list of the top five (5) Producers for the Company as measured by the amounts of commissions or other compensation paid by the Company to such Producers during the twelve (12)-month period ended September 30, 2012. To the Knowledge of Seller, all such Producers are duly licensed with the insurance regulatory authority of the state or jurisdiction in which such Producer writes insurance on behalf of the Company. Seller has made available to Purchaser true and complete copies of all written agency agreements (including commission schedule) and contingent commission agreements with such Producers that are currently in force. Except as set forth on *Schedule 5.24*, to the Knowledge of Seller, no Producer (i) has entered into any lease or other Contract (other than contracts of insurance) which bind or purports to bind the Company or (ii) is in arrears with respect to premium remittances more than ninety (90) days from the end of the accounting month in which the premium was billed, except as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect. To the Knowledge of Seller, no Producer has committed any act or omission that could reasonably be expected to result in any liability to the Company, other than acts lawfully taken by such Producers in compliance with agreements between such persons and the Company, except as would not reasonably be expected, individually or in the aggregate, to have a Seller Material Adverse Effect.

**5.25 Material Contracts.**

(a) *Schedule 5.25(a)* sets forth a list of all of the following Contracts to which the Company is a party or by which it is bound (collectively, the "Material Contracts"):

(i) Contracts to which the Company or a current officer or director of the Company are parties (other than Contracts made in the Ordinary Course of Business on terms generally available to similarly situated non-affiliated parties).

(ii) Contracts for the sale of any of the assets of the Company other than in the Ordinary Course of Business, the performance of which is expected to involve amounts payable to the Company in excess of \$100,000 in any twelve (12) month period subsequent to the date hereof.

(iii) Contracts relating to any acquisition to be made by the Company of any operating business or the capital stock of any other Person, in each case for consideration in excess of \$100,000.

(iv) Contracts relating to the incurrence of indebtedness for borrowed money by the Company, or the making of any loans other than in the Ordinary Course of Business, in each case involving amounts in excess of \$100,000.

(v) Contracts the performance of which is expected to involve the expenditure by the Company of more than \$100,000 in any twelve (12) month period subsequent to the date hereof.

(b) Except as set forth on *Schedule 5.25(b)*, as of the date hereof, the Company has not received any written notice of any default or event that with notice or lapse of time, or both, would constitute a default by the Company under any Material Contract.

(c) There are no Material Contracts not reduced to writing and signed by the parties thereto.

**5.26 No Other Representations and Warranties.** Except for the representations and warranties expressly set forth in Article 3 and this Article 5, (a) none of Seller, any of its Affiliates or any of their respective officers, employees, agents or representatives, makes or has made any express or implied representation or warranty on behalf of Seller as to the Company or the accuracy or completeness of any information regarding the Company furnished or made available to Purchaser and its officers, employees, agents or representatives, and (b) Purchaser has not relied on any representation or warranty from Seller, any of its Affiliates or any of their respective officers, employees, agents or representatives in determining to enter into this Agreement. Disclosure of any fact or item in any Schedule to this Agreement referenced in any paragraph or section of this Agreement shall, should the existence of the fact or item or its contents be relevant to any other paragraph or section, be deemed to be disclosed with respect to that other paragraph or section whether or not a specific cross-reference appears. Disclosure of any fact or item in any Schedule hereto shall not necessarily mean that such item or fact is material to the business or financial condition of the Company.

## **ARTICLE 6** **COVENANTS**

**6.1 Related Transactions - Company.** Prior to the Closing, except (i) as set forth on *Schedule 6.1*, (ii) as required by Applicable Law, (iii) as otherwise contemplated by this Agreement, or (iv) with the prior written consent of Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned), Seller shall cause the Company:

(a) not to enter into any contract of employment with, or increase the compensation paid or payable to, or enter into any new agreement with, any officer, director, employee, or agent or become committed to pay, or pay, any bonuses, profit sharing, or other special compensation to any person or agent, (other than the payment of any bonuses or amounts pursuant to any Retention Award Letters entered into prior to the date of this Agreement), and in each case other than in the ordinary course of business and in a manner consistent with past practice.

(b) to operate its business in the Ordinary Course of Business, including the preparation of financial statements in the manner described in Section 5.5.

(c) to comply with, in all material respects, all Applicable Laws and to maintain its books and records in the Ordinary Course of Business.

(d) Terminate, without liability beyond the financial terms of the respective agreements, the Restricted Stock Plan and Cash Bonus Plan together with all outstanding award agreements.

(e) apply for the approval of the Washington Commissioner of Insurance to extend its permission to use all of the permitted accounting practices listed in *Schedule 6.1(e)* through December 31, 2013.

## **6.2 Investigations; Pre-Closing Access.**

(a) Prior to the earlier of the Closing Date or termination of this Agreement, Purchaser shall be entitled, through its employees and representatives, to make such investigation of the offices, properties, assets, books and records and operation of the Company as Purchaser may reasonably request. Any such investigation or examination shall be conducted at reasonable times upon reasonable prior notice.

(b) Prior to the earlier of the Closing Date or termination of this Agreement, Seller shall be entitled, through its employees and representatives, to make such investigation of the offices, properties, books and records of Purchaser as Seller may reasonably request. Any such investigation or examination shall be conducted at reasonable times upon reasonable prior notice.

(c) Notwithstanding any other provisions of this Section 6.2, the parties shall cooperate in implementing the provisions of this Section 6.2 in good faith with the objective of not preventing or interfering with Seller's ability to comply with Section 6.1.

## **6.3 Filings; Other Actions; Notifications.**

(a) Seller and Purchaser shall cooperate and use their respective reasonable best efforts to promptly obtain all Consents, and to promptly give and make all notices and filings with any Governmental Authorities necessary to authorize, approve or permit the consummation of the transactions contemplated by this Agreement and the other agreements contemplated hereby and thereby, including, without limitation, the Consents identified on *Schedules 3.3* and *4.3*. Purchaser shall, within ten (10) Business Days from the date hereof, file a complete and accurate "Form A" with the Washington Office of Insurance Commissioner and file any other required filings to seek approval of the acquisition of the Control of the Company within thirty (30) days after the Effective Date. Seller shall use its reasonable best efforts to obtain promptly, and Purchaser shall cooperate with Seller in promptly obtaining, all other Consents to the transactions contemplated by this Agreement, including the items identified on *Schedule 3.3*. Purchaser shall use its reasonable best efforts to obtain promptly, and Seller shall cooperate with Purchaser in promptly obtaining, all other Consents to the transactions contemplated by this Agreement, including the items identified on *Schedule 4.3*. Seller and Purchaser shall each furnish to the other such reasonable information and assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions to any Governmental Authority.

(b) The parties agree that they will cooperate with each other with respect to the obtaining of all Consents of all third parties and Governmental Authorities necessary to consummate the transactions contemplated by this Agreement and each party will keep the other reasonably apprised of the status of matters relating to completion of the transactions contemplated herein. The form of any filings, registrations or notifications required to be made by any party shall be subject to the prior approval of the other party or parties, which approval shall not be unreasonably withheld, conditioned or delayed, except that no party shall be obligated to share confidential or proprietary information with the other parties in connection with such filings. With respect to the Form A required under (a) above, Purchaser shall allow Seller three (3) Business Days to review the form. The party responsible for a filing as set forth above shall promptly deliver to the other party evidence of the filing of all filings, registrations and notifications relating thereto and any supplement, amendment or item of additional information in connection therewith (excluding confidential and proprietary information). The party responsible for a filing shall also promptly deliver to the other party a copy of each notice, order, opinion and other item of correspondence received by such filing party from any Governmental Authority in respect of any such filings. In exercising the foregoing rights and obligations, Seller and Purchaser shall act reasonably and as promptly as practicable. Seller and Purchaser shall promptly advise each other upon receiving any communication from any Governmental Authority whose consent or approval is required for consummation of the transactions contemplated by this Agreement which causes such party to believe that there is a reasonable likelihood that any required regulatory approval will not be obtained or that the receipt of any such approval will be delayed.

**6.4 Expenses.** Except as otherwise specifically provided in this Agreement, the parties to this Agreement shall bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of agents, representatives, counsel, investment bankers, actuaries and accountants.

**6.5 Certain Notices.** From the Effective Date through Closing Date, (a) Seller shall notify Purchaser promptly of any event, condition or circumstance, to the Knowledge of Seller, occurring from the Effective Date through the Closing Date that would constitute, or is reasonably likely to constitute (with notice or lapse of time or both), a violation or breach of this Agreement by Seller, and (b) Purchaser shall notify Seller promptly of any event, condition or circumstance, to the Knowledge of Purchaser, occurring from the Effective Date through the Closing Date that would constitute, or is reasonably likely to constitute (with notice or lapse of time or both), a violation or breach of this Agreement by Purchaser

**6.6 Tax Payments.**

(a) After the Closing, Purchaser shall prepare and timely file, or cause to be prepared and timely filed, with the relevant taxing authorities all Tax returns of the Company due after the Closing Date, taking into account any extensions or waivers with respect thereto, and Seller shall prepare and Seller or the Company, as applicable, shall timely file any Tax returns of the Company that are required to be filed on or before the Closing Date. Purchaser shall provide such assistance to Seller as Seller shall reasonably request in preparing such Tax returns,

including, without limitation, providing Seller and its designated representatives with access to all related books, records, personnel, and systems.

(b) All sales or transfer taxes, including without limitation sales or gross receipts taxes, use taxes, document recording fees, securities transfer taxes, property transfer taxes, or motor vehicle excise taxes, arising out of or in connection with the consummation of the transactions contemplated hereby, if any, shall be paid by Purchaser.

(c) Purchaser, the Company and Seller shall cooperate fully, as to and to the extent reasonably requested by the other party and at the requesting party's expense, in connection with the filing of all Tax returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The parties agree to retain all books and records with respect to Tax matters pertinent to the Company relating to any Tax period beginning before the Closing Date until the expiration of the applicable statute of limitations of such respective Tax period, and to abide by all record retention agreements entered into with any taxing authority.

(d) Any Tax allocation or sharing contract that, prior to the Closing Date, may have been entered into between the Company on the one hand, and Seller or any Affiliate thereof on the other hand, shall terminate with respect to the Company as of the Closing Date.

**6.7 Updating Schedules.** In connection with the Closing, Purchaser and Seller will promptly supplement or amend the various disclosure Schedules to this Agreement to reflect any matter that, if existing, occurring or known on the Effective Date, should have been so disclosed or that is necessary to correct any information in such Schedules that was or has been rendered inaccurate thereby.

**6.8 Certain Transactions.** From the date of this Agreement through the earlier of the Closing Date or termination of this Agreement, neither Seller nor any of its Affiliates, officers, employees, representatives or agents will, directly or indirectly, solicit, encourage or initiate any negotiations or discussions with, or provide any information to, or otherwise cooperate in any other manner with, any Person or group (other than Purchaser and its Affiliates and representatives) concerning any direct or indirect sale or other disposition of the Company.

**6.9 Further Assurances.** From and after the Closing Date, Seller (as reasonably requested from time to time by Purchaser), and Purchaser (as reasonably requested from time to time by Seller) shall take all reasonably appropriate action and execute any additional documents, instruments or conveyances of any kind (not containing additional representations and warranties) that may be reasonably necessary to carry out any of the provisions of this Agreement.

**6.10 Confidentiality.**

(a) Each party will hold, and will cause their respective directors, officers, shareholders, employees, Affiliates, agents, representatives, advisors and consultants (including, without limitation, attorneys, investment bankers, actuarial consultants and independent public accountants) to hold, in strict confidence the Confidential Information (as defined herein) from any other Person unless:

(i) a party is compelled to disclose the Confidential Information by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and transactions contemplated hereby and thereby by Governmental Authorities) or by other requirements of Applicable Law; *provided, however,* that if, in the course of any legal or administrative proceedings or as otherwise required by Applicable Law or a Governmental Authority, either party is requested or required to disclose Confidential Information, (A) such party will, prior to any disclosure and within two (2) calendar days, notify the other party in writing and provide the other party with copies of any such written request or demand so that the other party may seek a protective order or other appropriate remedy or waive in writing the provisions of this Section 6.10 to the extent necessary (provided that one or the other be done) (B) the parties shall cooperate with each other to obtain a protective order or other reliable assurance that confidential treatment will be afforded to designated portions of the Confidential Information and (C) if no protective order or other remedy is obtained and the other party has not waived compliance with this Section 6.10, if such party is of the opinion (based on advise of its counsel) that it is legally required to disclose Confidential Information under Applicable Law, such party may do so without liability to the other party, except that disclosure of Confidential Information shall be limited to the information actually required to be disclosed pursuant to Applicable Law; or

(ii) the Confidential Information is disclosed in an action or proceeding brought by a party in pursuit of its rights or in the exercise of its remedies hereunder.

(b) For purposes of Section 6.10(a), “Confidential Information” is defined as all documents and information concerning the other party or any of its Affiliates furnished to such party by the other party or such other party’s representatives in connection with this Agreement or the transactions contemplated hereby, except that Confidential Information shall not include documents or information that can be shown to have (i) been already in the possession of the party, provided that such information is not known by such party to be subject to another confidentiality agreement with or other obligation of secrecy to the other party or another party; or (ii) become generally available to the public (other than as a result of a disclosure by the party) or become available to the party on a non-confidential basis from a source other than the other party or its directors, officers, shareholders, employees, Affiliates, agents, representatives, advisors or consultants, provided that such source is not known, after due inquiry, to be bound by a confidentiality agreement with or other obligation of secrecy to the other party or another party; *provided, however,* that following the Closing the foregoing restrictions will not apply to Purchaser’s use of documents and information concerning the Company furnished by Seller hereunder.

**6.11 Non-Competition and Non-Piracy.** Seller agrees that, from and after the Closing Date, for a period of five (5) years from the Closing, neither Seller nor any of its

Affiliates shall use any policyholder or agent lists obtained by Seller as a result of its ownership of the Company to compete with the Company for the accounts of any person who is a customer of the Company immediately prior to the Closing. The term “compete” shall be limited to canvassing or soliciting any life insurance or annuity products from any active account of the Company.

**6.12 Affiliate Transactions.** Except as set forth on *Schedule 6.12*, prior to the Closing, Seller agrees to terminate all Contracts between the Company and Seller or any of its Affiliates.

**6.13 Examination Reports.** Prior to the Closing, Seller will cause the Company to deliver to Purchaser the market conduct and tri-annual financial reports during the past three years reflecting the result of the examination of the affairs of the Company by any applicable insurance regulatory Governmental Authority.

## **ARTICLE 7** **CONDITIONS TO CLOSING**

**7.1 Conditions to Obligations of Each Party.** Each party’s respective obligations to consummate the Closing are subject to no injunction, writ, preliminary restraining order or any other order issued by a Governmental Authority prohibiting the Closing being in effect.

**7.2 Conditions to Obligations of Purchaser.** The obligations of Purchaser to consummate the Closing are subject to the fulfillment prior to or at Closing of the following conditions, unless waived by Purchaser in writing:

(a) All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects.

(b) Each of Seller’s representations and warranties contained in this Agreement shall be true and correct (ignoring, for this purpose, any “materiality” or “Seller Material Adverse Effect” qualifications to such representations and warranties) as of the date of this Agreement and as of the Closing Date as if made on the Closing Date (except as to any representation or warranty that specifically relates to an earlier date, which need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have or be reasonably expected to have a Seller Material Adverse Effect.

(c) Purchaser shall have received a certificate signed by a duly elected officer of Seller to the effect that the foregoing conditions (a) and (b) have been satisfied.

(d) All Consents identified on *Schedule 7.2(d)* shall have been obtained.

**7.3 Conditions to Obligations of Seller.** The obligations of Seller to consummate the Closing are subject to the fulfillment prior to or at Closing of the following conditions, unless waived by Seller in writing:

(a) All of the covenants and obligations that Purchaser is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects.

(b) Each of Purchaser's representations and warranties contained in this Agreement shall be true and correct (ignoring, for this purposes, any "materiality" or "Purchaser Material Adverse Effect" qualifications to such representations and warranties) as of the date of this Agreement and as of the Closing Date as if made on the Closing Date (except as to any representation or warranty that specifically relates to an earlier date, which need only be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, be reasonably expected to have a Purchaser Material Adverse Effect.

(c) Seller shall have received a certificate signed by a duly elected officer of Purchaser to the effect that the foregoing conditions (a) and (b) have been satisfied.

(d) All Consents identified on *Schedule 7.3(d)* shall have been obtained.

**7.4 Frustration of Conditions.** None of the Purchaser or Seller may rely on the failure of any condition set forth in Sections 7.1, 7.2, or 7.3, as the case may be, if such failure was caused by such party's failure to comply with any provision of this Agreement.

## **ARTICLE 8** **NO SURVIVAL**

**8.1 No Survival.** The representations, warranties, covenants and agreements (in the case of covenants and agreements, to the extent to be performed prior to the Closing) made or undertaken by the parties in this Agreement shall expire and be terminated and extinguished at the Closing and shall not survive the Closing, and no party shall have any liability or indemnity or other obligation in connection with any such representation, warranty, covenant or agreement following the Closing.

## **ARTICLE 9** **[RESERVED]**

## **ARTICLE 10** **TERMINATION PRIOR TO CLOSING**

**10.1 Termination by Mutual Consent.** This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by mutual written consent of Seller and Purchaser.

**10.2 Termination by Either Seller or Purchaser.** This Agreement may be terminated and the transactions contemplated hereby may be abandoned by either Seller or Purchaser if (i) the Closing shall not have occurred by March 31, 2013 (the "Termination Date"), *provided*, that if on March 31, 2013 any of the conditions to Closing set forth in Section

7.2(d) or Section 7.3(d) shall not have been satisfied but all other conditions to Closing set forth in Article 7 have been satisfied or shall be capable of being satisfied, then the Termination Date shall automatically be extended to May 31, 2013; or (ii) any order, judgment, injunction, award or decree permanently restraining, enjoining or otherwise prohibiting the Closing shall become final and non-appealable; *provided*, that the right to terminate this Agreement pursuant to clause (i) above shall not be available to any party that has breached in any respect its obligations under this Agreement in any manner that shall have primarily contributed to the failure of the Closing to be consummated.

**10.3 Termination by Seller.** This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing Date by Seller if there has been a breach by Purchaser of any representation, warranty, covenant or agreement contained in this Agreement that, together with all such breaches, would prevent any of the conditions set forth in Article 7 from being satisfied (other than by waiver) and that is not curable or, if curable, is not cured within thirty (30) Business Days after written notice of such breach is given by Seller to Purchaser.

**10.4 Termination by Purchaser.** This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing Date by Purchaser if there has been a breach by Seller of any representation, warranty, covenant or agreement contained in this Agreement that, together with all such breaches, would prevent any of the conditions set forth in Article 7 from being satisfied (other than by waiver) and that is not curable or, if curable, is not cured within thirty (30) Business Days after written notice of such breach is given by Purchaser to Seller.

**10.5 Procedure upon Termination.** In the event of termination of this Agreement and the abandonment of the transactions by Purchaser or Seller, or both, pursuant to this Article 10, such party shall give written notice to the other party, and this Agreement shall terminate, and the purchase of the Shares hereunder shall be abandoned, without further action by Purchaser or Seller.

**10.6 Effect of Termination; Survival.** In the event of termination of this Agreement and the abandonment of the transactions pursuant to this Article 10, this Agreement shall become void and of no effect with no liability on the part of any party (or of any of its respective Affiliates or representatives); *provided, however*, in the event of such a termination because of any willful breach (a) the breaching party shall be liable to the other party for all actual damages arising directly from such breach, including but not limited to, reasonable consultant and attorneys' fees and expenses, and (b) the obligations arising under Sections 6.10, 11.3, 11.6 and 11.7 shall remain in full force and effect.

## **ARTICLE 11** **MISCELLANEOUS**

**11.1 Entire Agreement.** This Agreement (including the other agreements, the Exhibits and the Schedules) contains the entire agreement among the parties with respect to the subject matter and supersedes all prior agreements, written or oral, with respect thereto. This Agreement, the Schedules, Exhibits and the attachments to it, and the other documents and

certificates delivered pursuant hereto, set forth the entire understanding of Purchaser and Seller and supersede all prior agreements, arrangements and communications, whether oral or written, between Purchaser and Seller with respect to the subject matter hereof. Any matter that is disclosed in any Schedule or Exhibit is deemed to have been disclosed for the purposes of all relevant provisions of this Agreement. The inclusion of any item in the Schedules is not evidence of the materiality of such item for the purposes of this Agreement or evidence that such item was required to be disclosed therein. Captions appearing in this Agreement are for convenience of reference only and shall not be deemed to explain, limit or amplify the provisions hereof.

**11.2 Waivers and Amendments.** This Agreement may be amended, superseded, canceled, renewed, or extended, and the terms hereof may be waived, only by a written instrument signed by both parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party on exercising any right, power or privilege hereunder shall operate as a waiver thereof, or shall any waiver on the part of any party of any right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

**11.3 Publicity and Confidentiality.** Except as may otherwise be required by Applicable Law, no release or announcement concerning this Agreement or the transactions contemplated hereby or thereby shall be made without the prior written approval of the other party, which approval shall not be unreasonably withheld or delayed. The parties shall cooperate with each other in making any release or announcement. In addition and subject to the covenants and limitations contained in Section 6.10 hereof, the parties agree that, other than as agreed or as required to implement the transactions contemplated hereby or as a result of releases or announcements made in accordance with the preceding sentence, the parties will keep confidential the terms and conditions of this Agreement, including, without limitation, the Schedules, except as otherwise required by Applicable Law or court or judicial process (including, without limitation, pursuant to any federal or state securities laws or the rules of any stock exchange or self-regulatory organization or pursuant to any legal, regulatory or legislative proceedings).

**11.4 Assignment.** Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any party (whether by operation of law or otherwise), in whole or in part, without the prior written consent of the other party, except that Purchaser may assign all of its rights under this Agreement to an Affiliate, provided that such assignment does not relieve the Purchaser of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

**11.5 Notices.** All notices or other communications that are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by certified mail postage pre-paid, or by courier or overnight carrier, to the Persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed given when delivered (if by hand or by courier), when transmitted (if sent by confirmed facsimile transmission), three (3) Business Days after the date of deposit in the United States mail (if

mailed), and one (1) Business Day after the date of deposit with an overnight courier (if sent by overnight courier), as follows:

**Seller:** Global Life Holdings, LLC  
50 Business Park Drive, Suite 307  
Armonk, NY 10504  
Attention: Richard Kearns and Joe MacLean  
Fax:

With copy to counsel  
(which shall not  
constitute notice): Debevoise & Plimpton LLP  
919 Third Avenue  
New York, New York 10022  
Fax: (212) 909-6836  
Attention: Nicholas F. Potter

**Purchaser:** *Central United Life Insurance Company*  
*10777 Northwest Freeway*  
*Houston, TX 77092*  
Attention: Daniel George, President  
Fax: (713) 529-9425

With copy to counsel  
(which shall not  
constitute notice): Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.  
106 E. Sixth Street, Suite 300  
Austin, TX 78701-3661  
Attention: Burnie Burner  
Fax: (512) 322-0301

**11.6 Venue and Jurisdiction.** Seller and Purchaser hereby irrevocably submit to the exclusive jurisdiction of any county, state, or federal court of general and competent jurisdiction located within the State of New York with respect to any legal action or proceeding arising out of or connected with this Agreement.

**11.7 Governing Law.** THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING AS TO VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD PERMIT OR REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

**11.8 Captions.** The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. All references herein to Articles, Sections, and Schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

## **11.9 Interpretation.**

(a) For purposes of this Agreement, the words “hereof,” “herein,” “hereby,” and other words of similar import refer to this Agreement as a whole unless otherwise indicated. Whenever the singular is used herein, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate. All dollar references in this Agreement are to the currency of the United States.

(b) No uncertainty or ambiguity herein shall be construed or resolved against any party, whether under any rule of construction or otherwise. No party to this Agreement shall be considered the drafter. The parties acknowledge and agree that this Agreement has been reviewed, negotiated and accepted by all parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties.

**11.10 Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as is enforceable.

**11.11 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties.

**11.12 No Third Party Beneficiaries.** Nothing in this Agreement is intended or shall be construed to give any Person, other than the parties, their successors and permitted assigns, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any provision contained herein or therein.

**11.13 Expenses.** Except as otherwise expressly stated herein, all legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

**11.14 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any court specified in Section 11.6, in addition to any other remedy to which they are entitled at law or in equity. The parties hereby waive, in any action for specific performance, the defense of adequacy of a remedy at law and the posting of any bond or other security in connection therewith.



IN WITNESS WHEREOF, the parties have executed this Agreement.

**GLOBAL LIFE HOLDINGS, LLC**

Date: December 4, 2012

By: \_\_\_\_\_  
Richard Keatts

Date: December 4, 2012

By: \_\_\_\_\_  
Joseph MacLean

**CENTRAL UNITED LIFE INSURANCE COMPANY**

Date: December 4, 2012

By:  \_\_\_\_\_  
Daniel J. George, President

*Stock Purchase Agreement  
Global Life Holdings, LLC*

**SCHEDULE 1.1(b)**

**Knowledge of Seller**

Richard Kearns

Joseph MacLean

### **SCHEDULE 3.3**

#### **Governmental Authorization**

1. Filing an application for acquisition of control on Form A with the Washington State Office of the Insurance Commissioner and obtaining the approval of the Washington State Office of the Insurance Commissioner.
2. State pre-acquisition notifications and/or approvals on Form E where required.

**SCHEDULE 3.4**

**No Conflict or Violation by Seller**

**None**

**SCHEDULE 3.6**

**Shares**

**None**

**SCHEDULE 4.3**

**Governmental Authorization**

Approval of the acquisition of the Company by Purchaser or the investment in the Shares by Purchaser, as applicable, by the insurance commission in:

Washington

Arkansas

**SCHEDULE 5.3**

**No Conflict or Violation by Company**

None

**SCHEDULE 5.5**  
**Financial Statements**

None

**SCHEDULE 5.6**

**Actions and Proceedings**

**5.6(a)**

**None**

**5.6(b)**

**Waddoups, et al vs. Western United Life Assurance Company, Benton County  
Washington Superior Court (NO. 12-202359-F)**

**SCHEDULE 5.7**

**Compliance with Laws**

**None**

**SCHEDULE 5.8**

**Regulatory Filings**

None

## SCHEDULE 5.9

### Employees and Compensation

<b>First Name</b>	<b>Last Name</b>	<b>Title</b>	<b>Annual Base</b>
Ronald	Asmussen	Senior Statutory Accountant	\$63,000.00
Renee	Balcom	Contract Administrator II	\$29,445.00
Todd	Bareika	Chief Financial Officer	\$150,000.00
Laura	Berg	Payables Administrator	\$39,000.00
Madlyn	Bothmer	New Business Admin Lead	\$36,075.00
Patricia	Budd	New Business Admin I	\$29,445.00
Kathy	Dyer	Administrative Multi-Dept Assistant	\$23,500.00
Sandy	Ekholm	Contract Accounting Admin Manager	\$54,357.22
Rick	Elsbernd	Corporate Controller	\$93,500.00
Brenda	Freese	Contract Accounting Admin Lead	\$39,300.67
Teresa	Fricke	Invest. Accounting Specialist	\$37,000.00
Laura	Hahn	Sr. Accountant Corporate Accounting	\$44,000.00
Pamela	Hodnett	Contract Administrator I	\$26,500.00
Jeanne	Jarrett	Contract Administration Lead	\$36,089.00
Christine	Jones	Sr. Insurance BSA & Trainer	\$47,223.00
Rich	Kier	Facility Services Manager	\$50,000.00
Deborah	Kridler	Sr. Business Systems Analyst	\$47,488.00
Tracy	Lithco	Contract & Claims Admin Manager	\$49,918.05
Heather	Manuel	New Business Admin I	\$27,397.50
Julie	Marley	Legal Assistant	\$37,500.00
Linda	Mason	Administration Manager	\$89,188.40
Kit	Petersen	Actuarial Analyst	\$100,000.00
Lee	Pivonka	Systems Programmer	\$65,732.00
Marc	Puzzo	Regional Sales Manager	\$124,999.88
Shane	Sears	Senior Software Developer	\$71,246.00
Rahul	Sharma	Chief Operat & Invest Officer	\$165,000.00
Julie	Singer	New Business Administration Manager	\$51,831.00
Carol	Snyder	Claims Administration Lead	\$36,855.00
Diane	Sowl	Records Administrator	\$35,000.00
Lloyd	Spooner	Director, Information Systems	\$93,307.00
Michelle	Thomson	Receptionist Agency Assistant	\$26,598.00
Deanna	Tucker	Agency Administration Manager	\$54,357.22
Dale	Whitney	President, WULA	\$180,000.00
Kyle	Whitney	IS Intern & Fileroom	\$21,278.40
Larry	Wiseman	Regional Sales Director	\$139,990.50
Sarah	Wood	Contract Administrator I	\$27,395.94

Note: Mr. Andrew Alberti is paid \$3,750.00 in advance every quarter as Western's independent Board of Director.

See also Schedule 6.1

## SCHEDULE 5.10

### **Employee Benefit Plans, Deferred Compensation, Pension, and Profit-Sharing Plans**

1) WULA has no “employee pension benefit plan” as defined by Section 3(2) of ERISA; however WULA does have a 401k plan for which a Form 5500 is filed annual. The plan name is “WESTERN UNITED LIFE ASSURANCE COMPANY RETIREMENT SAVINGS PLAN” and the plan number is “001”.

2) Under the definition of “employee welfare benefit plans”, WULA has programs covering 1) medical, prescription drugs & vision, 2) dental, 3) short-term disability, 4) long-term disability, 5) paid time off (PTO covering both sick and vacation), 6) flexible spending accounts, 7) accidental death & dismemberment, 8) life insurance, and 9) employee assistance programs.

3) No collective bargaining agreements exist.

4) The company’s personnel policy regarding vacation provides upon hire, and up to 1 year of continuous employment, an employee accrues 7.5 hours per month (12 days per year). From 1 year up to 3 years of service, an employee accrues 9.37 hours per month (15 days per year). From 3 years up to 6 years of service, an employee accrues 11.25 hours per month (18 days per year). From 6 years up to 10 years of service, an employee accrues 14.32 hours per month (23 days per year). From 10 years up to 15 years of service, an employee accrues 15.6 hours per month (25 days per year). At 15+ years of service, an employee accrues 17.47 hours per month (28 days per year).

There are no other benefit programs, written or unwritten.

There are no multi-employer plans.

See also Schedules 5.25(a) and 6.1

**SCHEDULE 5.11**

**Tax Returns**

None

**SCHEDULE 5.12**

**Title to Assets**

None

## SCHEDULE 5.13

### Title to Properties; Encumbrances

As a condition to the sale of the Company to Seller, the Company committed to a further payment of up to \$2 million to its former indirect parent, Metropolitan Mortgage & Securities, Inc., in the event of the sale by the Company of one of the Company's real estate assets, known as the Marshall's Vista property, within a period of seven years extending through and including March 7, 2015. The actual amount of contingent payment is based on certain gross sales price break points as follows:

<u>Price break point</u>	<u>Contingency payment</u>
At least \$9,700,000	\$2,000,000
\$9,000,000 to \$9,699,999	\$1,243,399
\$8,000,000 to \$8,999,999	\$ 788,400
\$7,787,077 to \$7,999,999	\$ 138,400
Less than \$7,787,077	\$ 0

Account	Type	STAT Book Value 10/31/12	Address	City	State
2339321	REO	171,000.00	301 & 307 S Washington St *	AFTON	WY
2339322	REO	408,500.00	749 Overthrust Rd	Evanston	WY
10019585	REO	0.00	113 REDHEAD COVE	SAN MARCOS	TX
10019625	REO	0.00	115 Leisure Dr, HC 6 BOX 540	HEMPHILL	TX
10019936	REO	0.00	LOT 18 VILLAGE HARBOR	BURKEVILLE	TX
10019995	REO	0.00	LOT 22 VILLAGE HARBOR	BURKEVILLE	TX
10020026	REO	0.00	10155 MARCH DR N	THEODORE	AL
10021688	REO	0.00	125 S 13th St	Newark	NJ
50001058	REO	9,785,000.00	MARSHALLS POINT DR	LAGO VISTA	TX
141400	REO	4,512,000.00	921-929 W Sprague Ave	Spokane	WA
141401	REO	1,157,121.00	908 W First Ave	Spokane	WA
359380	REO	0.00	15532 Brigg Lane	Bakersfield	CA
1009778	REO	0.00	825 Walden Ave	Buffalo	NY
1350669	REO	0.00	826-934 Cockerell	Abilene	TX
10004445	REO	0.00	Rd #3 Box 500B Kunkletown Rd	Kunkletown	PA
10018477	REO	0.00	111 So. Fourth St	Lockhart	SC

\*There is a lis pendens wrongfully recorded against this property which is being removed.

**SCHEDULE 5.14**

**Environmental Matters**

None

**SCHEDULE 5.15**

**Trademarks and Copyrights**

None

**SCHEDULE 5.16**

**Conduct of Business**

See attached

# WULA COMPLAINT REPORT

Date Period 1/29/2009 Thru 11/27/2012

## 2009 3 Complaint(s)

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St	Agent(s)	Closed
1/29/2009	C.1.09	ANNUITY	ST INS COMMISSIONER	JANET TICE	MT	BERTHOLD REGAR	1/29/2009

### Policy(ies) Involved

PolicyNo	Plan Code	Annuitant/Insured	Age Group	Owner
A 031522	DMXPR	JULIENNE D LEWIS	65+	ANNUITANT

### Details:

**2/4/2009** LINDAM no response from state after letter sent  
**2/5/2009** LINDAM Sent letter to state, see complaint log, or client file WU00105693  
**2/4/2009** LINDAM Received an insurance inquiry from the state of Montana, regard this policy. beneficiary had elected to take a partial lumps sum then annuitize the balance for 16 monthly guaranteed payments, now she wants this cashed out and a lump sum, and she has been told this can't happen.

### Disposition COMPANY POSITION UPHELD

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St	Agent(s)	Closed
10/12/2009	C.2.09	ANNUITY	ST INS COMMISSIONER	TOM TALARICO	WA	LYNNETTE L HOOSIER	10/27/2009

### Policy(ies) Involved

PolicyNo	Plan Code	Annuitant/Insured	Age Group	Owner
IR023125	DMXPR	LLOYD E IRVIN	65+	ANNUITANT

### Details:

**10/27/2009** LINDAM Memo actually only an inquiry from WA state in regards to a replacement by another agent other than ours and what we had done to complete conservation. I sent a copy of our letter and the clients request pmk for a transfer. Along with answered directed questions from the investigator regarding the policy plan.

Disposition OTHER SEE MEMO

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St Agent(S)	Closed
12/9/2009	C.3.09	ANNUITY	THIRD PARTY	BARRY CLARKSTON	UT KENNETH C HYER	1/4/2010

Policy(ies) Involved	Plan Code	Annuitant/Insured	Age Group	Owner
WU00100744	SP1A	CHARLES B ANTHONY	65+	ANNUITANT

Details:

MemodDate	EntryUserID	Memo
1/4/2010	LINDAM	Lynn responded back to attorney, indicating we had provided everything, and we receive no further response
12/9/2009	LINDAM	Recd a faxed copy of letter from agent in regard to beneficiary felt her spouse had been marketed product incorrectly, this was a single premium immediate annuity with life only, payments ceased upon the death of the annuitant. In review of the file, client was disclosed upfront that payments would cease if he were to pass away, we had not knowledge of health issues as the letter applied. our response back was in general that we felt the client was well aware of life only option, since the application, annuity information sheet and amendment disclosed this and were signed by him.

Disposition COMPANY POSITION UPHELD

**2010 2 Complaint(s)**

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St Agent(S)	Closed
3/31/2010	C.1.10	ANNUITY	ANNUITANT/INSURED	MARILYN M PHALEN	WA MICHAEL D LAWS	4/12/2010

Policy(ies) Involved	Plan Code	Annuitant/Insured	Age Group	Owner
TR029284	LPPA	MARILYN M PHALEN	50 - 64	ANNUITANT

Details:

MemodDate	EntryUserID	Memo
3/22/2010	LINDAM	Company surrendered policy due to lack of premiums since 2003, we agreed to reinstate policy

Disposition OTHER SEE MEMO

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St Agent(S)	Closed
4/9/2010	C.2.10	ANNUITY	ANNUITANT/INSURED	RAY STEBNER	WA ROBERT B SMITH	4/21/2010

Policy(ies) Involved	Plan Code	Annuitant/Insured	Age Group	Owner
A 026108	NAVI	RAY L STEBNER	65+	JEANNE E STEBNER
A 026109	NAVI	RAY L STEBNER	65+	JEANNE E STEBNER
A 026110	NAVI	RAY L STEBNER	65+	JEANNE E STEBNER
A 026111	NAVI	RAY L STEBNER	65+	JEANNE E STEBNER

Details:

MemodDate	EntryUserID	Memo
4/9/2010	LINDAM	Client was upset due to policies being surrendered for no premiums since 1999

Disposition CONTRACT PROVISION/LEGAL ISSUE

**2011 1 Complaint(s)**

Opened 2/14/2011 C.I.11 ANNUITY ST INS COMMISSIONER JUDI ELLIOTT TX J CRAIG GEREELS 3/7/2011 Closed

**Policies Involved**

PolicyNo	Plan Code	Annuitant/Insured	Age Group	Owner
TR028467	FX2000	DOUGLAS T JOY	50 - 64	ANNUITANT
RI001547	FX2000	DOUGLAS T JOY	50 - 64	ANNUITANT

**Details:**

MemoDate 3/15/2011 EntryUserID LINDAM Memo Received notice from TX DOI that complaint was closed on 3/7/2011

2/15/2011 LINDAM REPONDED TO TX DEPARTMENT, LETTING THEM KNOW OUR WRITING AGENT, AND THAT THE NAMED AGENT IS NOT APPOINTED WITH WULA. SEE RESPONSE LETTER IN IMAGED COMPLAINTS.

2/14/2011 LINDAM REC'D COMPLAINT FROM TX INS COMMISSION - IN REGARDS TO AGENT GIVING INFORMATION TO A CLIENTS EMPLOYER WITHOUT PERMISSION- LTR WAS WRITTEN BY SPOUSE - AGENT NAMED IN COMPLAINT IS NOT OUR APPOINTED AGENT, BUT LAST NAMES ARE THE SAME, SO THEY MUST BE AFFILIATED. I WILL RESPOND TO COMPLAINT.

Disposition OTHER SEE MEMO

**2012 2 Complaint(s)**

Opened 9/27/2012 C.I.12 ANNUITY THIRD PARTY MARIAN A WAGER WA DAVID DEMARS TED DEMARS Closed

**Policies Involved**

PolicyNo	Plan Code	Annuitant/Insured	Age Group	Owner
WU00110131	SPIA	E M WADDUPS	65+	ANNUITANT
WU00110091	SPIA	H MARR WADDUPS	65+	ANNUITANT

**Details:**

MemoDate 11/7/2012 EntryUserID LINDAM Memo Legal sent to outside counsel waiting advise

10/9/2012 LINDAM Don received reponse from producers office in regards to the sale of these two annuities. See files for this response.

10/10/2012 LINDAM Late on 9/27/12 we received a faxed letter from attorney explaining that these two Life only immediate annuities were unsuitable for the clients at time of sale, we were only given until 10/3 to response, Don Kelly wrote a letter to attorney requesting time to research

**Disposition**

Opened	Number	ComplaintType	ComplainantType	Complainant Name	St Agent(S)	Closed
11/27/2012	C.2.12	ANNUITY	AGENT/PRODUCER	WA STATE ATTORNEY GENERAL	WA CAROLYN Y COOK	
Policy(ies) Involved						
Details:						
MemoDate	EntryUserID	Memo				
11/26/2012	LINDAM	Received a civil investigative request from WA Attorney General for information on producer. We are in the process of gathering all requested information, have until 12-17-12 to complete.				
Disposition OTHER SEE MEMO						

8 Complaint(s)

**SCHEDULE 5.17**

**Insurance Policies**

None

**SCHEDULE 5.18****Bank Accounts**

<b>Banking Institution</b>	<b>Account Number</b>	<b>Account Name</b>	<b>Comments</b>
Bank of America	6674000850	Interest Maximizer	
Federal Home Loan Bank	164170012	Demand Account	
RBC Capital Markets Corp	920-1-033363	Wula-Options	UNUSED
Washington Trust Bank	1000087072	New Business Account	
Washington Trust Bank	1000083204	Lottery Trust	
Washington Trust Bank	1000087601	Operating Account	
Wells Fargo Bank	4121094999	Operating Account	
Wells Fargo Bank	4121466445	Lottery Trust Cash Account	
Wells Fargo Bank	23273000	Wula GSAM Custodial Cash - AFS	Custodial Only
Wells Fargo Bank	23273001	Wula Goldman Sach HTM Cash	Custodial Only
Wells Fargo Bank	23273002	Wula Goldman Sach New Business	Custodial Only & Custodial Only &
Wells Fargo Bank	23273003	Wula Escrow/Receipt Options	UNUSED
Wells Fargo Bank	23758900	Wula Athene	Custodial Only
Wells Fargo Bank	23758960	Wula Subdivided Apollo	Custodial Only
Wells Fargo Bank	16512300	Wula Custodial	Custodial Only
Wells Fargo Bank	16915500	Wula Washington State deposit	Custodial Only

**Signators include:**

Dale Whitney, President

Rahul Sharma, Chief Operating Officer

Todd Bareika, Chief Financial Officer

**SCHEDULE 5.23**

**Affiliate Transactions**

Global Life Holdings, LLC note receivable - \$8,380,000

See attached

**GLOBAL LIFE HOLDINGS, LLC**

**SENIOR SECURED NOTE**

Principal Amount: \$8,380,000

August 8, 2011

**FOR VALUE RECEIVED**, Global Life Holdings, LLC a Delaware limited liability company ("Issuer"), the sole beneficial owner of all of the issued and outstanding shares of the common stock of Western United Life Assurance Company, a life insurance company domiciled in the state of Washington ("Holder"), or Issuer's registered successors, transferees and assigns, hereby unconditionally promises to pay to the order of Holder, at its offices located at 929 W. Sprague Avenue, Spokane, Washington 99201, or at such other place as the holder hereof may from time to time designate in writing, the principal sum of eight million, three hundred and eighty thousand AND NO/100 DOLLARS (\$8,380,000) (the "Principal Amount") in lawful money of the United States of America to be paid in accordance with the terms of this Senior Secured Note (this "Note").

**ARTICLE 1**  
**PAYMENT TERMS**

This Note shall mature upon a direct or indirect sale, distribution or other disposition of any of the shares of common stock of Holder by Issuer or an affiliate of Issuer (any such disposition, a "Disposition" and the date of any Disposition, the "Maturity Date"). The Principal Amount of this Note shall be paid on the Maturity Date. If the Maturity Date is not a business day, payment shall be made on the next business day.

**ARTICLE 2**  
**DEFAULT AND ACCELERATION**

The Principal Amount shall without notice become immediately due and payable at the option of Holder if not paid on the Maturity Date or on the happening of any other Event of Default.

**ARTICLE 3**  
**SECURITY**

Issuer hereby grants to Holder a first priority security interest (the "Security Interest") in all of the right, title and interest in a Class F limited partnership interest in the Global Secured Capital Fund, L.P. held by Issuer (the "Collateral"), title to which Issuer obtained

pursuant to the terms and conditions of the Early Redemption Agreement, dated as of June 24, 2011, by and among The Royal Bank Of Scotland N.V., London Branch, Holder, Global Secured Investments, LLC, Issuer, The Royal Bank Of Scotland N.V., Hong Kong Branch and The Royal Bank Of Scotland N.V. (the "Redemption Agreement"), as collateral security for the prompt payment in full of the Principal Amount by Issuer. Holder shall hold the Security Interest until the date on which the Principal Amount has been paid in full. Upon payment in full of the Principal Amount, the Collateral shall be released from the liens created hereby and shall revert to Issuer. Upon any such release, Holder will execute and deliver to Issuer such documents as Issuer shall reasonably request to evidence such termination.

**ARTICLE 4**  
**NO ADDITIONAL AMOUNTS**

All amounts due on this Note will be paid without any applicable withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority, except to the extent such withholding or deduction is required by law.

**ARTICLE 5**  
**REPAYMENT; REDEMPTION**

In the absence of the occurrence of an Event of Default prior to the Maturity Date, no payments of the Principal Amount will be made on this Note before the Maturity Date.

**ARTICLE 6**  
**TRANSFER AND EXCHANGE; TRANSFER RESTRICTIONS**

A. Issuer shall keep a register (the "Register") in which Issuer will provide for the registration and any transfer of this Note and shall record the name of, and address for notices to, Holder and, at the direction of Holder, any permitted transferee in accordance with Section 6(F) hereof. Issuer and any agent of Issuer may treat the person or entity in whose name this Note is registered as the owner of such Note for the purpose of receiving payment of the principal amount of this Note and interest on the unpaid balance of such principal amount and for all other purposes, whether or not this Note be overdue, and neither Issuer nor any such agent shall be affected by notice to the contrary.

B. Upon surrender of this Note for registration of transfer or for exchange to Issuer at its principal executive office duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer duly executed by, the registered Holder thereof or his attorney duly authorized in writing, Issuer at its expense (except for transfer taxes, if any) shall execute and deliver in exchange therefor a new Note. Such new Note shall: (i) have an aggregate principal amount equal to the Principal Amount, (ii) be registered in each case in such name as such holder or transferee may request and (iii) be dated the date of authentication of such transfer or exchange.

C. All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith, other than an exchange in connection with the partial redemption of a Note not involving any registration of a transfer.

D. Prior to due presentment of this Note for registration of transfer, the Issuer may treat the person in whose name this Note is registered as the absolute owner hereof for all purposes, whether or not this Note be overdue, and the Issuer shall not be affected by notice to the contrary. The Issuer shall not have any obligation to and shall not be required to make any payment to any Person in respect of this Note that is not a registered holder of this Note.

E. Upon delivery of this Note to the Issuer (or any agent appointed by the Issuer) for payment or redemption as provided herein, the Note shall be marked "cancelled" and, in the case of any agent of the Issuer, forwarded to the Issuer. The Note shall be destroyed by the Issuer or agent (which agent shall thereupon furnish certificates of such destruction to the Issuer).

F. By accepting this Note, Holder acknowledges and agrees that: (i) this Note has not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any other applicable securities laws and may not be sold or transferred in the absence of such registration or an exemption therefrom under the Securities Act and any other applicable securities laws and (ii) this Note or any interest herein may not be transferred, sold, pledged, hypothecated, assigned, encumbered, or otherwise disposed of unless Issuer shall have consented to such disposition in writing (which consent may be withheld by Issuer in its sole discretion). Any other purported transfer of this Note by Holder shall be void and without force and effect.

G. All the covenants and agreements contained in this Note shall bind the successors and assigns of Issuer and Holder and shall inure to the benefit of the successors and permitted assigns of Issuer and Holder, whether so expressed or not.

#### **ARTICLE 7** **EVENTS OF DEFAULT**

If one or more of the following events (each, an "Event of Default") shall occur and be continuing:

i. any material provision of this Note, at any time after its execution and delivery, shall for any reason cease to be in full force and effect (other than in accordance with its terms); or Issuer denies in writing that it has any or further liability hereunder;

ii. Issuer shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under Title 11 of the United States Code, as now hereafter in effect (the "Bankruptcy Code") or (iv) file a petition seeking to take advantage of any

other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts; or

iii. a proceeding or case shall be commenced, without the application or consent of Issuer, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Issuer, (ii) the appointment of a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, or (iii) similar relief in respect of Issuer under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts, and in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more Business Days; or an order for relief against Issuer or shall be entered in an involuntary case under the Bankruptcy Code;

then in every such event, Holder may at any time thereafter during the continuance of such event (unless all such defaults hereunder shall theretofore have been remedied), by notice to Issuer, (A) declare the Principal Amount to be forthwith due and payable, whereupon the principal Amount and all other liabilities of Issuer accrued hereunder, shall be immediately due and payable without presentment, demand, protest or any other notice or formalities of any kind, all of which are hereby expressly waived by Issuer, to the extent permitted by applicable law; and in an event described in clause (iii) or (iv) above, the Principal Amount and all other liabilities of Issuer accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Issuer, anything contained herein to the contrary notwithstanding, (B) whether or not the actions referred to in clause (A) have been taken, Holder may exercise any or all of Holder's other rights and remedies available hereunder or under applicable law. Issuer agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by Holder in connection with the enforcement or protection of its rights or remedies in connection with this Note and the indebtedness hereunder, including without limitation the costs and expenses of collection and, whether incurred with or without the commencement of a suit, and in any trial, arbitration or bankruptcy proceeding (such payment to be made by Issuer within 30 days after receipt of an invoice from Holder for such costs and expenses) and (C) exercise in respect of the Collateral, in addition to all other rights and remedies otherwise available to it, all rights and remedies of a secured party on default under the Uniform Commercial Code whether or not the Uniform Commercial Code applies to the affected Collateral). The preceding sentence shall survive the repayment of this Note, the invalidity or unenforceability of any term or provision of this Note and any investigation made by Holder.

#### **ARTICLE 8** **DUTIES AND TAXES**

Issuer shall pay all stamp and other duties, if any, which may be imposed by the United States of America or any governmental entity or any political subdivision thereof or taxing authority of or in the foregoing with respect to the initial issuance of the Note. Except as otherwise specifically provided herein, the Issuer shall not be required to make any payment with

respect to any tax, duty, assessment or other governmental charge of whatever nature imposed or levied by any government or any political subdivision or taxing authority thereof or therein.

**ARTICLE 9**  
**NO RECOURSE AGAINST CERTAIN PERSONS**

No director, officer, employee or affiliate of Issuer shall have any liability for any obligations of Issuer under this Note or for any claim based on, in respect of or by reason of, such obligations or their creation. By accepting this Note, Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of this Note.

**ARTICLE 10**  
**GOVERNING LAW**

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any principles of conflicts of law thereof that are not mandatorily applicable by law and would permit or require the application of the laws of another jurisdiction.

**ARTICLE 11**  
**AMENDMENT**

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Issuer or Holder, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

**ARTICLE 12**  
**NOTICES**

All notices, claims, requests, demands and other communications hereunder shall be in writing and shall be duly given if delivered, mailed (registered or certified mail, postage prepaid, return receipt requested) or sent by telefacsimile. Any such notice shall be deemed given when so delivered personally or sent by facsimile or e-mail transmission (and immediately after transmission confirmed by telephone), or, if mailed, on the date shown on the receipt therefore, as follows:

If to Issuer:

Global Life Holdings, LLC  
c/o Global Secured Capital, LLC  
200 Business Park Drive, Suite 105  
Armonk, NY 10504  
Attention: Richard Kearns  
E-mail: [RKearns@globalsecuredcap.com](mailto:RKearns@globalsecuredcap.com); and  
Attention: Joseph MacLean

Email: JMacLean@globalsecuredcap.com

If to Holder:

Western United Life Assurance Company  
929 W. Sprague Avenue  
Spokane, WA 99201  
Attention: Dale Whitney, Chief Executive Officer  
E-mail: DaleW@wula.com

**ARTICLE 13**  
**SEVERABILITY**

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**ARTICLE 14**  
**HEADINGS**

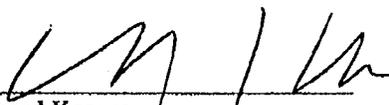
The paragraph headings herein are for convenience of reference only and shall not affect the construction hereof.

*[Remainder of page intentionally left blank.]*

**IN WITNESS WHEREOF**, Issuer has duly executed this Note as of the day and year first above written.

**Issuer:**

**GLOBAL LIFE HOLDINGS, LLC**

By:   
Richard Kearns  
Authorized Signatory

and

By:   
Joseph MacLean  
Authorized Signatory

Received by Legal Dept

AUG 10 2011

DEBEVOISE & PLIMPTON LLP

919 Third Avenue  
New York, NY 10022  
Tel 212 909 6000  
Fax 212 909 6836  
www.debevoise.com

August 9, 2011

Don Kelley  
General Counsel  
Western United Life Assurance Company  
929 W Sprague Avenue  
Spokane WA 99201-4014

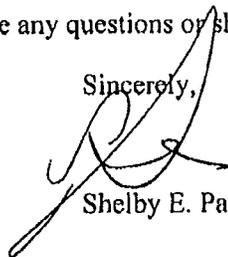
**Senior Secured Note**

Dear Don:

With apologies for the oversight, please find enclosed the first page of the original Senior Secured Note payable to Western United Life Assurance Company by Global Secured Capital in the principal amount of \$8,380,000.

Please let me know if you have any questions or should require anything further.

Sincerely,



Shelby E. Parnes

Enclosure

DEBEVOISE & PLIMPTON LLP

919 Third Avenue  
New York, NY 10022  
Tel 212 909 6000  
Fax 212 909 6836  
www.debevoise.com

Received by Legal Dept  
AUG 09 2011

August 8, 2011

Don Kelley  
General Counsel  
Western United Life Assurance Company  
929 W Sprague Avenue  
Spokane WA 99201-4014

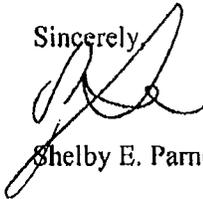
**Senior Secured Note**

Dear Don:

Please find enclosed the original Global Secured Capital Senior Secured Note payable to Western United Life Assurance Company in the principal amount of \$8,380,000.

Please let me know if you have any questions or should require anything further.

Sincerely,



Shelby E. Parnes

Enclosure

**SCHEDULE 5.24**

**Producers**

<b>Producer Name</b>	<b>Estimated Commissions Paid 2012 to Date</b>	<b>Estimated Premiums 2012</b>	<b>Total In-Force Annuity Value 10/31/12</b>
Richard P Mercier	\$177,648	\$6,316,900	\$26,293,339
Columbia Shores Financial Inc	\$174,925	\$4,352,260	\$19,888,581
Edward A Dey Inc	\$124,450	\$3,038,437	\$17,581,498
Ted Schuman	\$106,488	\$3,259,129	\$19,113,273
Leveque Financial Svc Inc*	\$76,258	\$2,229,873	\$13,051,470
Janet S Bird*	\$145,580	\$3,730,851	\$11,740,515

**SCHEDULE 5.25(a)**

**Material Contracts**

**Consultant**

Don Kelley, Attorney at Law

General Counsel      \$10,000/month

Lewis & Ellis, Actuaries

Consulting Actuary    \$104,464.59 to Date

Goldman Sachs Asset Mgt

Asset Managers      Approx \$850,000 depending on value of assets

See attached

## DISCRETIONARY ADVISORY AGREEMENT

THIS AGREEMENT (the "Agreement") is made as of the 31st day of October, 2008 between GOLDMAN SACHS ASSET MANAGEMENT, L.P., a limited partnership organized under the laws of Delaware (the "Adviser") and Western United Life Assurance Company (the "Client").

WHEREAS, the Adviser and other advisory affiliates (collectively, "Affiliate Advisers") of Goldman, Sachs & Co. ("Goldman Sachs") may, subject to applicable law and contract, provide investment advice to clients;

WHEREAS, the Client desires to appoint the Adviser as the investment adviser of the portion of the assets of the Client constituting the Account (as defined in Section 4), and the Adviser wishes to accept such appointment;

NOW THEREFORE, in consideration of the mutual agreements herein contained, it is covenanted and agreed as follows:

1. Appointment of Investment Adviser; Acceptance of Appointment. The Adviser is hereby appointed as investment adviser to the Account for the purpose of selecting and executing transactions which are in compliance with the Account's Investment Guidelines (as defined in Section 2) and the Adviser hereby accepts such appointment. In performing its obligations under this Agreement, the Adviser may, at its own discretion, delegate any or all of its discretionary investment, advisory and other rights, powers and functions hereunder to any Affiliate Advisers, without further written consent of the Client, provided that the Adviser shall always remain liable to the Client for its obligations hereunder. References herein to the Adviser shall include, except in Section 20 hereof, any of the Affiliate Advisers to which the Adviser delegates responsibilities hereunder.

2. Discretion; Management of Account and Powers of Adviser. (a) The Adviser is hereby authorized to supervise and direct the investment and reinvestment of assets in the Account, with full authority and at its discretion (without reference to the Client), on the Client's behalf and at the Client's risk, subject to the written investment restrictions and guidelines (the "Investment Guidelines") in respect of one or more sub-accounts and attached hereto as Appendix A. It is acknowledged by the parties that the Adviser will not begin actively managing the Account until directed by the Client. An investment's compliance with the Investment Guidelines shall be determined on the date of purchase only, based upon the price and characteristics of the investment on the date of purchase compared to the value of the Account as of the most recent valuation date; the Investment Guidelines shall not be deemed breached as a result of changes in value or status of an investment following purchase. The Adviser's authority and discretion hereunder shall include, without limitation, the power to buy, sell, retain and exchange investments and effect transactions; and other powers as the Adviser deems appropriate in relation to investing and executing transactions for the Account. The Client hereby authorizes the Adviser to open accounts and execute documents, indemnities and representation letters in the name of, binding against and on behalf of the Client for all purposes necessary or desirable in the Adviser's view to effectuate the Adviser's activities under this Agreement.

(b) The Client may from time to time amend the Investment Guidelines. The Adviser will not be bound to follow any amendment to the Investment Guidelines, however, until it has received actual written notice of the amendment from the Client and has agreed to accept such amendment, which agreement shall not be unreasonably withheld or delayed. All transactions effected for the Account will be deemed to be in compliance with the Investment Guidelines unless written notice to the contrary is received by the Adviser from the Client within 30 days following the first issue of the periodic report containing such transactions.

(c) The Adviser may in its sole discretion invest the Account in any investment company, unit trust or other collective investment fund, registered or non-registered, for which the Adviser or any of its affiliates serves as investment adviser ("Affiliated Fund"). The Adviser will make such investments only if in its reasonable view the Affiliated Fund is, based on yield, safety, charges, nature of investment program, liquidity and other relevant factors, an equivalent investment to competing investments. In connection with investments in Affiliated Fund(s), the Client will pay its share of all fees, expenses and 12b-1 fees (if any) associated with investing in such Affiliated Fund(s); provided, that the Adviser agrees to waive the advisory fee payable by the Client hereunder for those Account assets invested from time to time in Affiliated Funds. The Client may revoke its consent to investment in Affiliated Funds at any time by written notice to the Adviser.

3. Portfolio Transactions. (a) The Adviser will place orders for the execution of transactions for the Account in accordance with Part II of the Adviser's Form ADV as may be amended from time to time. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs, is normally an important factor in this decision, but the selection also takes into account the quality of brokerage services, including such factors as execution capability, willingness to commit capital, creditworthiness and financial stability, and clearance and settlement capability, and the provisions of research and other services. Accordingly, transactions will not always be executed at the lowest available price or commission. The Adviser may select a broker-dealer that furnishes the Adviser directly or through correspondent relationships with third party research or other services which provide in the Adviser's view appropriate assistance to the Adviser in the investment decision-making process (including with respect to futures, fixed-price offerings and over-the-counter transactions, if such instruments are permitted by the Investment Guidelines). Such research or other services may include research reports on companies, industries, and securities; economic and financial data; financial publications; computer data bases; quotation equipment and services; and research-oriented computer hardware, software and other services. These selections, and the total amount of commissions given a particular broker-dealer, may be made pursuant to an agreement that would bind the Adviser to compensate the selected broker-dealer for the services provided. Research and other services obtained in this manner may be used in servicing any or all of the Adviser's clients and may be used in connection with accounts other than

those that pay commissions to the broker-dealer relating to the research or other service arrangements. The Adviser may endeavor to direct sufficient commissions to broker-dealers who, pursuant to such arrangements, provide research or other services in order to ensure the continued receipt of research or other services the Adviser believes is useful in its investment decision-making process.

(b) The Client authorizes the Adviser, at the Adviser's discretion, to bunch or aggregate orders for the Account with orders of other clients and to allocate the aggregate amount of the investment among accounts (including accounts in which the Adviser, its affiliates and/or their personnel have beneficial interests) in the manner in which the Adviser shall determine appropriate and may, in accordance with applicable laws or rules of any exchange or regulatory or self-regulatory organization, when placing orders with Goldman Sachs or with unaffiliated brokers, give permission for Goldman Sachs or such other brokers to trade along with or ahead of the Client order. When portfolio decisions are made on an aggregated basis, the Adviser may in its discretion, place a large order to purchase or sell a particular security for the Account and the accounts of several other clients. Because of the prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may be averaged and the Account will be charged or credited with the average price; and the effect of the aggregation may operate on some occasions to the Client's disadvantage. Although in such an instance the Client will be charged the average price, the Adviser will make the information regarding the actual transactions available to the Client upon the Client's request. Neither the Adviser nor its affiliates, however, are required to bunch or aggregate orders, and therefore Client may not receive the average price on any given trade.

(c) The Adviser shall not execute any transactions for the Account with or through Goldman Sachs or any of Goldman Sachs' affiliates, as agent or principal.

(d) The Adviser may cause the Client to enter into short-term borrowings to facilitate execution and settlement of transactions in the Account.

4. Account. The "Account" shall initially consist of the cash and other assets of the Client listed in the schedule of assets separately furnished in writing to the Adviser by the Client or otherwise delivered by the Client to its Custodian (as hereinafter defined) and notified to the Adviser for management hereunder, plus all investments, reinvestments and proceeds of the sale thereof, including, without limitation, all interest, dividends and appreciation on investments, less depreciation thereof and withdrawals therefrom, and at the Client's direction may be comprised of one or more sub-accounts (each a "Sub-Account") subject to different Investment Guidelines attached hereto as Exhibit A and which may be subject to different fees as set forth in Appendix B. To the extent that the Account is comprised of two or more Sub-Accounts, the Client acknowledges that the amount of Client assets to be included and managed in each Sub-Account, and the Investment Guidelines applicable thereto, have been prescribed by the Client. The Adviser has no responsibility, unless otherwise expressly provided in the Investment Guidelines, to allocate assets from one Sub-Account to another or advise the Client regarding any such allocation from time to time. Cash and other assets may, at the Adviser's discretion, be deemed part of the Account and the Client shall be responsible for all transactions effected on the basis of such assumption, beginning before immediately available funds (in the case of cash) and Client ownership (in the case of securities) are received by the Custodian (as defined below) in its account for the Client. The Client consents and acknowledges that securities issued by The Goldman Sachs Group, Inc. or any of its affiliates ("GS Securities") received as original or additional assets of the account will be sold as soon as practical, unless Client directs the Adviser to retain the GS Securities by executing the Retention Letter, attached hereto, prior to funding date. Furthermore, Client acknowledges that it is the policy of the Adviser not to give advice with respect to the purchase, sale, retention or voting of GS Securities. The Client shall give reasonable written notice to the Adviser of additions to, or withdrawals from, the Account.

5. Custody. The cash and assets of the Account shall be held by a custodian (the "Custodian") appointed by the Client pursuant to a separate custody agreement or by the Client itself. The Adviser and its affiliates shall at no time have custody or physical control of the assets and cash in the Account. The Adviser shall not be liable for any act or omission of the Custodian. The Client shall instruct the Custodian to act, within the limits of the Adviser's authority hereunder, in accordance with instructions from the Adviser and shall deposit security within the limits provided hereunder as directed by the Adviser. The Client shall instruct the Custodian to provide the Adviser with such periodic reports concerning the status of the Account as the Adviser may reasonably request from time to time. The Client will not change the Custodian without giving the Adviser reasonable prior written notice of its intention to do so together with the name and other relevant information with respect to the new Custodian. The Client authorizes and directs the Custodian to debit its custodial account maintained for Client for all remuneration and expenses payable hereunder. In such a case, the Adviser will send a statement to the Custodian indicating the amount of the fee to be paid to the Adviser hereunder. The Client agrees that if the Custodian does not determine whether the Adviser's fee is properly calculated, it will be the Client's responsibility to undertake such verification. The Client will arrange for the Custodian to send to the Client, no less than quarterly, a statement showing all amounts disbursed from the Client's Custodian account to the Adviser.

6. Representations and Warranties of the Adviser. The Adviser hereby represents and warrants to, and agrees with, the Client that this Agreement has been duly authorized, executed and delivered by the Adviser and constitutes its legal, valid and binding obligation and that the Adviser is registered under the U.S. Investment Advisers Act of 1940 as an "investment adviser".

7. Representations and Warranties; Certain Agreements of the Client. (a) The Client hereby represents and warrants to, and agrees with, the Adviser that: (i) the Client is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing; (ii) the Client is the sole beneficial owner of all assets in the Account, and that no restrictions exist on the transfer, sale or other disposition of any of those assets and no option, lien, charge, security or encumbrance exists or will, due to any act or omission of the Client, exist

over any of the said assets, all of the assets in the Account are available to satisfy the obligations of it under any ISDA Agreement (as defined below), and the Client will take and/or permit the Adviser on its behalf to take any and all necessary actions in order to grant a valid, perfected security interest in such assets to a counterparty under the applicable credit support annex to an ISDA Agreement, and any assets pledged or transferred as collateral are not "plan assets" within the meaning of Section 3(42) of ERISA.; (iii) this Agreement has been duly authorized, executed and delivered by the Client and constitutes the Client's legal, valid and binding obligation and, without limitation, all transactions in securities, futures, options, swaps, forwards and other instruments and obligations of any kind relating thereto authorized by the Client in the Investment Guidelines, including but not limited to transactions governed by the 1992 form Master Agreement published by the International Swaps and Derivatives Association, Inc. ("ISDA Agreement") (collectively, "Obligations") are within the Client's power, comply with the laws and regulations applicable to the Client, are duly authorized by the Client and, when duly entered into with a counterparty, will be the legal, valid and binding Obligations of the Client; (iv) the Client is not an officer, director or controlling person of any corporation whose securities fall within the Investment Guidelines except as may be set forth in writing by the Client to the Adviser as an addendum hereto; (v) without limitation, the transactions and agreements which the Adviser enters on behalf of the Client with a counterparty pursuant to this Agreement will not violate the constituent documents of, or any law, rule, regulation, order, decree or judgment binding on the Client, or any contractual restriction binding on or affecting the Client or its properties and no governmental or other notice or other consent is required in connection with the execution, delivery or performance of this Agreement by the Client or of any agreements governing or relating to Obligations; (vi) the Client shall have full responsibility for payment of all taxes due on capital or income held or collected for the Account; (vii) the Client will not deal or authorize anyone other than the Adviser to deal with the Account; (viii) the Client is not required to be registered as an investment company under the Investment Company Act of 1940; (ix) the Client is a sophisticated institutional investor and has independently examined and understands the tax, legal, financial and accounting risks and consequences related to the Account and the transactions permitted under the Investment Guidelines, and the counterparty to any ISDA Agreement is not acting as a fiduciary in connection with the ISDA Agreement or any Transaction (including by virtue of the counterparty's reservation or exercise of any rights it may have in connection with the ISDA Agreement or any Transaction); (x) the Client is an "accredited investor" as defined in Regulation D and a "Qualified Institutional Buyer" as defined in Rule 144A under the U.S. Securities Act of 1933; (xi) the Client is not a commodity pool and the Client and any person with trading authority over the Client's accounts is not required to be registered as a Commodity Pool Operator under the Commodity Exchange Act (the "Act") or has reviewed the registration requirements of the Commodity Exchange Act, as amended, and the National Futures Association pertinent to commodity pool operators and has determined that the Client is in compliance with such requirements; and (xii) the Client is a "Qualified Eligible Person" as defined under Commodity Futures Trading Commission ("CFTC") Regulation 4.7, it consents to its account being an "exempt account" for purposes of such Regulation and it acknowledges that it has not been furnished with a disclosure document prepared in accordance with CFTC Regulation 4.31 because no such document is required pursuant to CFTC Regulation 4.7; (xiii) no Event of Default or Potential Event of Default or, to the Client's knowledge, Termination Event (all as defined in the ISDA Agreements) with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under the ISDA Agreement; (xiv) there is not pending, or to the Client's knowledge, threatened against the Client or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect (a) the legality, validity or enforceability against it of any ISDA Agreement or (b) its ability to perform its obligations under any ISDA Agreement. In addition, the Client acknowledges receipt of Part II of GSAM's Form ADV at least 48 hours prior to entering into this Agreement and, to the extent that options are approved investments for the Account, the Client also acknowledges receipt of the Characteristics and Risks of Standardized Options booklet. Furthermore, all information that is furnished in writing by or on behalf of the Client to the Adviser is, as of the date of the information, true, accurate and complete in every material respect, and the Client agrees to inform the Adviser promptly in writing if any representation, warranty or agreement made by the Client in this Agreement is no longer true, correct or complete or requires exception and/or modification to remain true (including suggesting any necessary changes to the Investment Guidelines).

8. Limitation of Liability; Indemnification. (a) To the extent permitted by law, the Adviser shall not be liable for any expenses, losses, damages, liabilities, demands, charges and claims of any kind or nature whatsoever (including without limitation any legal expenses and costs and expenses relating to investigating or defending any demands, charges and claims) (collectively "Losses") by or with respect to the Account, except to the extent that such Losses are actual losses of the Client proven with reasonable certainty, are not speculative, are proven to have been fairly within the contemplation of the parties as of the date hereof, and are the direct result of an act or omission taken or omitted by the Adviser during the term of this Agreement which constitutes gross negligence or willful misconduct under the Agreement, and without limiting the generality of the foregoing, the Adviser will not be liable for any indirect, special, incidental or consequential damages or other losses (regardless of whether such damages or other losses were reasonably foreseeable). Without limitation, the Adviser shall not be liable for Losses resulting from or in any way arising out of (i) any action of the Client or its previous advisers or its Custodian or other agents, following any direction of the Client or the Adviser's failure to follow any unlawful or unreasonable direction of the Client, (ii) force majeure or other events beyond the control of the Adviser, including without limitation any failure, default or delay in performance resulting from computer or other electronic or mechanical equipment failure, unauthorized access, strikes, failure of common carrier or utility systems, severe weather or breakdown in communications not reasonably within the control of the Adviser or other causes commonly known as "acts of god", whether or not any such cause was reasonably foreseeable, or (iii) general market conditions unrelated to any violation of this Agreement by the Adviser. The Adviser gives no warranty as to the performance or profitability of the Account or any part thereof, nor any guarantee that the investment objectives, expectations or targets described in this Agreement and/or in the Investment Guidelines or any Client Policy Statements will be achieved, including without limitation any risk control, risk management or return objectives, expectations or targets. The Account may suffer loss of principal, and income, if any, may fluctuate. The value of Account investments may be affected by a variety of factors, including, but not limited to, economic and political developments, interest rates and issuer-specific events, market conditions, sector positioning, and other factors. The Adviser shall not be responsible for the performance by any person not

affiliated with the Adviser of such person's commercial obligations in executing, completing or satisfying such person's obligations. The Adviser shall not be responsible for any Losses incurred after termination of the Account. The Adviser shall have no responsibility whatsoever for the management of any other assets of the Client and shall incur no liability for any Losses which may result from the management of such other assets. U.S. federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith; nothing herein shall constitute a waiver or limitation of any rights which the Client may have, if any, under any applicable U.S. federal and state securities laws. The rights of the Client under this clause (a) shall be the exclusive remedy of the Client for any breach of the Adviser under this Agreement.

(b) The Client shall reimburse, indemnify and hold harmless the Adviser, its affiliates and their partners, directors, officers and employees and any person controlled by or controlling the Adviser ("indemnitees") for, from and against any and all Losses (i) relating to this Agreement or the Account arising out of any misrepresentation or act or omission or alleged act or omission on the part of the Client or previous advisers or the Custodian or any of their agents; or (ii) arising out of or relating to any demand, charge or claim in respect of an indemnitee's acts, omissions, transactions, duties, obligations or responsibilities arising pursuant to this Agreement, unless (y) a court with appropriate jurisdiction shall have determined by a final judgment which is not subject to appeal that such indemnitee is liable in respect of the demands, charges and claims referred to in this subparagraph or (z) such indemnitee shall have settled such demands, charges and claims without the Client's consent.

9. Directions to the Adviser. All directions by or on behalf of the Client to the Adviser shall be in writing (including electronic communication) signed either by the Client or by an authorized agent of the Client or, if by telephone, confirmed in writing (including electronic communication). For this purpose, the term in writing, shall include directions given by facsimile. A list of persons authorized to give instructions to the Adviser hereunder with specimen signatures, is set out in Appendix C to this Agreement. The Client may revise the list of authorized persons from time to time by sending the Adviser a revised list which has been certified either by the Client or by a duly authorized agent of the Client. The Adviser shall incur no liability whatsoever in relying upon any direction from, or document signed by, any person reasonably believed by it to be authorized to give or sign the same, whether or not the authority of such person is then effective. The Adviser shall be under no duty to make any investigation or inquiry as to any statement contained in any writing and may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. Directions given by the Client to the Adviser hereunder shall be effective only upon actual receipt by the Adviser and shall be acknowledged by the Adviser through its actions hereunder only, unless the Client is advised by the Adviser otherwise.

10. Reports/Communications. (a) The Adviser shall provide the Client with reports containing the valuations and status of the Account on a quarterly basis, or otherwise as the Client and the Adviser may from time to time agree. If the Client requests that such reports be transmitted or made available electronically (subject to the Client complying with such reasonable requirements as to security and confidentiality as the Adviser may impose), the Client acknowledges that such reports may not be encrypted and it is possible that they may be intercepted, read and/or amended by unauthorized persons and the Adviser cannot be responsible for unauthorized access. Performance reporting shall begin as of the business day one full month following the date on which cash or securities are deemed part of the Account or Sub-Account as provided in Section 4, or on such earlier date in the Adviser's reasonable discretion. Valuation levels for the assets listed in the Account statements will reflect the Adviser's good faith effort to ascertain fair market levels (including accrued income, if any) for the securities and other assets in the Account based on pricing and valuation information believed by the Adviser to be reliable for round lot sizes. These valuation levels may not be realized by the Account upon liquidation. Market conditions and transaction size will affect liquidity and price received upon liquidation. Then current exchange rates will be applied in valuing holdings in foreign currency. The Client agrees that the Adviser is not obligated to send to the Client copies of any trade confirmations it receives. The Client acknowledges and agrees that (i) the Adviser shall not be deemed to be the pricing or valuation agent for the Account, (ii) the Adviser is not obligated to provide pricing information to satisfy any regulatory requirements to which the Client may be subject (e.g., FAS 157); (iii) none of the information which the Adviser provides the Client hereunder shall be deemed to be the official books and records of the Account for tax, accounting or any other purpose, (iv) the Adviser may be contractually prohibited from providing information on prices of certain securities to the Client or Custodian; and (v) the Client will not publish, reproduce (except for internal or archival purposes) or disseminate any pricing information provided by the Adviser without the Adviser's consent. The Client or the Client's pricing or valuation agent, not the Adviser, shall be responsible for determining the value of specific securities in the Account and inquiries in this regard should be directed to such agent accordingly.

(b) The Client acknowledges and agrees that if the parties agree that instructions or other communications related to this Agreement may be transmitted via the internet or other similar media, there is no guarantee that such communications will be delivered to the intended recipient promptly, in the correct format or at all, and it is possible that such communications may be intercepted, read and/or amended by unauthorized persons. The Client agrees that all risks associated with the transmission of communications via the internet or other similar media shall be at the Client's risk and that such communications shall only be deemed to have been delivered upon actual receipt by the intended recipient. If the Client no longer wishes to receive information via the internet or other similar media, or is unwilling to accept the risks inherent in electronic communication, the Client should contact the Adviser to arrange for another means of supplying the information. Subject to the preceding, the Client consents to receive (i) Part II of the Adviser's Form ADV, (ii) the offer letter for Part II of Form ADV, and/or (iii) NASD Rule 2790 negative consent letters, as applicable, via electronic mail.

(c) The Adviser shall consult with the Client from time to time on various topics related to the Client's balance sheet, fixed income and broader investment portfolio and ancillary issues related thereto.

11. Exercise of Membership Rights; Proxies; Tender Offers; Class Actions. Subject to any other written instructions of the Client or as otherwise stated herein, the Adviser is hereby appointed the Client's agent and attorney-in-fact to exercise in its discretion all rights and perform all duties which may be exercisable in relation to any assets held or that were held in the Account with respect to the right to vote (or in its discretion, refrain from voting), tender, exchange, endorse, transfer, or deliver any securities in the Account, to participate in or consent to any distribution, plan of reorganization, creditors committee, merger, combination, consolidation, liquidation, underwriting, or similar plan with reference to such securities; and to execute and bind the Client and Account in waivers, consents, covenants and indemnifications related thereto. Notwithstanding the above, the Client or its Custodian, and not the Adviser, shall make any and all filings in connection with any securities litigation or class action lawsuits involving securities held or that were held in the Account. Except as may be explicitly provided by applicable law, the Adviser shall not incur any liability to the Client by reason of any exercise of, or failure to exercise, any such discretion and shall not incur any liability for any failure arising from an act or omission of a person other than the Adviser. The Client understands that the Adviser establishes from time to time guidelines for the voting of proxies and may employ the services of a proxy voting service to exercise proxies in accordance with the Adviser's guidelines. The Adviser is authorized to hire at the Client's expense any agents (including attorneys) the Adviser deems appropriate in connection with and in order to provide services related to matters set forth in this paragraph and the Client agrees to pay for such agents in addition to the fees set forth in this Agreement.

12. Non-Assignability. No assignment (as such term is defined under the U.S. Investment Advisers Act of 1940) of this Agreement may be made by either party to the Agreement except with the written consent of the other party. The Client will be notified by the Adviser of a change in general partners of the Adviser within a reasonable time thereafter.

13. Confidential Information. (a) The Adviser and the Client each agree not to disclose each other's name to the public or to use each other's name without the prior written approval of the other party except that the Client hereby consents to the disclosure by the Adviser of the Client's name to (i) brokers and dealers (including any futures brokers and futures commission merchants if futures are permitted by the Investment Guidelines) whether executing or clearing to effectuate the Adviser's trading activities on behalf of the Client, (ii) consultants in connection with the completion of questionnaires and informational surveys, and (iii) prospective clients of the Adviser as part of a representative client list. The Adviser agrees that the Client may disclose that Adviser has been retained as investment adviser in Client's financial statements and reports. The Client agrees and acknowledges that confidential information and advice furnished by the Adviser to the Client (including without limitation information evidencing the Adviser's expertise, investment strategies or trading activities) has been developed by the Adviser through the application of methods and standards of judgment and through the expenditure of considerable work, time and money and is the exclusive and proprietary intellectual property of the Adviser which (i) shall be treated as confidential by the Client, (ii) shall not be used by the Client as the basis for effecting transactions in any accounts other than the Account, (iii) shall not be used for any purpose other than Client's, or Client's consultant's, analysis of the performance of the Adviser, and (iv) shall not be disclosed, directly or indirectly, to third parties by the Client except (in the case of (i) through (iv)) with the prior written consent of the Adviser or as required by law. Notwithstanding the above, confidential information may be disclosed if (i) requested by or through, or related to a judicial, administrative, governmental or self-regulatory organization process, investigation, inquiry or proceeding, or is otherwise legally required, (ii) required in order for each party to carry out its responsibilities hereunder, or (iii) permitted upon the prior written consent of the other party.

(b) Notwithstanding anything herein to the contrary, the Client (and each of the Client's employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction or potential transaction in the Client's Account and all materials of any kind (including opinions or other tax analyses) that are provided to the Client relating to such tax treatment and tax structure. However, any information relating to the tax treatment or tax structure shall remain subject to the confidentiality provisions hereof (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable the parties hereto, their respective affiliates, and their respective affiliates' directors and employees to comply with applicable securities laws. For this purpose, "tax structure" means any facts relevant to the federal income tax treatment of any such transaction or potential transaction but does not include information relating to the identity of the issuer of any securities bought, sold or transferred in any such transaction, or to be bought, sold or transferred in any such potential transaction, the issuer of any assets underlying any such securities, or any of their respective affiliates that are offering any such securities.

14. Remuneration; Expenses. For its discretionary advisory services hereunder, the Adviser shall be entitled to the fees and terms of payment as set forth in Appendix B to this Agreement. The Adviser may, at its discretion, make payments out of such fees to any affiliate from which the Adviser obtains assistance. Furthermore, the Client acknowledges and agrees that, if Client has been referred to the Adviser by an employee of the Adviser or any of its affiliates, the Adviser may, at its discretion, make payments out of such fees directly or indirectly to said employee, and that such persons may also receive commissions or commission equivalents related to brokerage transactions effected by Goldman, Sachs & Co. and its affiliates as compensation for such referral or for services provided to the Client in relation to the Account. Custodial fees, if any, are charged separately by the Custodian for the Account and are not included in Appendix B unless specifically set forth therein. The Client shall be responsible for payment of brokerage commissions, transfer fees, registration costs, taxes and other similar costs and transaction-related expenses and fees arising out of transactions in the Account as well as any expenses described in Section 11, and the Client hereby authorizes the Adviser to incur such expenses for the Account.

15. Services to Other Clients; Certain Affiliated Activities. (a) The relationship between the Adviser and the Client is as described in this Agreement and permits, expressly as set forth herein, the Adviser and its affiliates to act in multiple capacities (i.e., act as principal or agent in addition to acting on behalf of Client), and, subject only to the Adviser's execution obligations set forth in Section 3 hereof, to effect transactions with or for the Account in instances in which the Adviser and its

affiliates may have multiple interests. In this regard the Client understands that the Adviser is part of a worldwide, full-service investment banking, broker-dealer, asset management organization, and as such, the Adviser and its affiliates (the "Firm") and their managing directors, directors, officers and employees ("Personnel") may have multiple advisory, transactional and financial and other interests in securities, instruments and companies that may be purchased, sold or held by the Adviser for the Account. The Firm may act as adviser to clients in investment banking, financial advisory, asset management and other capacities in advisory or other assignments of all types including those related to instruments that may be purchased, sold or held in the Account, and the Firm may issue, or be engaged as underwriter for the issuer of, instruments that the Account may purchase, sell or hold. At times, these activities may cause departments of the Firm to give advice to clients that may cause these clients to take actions adverse to the interests of the Client. The Firm and Personnel may act in a proprietary capacity with long or short positions, in instruments of all types, including those that the Account may purchase, sell, or hold. Such activities could affect the prices and availability of the securities and instruments that the Adviser seeks to buy or sell for the Account, which could adversely impact the performance of the Account. Personnel may serve as directors of companies the securities of which the Account may purchase, sell, or hold. The Firm and Personnel may give advice, and take action, with respect to any of the Firm's clients or proprietary accounts that may differ from the advice given, or may involve a different timing or nature of action taken, than with respect to any one or all of the Adviser's advisory accounts, and effect transactions for such clients or proprietary accounts at prices or rates that may be more or less favorable than for the Account. The Firm and Personnel may obtain and keep any profits, commissions and fees accruing to them in connection with their activities as agent or principal in transactions for the Account and other activities for themselves and other clients and their own accounts and the Adviser's fees as set forth in this Agreement shall not be abated thereby.

(b) The Client understands that the ability of the Adviser and its affiliates to effect and/or recommend transactions may be restricted by applicable regulatory requirements in the United States, United Kingdom or elsewhere and/or their internal policies designed to comply with such requirements. As a result, there may be periods when the Adviser will not initiate or recommend certain types of transactions in certain investments when the Adviser or its affiliates are performing investment banking or other services or when aggregated position limits have been reached and the Client will not be advised of that fact. Without limitation, when Goldman Sachs or an affiliate is engaged in an underwriting or other distribution of securities of a company, the Adviser may in certain circumstances be prohibited from purchasing or recommending the purchase of certain securities of that company for its clients. Without limitation, the Adviser and its affiliates may also be prohibited from effecting transactions for the Account with or through its affiliates, from acting as agent for another customer as well as the Client in respect of a particular transaction, or from acting as the counterparty on a transaction with the Client. If not prohibited, the Adviser is nonetheless not required to effect transactions for the Account with or through its affiliates and other clients or in instances in which the Adviser or its affiliates have multiple interests.

(c) The Client should be aware that from time to time at the Adviser's discretion, advisory Personnel may consult with Personnel in proprietary trading or other areas of the Firm or form investment policy committees comprised of such Firm Personnel, and the performance of Firm Personnel obligations related to their consultation with the Adviser could conflict with their areas of primary responsibility within the Firm. In connection with their activities with the Adviser, such Firm Personnel may receive information regarding the Adviser's proposed investment activities which is not generally available to the public. However, there will be no obligation on the part of such Firm Personnel to make available for use by advisory accounts any information or strategies known to them or developed in connection with their client, proprietary or other activities. In addition, the Firm will be under no obligation to make available any research or analysis prior to its public dissemination. Furthermore, the Firm shall have no obligation to recommend for purchase or sale by advisory accounts any security that the Firm or Personnel may purchase for themselves or for any other clients. The Firm shall have no obligation to seek to obtain any material non-public ("inside") information about any issuer of securities, and will not effect transactions for advisory accounts on the basis of any inside information as may come into its possession.

16. Duration and Termination. This Agreement shall continue in full force and effect until terminated in writing as set forth below. The Adviser or the Client may terminate the Agreement at any time upon 30 days' written notice without penalty or other additional payment except that the Client will pay the fees of the Adviser referred to in Section 11 and Section 14 of the Agreement prorated to the date upon which all trades have settled and all positions have been liquidated or otherwise transferred upon order of the Client. Termination of the Adviser's discretionary authority hereunder to supervise and direct the investment and reinvestment of assets in the Account shall be effective immediately upon one party's receipt of written notice of termination from the other party provided that the Client shall honor any trades entered but not settled before the date of any such termination and that, upon such termination, except as the Client may otherwise direct, the Account will be liquidated by the Adviser in an orderly manner. Sections 6, 7, 8, 13, 14, 15, 16, 17, 18 and 20 shall survive the termination of this Agreement.

17. Notices. (a) Except as otherwise specifically provided herein, all notices shall be deemed duly given when sent in writing to the appropriate party at the addresses appearing at the end of this Agreement for each signatory hereto, or to such other address as shall be notified in writing by that party to the other party from time to time or, if sent by facsimile transmission, upon transmission.

(b) The Client agrees that it will be notified only of trading errors by the Adviser that in the Adviser's reasonable view, result in a loss as a result of a direct violation of the Investment Guidelines or fiduciary responsibility but that no other notice of errors is required.

18. Entire Agreement; Amendment, Etc. This Agreement, including the Appendices attached hereto, states the entire agreement of the parties with respect to management of the Account and may not be amended except by a writing signed by the parties. If any provision or any part of a provision of this Agreement shall be found to be void or unenforceable, it shall not

affect the remaining part which shall remain in full force and effect. All terms used but not defined in the Appendices shall have the meaning ascribed to herein.

19. Effective Date. (a) This Agreement shall become effective on the day and year first written above.

(b) The Adviser shall commence its discretionary investment management activities, as contemplated under the Agreement, on the later of the date of (i) execution of this Agreement by each of the parties; (ii) either the receipt by the Adviser of confirmation in writing from the Custodian that cleared funds are available to the Adviser for investment on behalf of the Client or that assets initially comprising the Account have been delivered to the Custodian and are available for disposition by the Adviser; or (iii) such other date agreed in writing between the Adviser and the Client.

20. Governing Law. This Agreement shall be governed by, and construed in accordance with the law of New York. The Client acknowledges and agrees however that, to the extent that the Adviser delegates power and authority hereunder to an Affiliate Adviser, the laws and regulations applicable to such Affiliate Adviser's activities will apply to the Affiliate Adviser's activities for the Account. Nothing herein shall constitute a waiver or limitation of any rights which the Client may have, if any, under any applicable U.S. federal and state securities laws

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized agents so as to be effective on the day, month and year first above written.

GOLDMAN SACHS ASSET MANAGEMENT, L.P.

By: \_\_\_\_\_

Name: MAIRE M. O'NEILL

Title: Managing Director

*Maire M. O'Neill* 10/31/08

Notice Address: Goldman

Sachs Asset Management, L.P.  
32 Old Slip  
New York, New York 10005  
Attention: Chief Executive Officer  
Fax: 212-346-3213

Date: \_\_\_\_\_

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THE TRADING PROGRAM ADOPTED HEREUNDER OR ANY BROCHURE OR ACCOUNT DOCUMENT.

WESTERN UNITED LIFE ASSURANCE COMPANY

By: \_\_\_\_\_

Name: Dale Whitney

Title: President

Notice Address:

Western United Life Assurance Company  
929 W Sprague Ave  
PO Box 2290  
Spokane, WA 99210-2217  
Fax: 509-835-3191

Date: \_\_\_\_\_

**APPENDIX A  
INVESTMENT GUIDELINES AND ADDITIONAL POWERS  
WESTERN UNITED LIFE ASSURANCE COMPANY**



**Western United Life Assurance Company**

**INVESTMENT POLICY**

## I. PURPOSE

This document outlines the investment policy, guidelines, objectives, roles and responsibilities, and requirements for the investment portfolios of Western United Life Assurance Company ("WULA" or the "Company"). These policies and objectives ("Policy") are intended to allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the Company's investment programs.

## II. ROLES AND RESPONSIBILITIES

### Investment Committee

The WULA Investment Committee is responsible for overseeing the Company's investment guidelines. In doing so, the Investment Committee will:

- Approve of the major duties and responsibilities of those accountable for achieving investment results;
- Approve of a sound and consistent Policy, to include ongoing policy review with a formal process annually;
- Evaluate results to assure that the Policy is being adhered to and the objectives are being met;
- Approve the selection of an Investment Manager
- Meet on a quarterly basis, or more frequently as needed, with WULA Management to review the Portfolio; and
- Complete other related duties as assigned by the Board of Directors.

### WULA Management

WULA Management is responsible for carrying out duties as directed by the Investment Committee. In doing so, Management will:

- Monitor the actions of the Investment Managers to ensure that this Investment Policy is adhered to and immediately notify the Investment Committee of non-compliance issues.
- Provide the Investment Committee with monthly statements showing the individual securities held in the Portfolio, their cost, market value, and such other information as the Investment Committee may request.
- Provide the Investment Committee with a quarterly report of the actual asset allocation mix as compared to the asset allocation mix incorporated into this policy.

### Investment Managers

WULA's investments will be managed by external investment managers ("Managers") selected by the Investment Committee. Each Manager will be responsible for the selection of the securities to be included in the portion of the portfolio that it is responsible for managing.

The Manager shall inform WULA Management of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the Manager as it pertains to this account. An audited financial statement(s) of the Manager's parent company are to be furnished annually.

Managers shall invest the Portfolio assets with care, skill, prudence, and diligence that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims under the circumstances then prevailing. Furthermore, Managers shall acknowledge in writing their intention to comply with the Policy as it currently exists or as modified by the Investment Committee in the future.

### III. APPROVAL OF INVESTMENTS OUTSIDE THE PARAMETERS OF THIS INVESTMENT PROGRAM

The Managers shall submit investment recommendations that do not meet the guidelines enumerated in this Policy to the Investment Committee for pre-approval prior to acquiring such investment.

### IV. INVESTMENT OBJECTIVES AND POLICIES

WULA's investment portfolios shall be actively managed by the Managers designated by the Investment Committee.

WULA's investment objective is to back the insurance liabilities of the Company by maximizing the after-tax investment income of the portfolio while also achieving a total return consistent with the benchmark. The investment strategy needs to take into account the yield obtained, the risk in the portfolio for both default on the assets as well as interest rate risk (ALM) as well as the cost of capital for holding the assets (RBC requirements).

Hence the strategy will be to reach or exceed the Target Yield, subject to constraints specified in these guidelines. The goal of the constraints is to limit the risk and the cost of capital while giving enough flexibility to the asset manager to reach the Target Yield.

The guidelines also provide the framework for reporting and benchmarking the results, so that WULA can calculate the risks it holds at any point in time and also be able to track the performance of the manager, both in absolute terms and in relation to the Target Yield and benchmarks.

#### Target Yield

The target yield of the portfolio is based on treasuries equivalent in duration to the liability duration, (currently 2.1 years), plus 200 bp.

### V. REGULATORY AND OTHER CONSTRAINTS ON THE PORTFOLIO

The portfolio shall be invested in compliance with the laws and regulations applicable to WULA as an insurance company.

### VI. ASSET ALLOCATION

This section defines the limits placed on the assets in order to limit the default risk through limits on quality and diversification.

Asset Class	Permitted Range
Cash and Short-Term Investments	0-5%
Treasury and Agency Securities	0-100%
Supranationals, Non-US Sovereign and Sovereign	0-10%

Guarantees		
Corporate Bonds (includes convertible bonds)		20-80%
RMBS		0-30%
ABS		0-25%
CMBS		0-10%
Municipal Bonds		0-10%
Hybrid / Preferred		0-10%
Equities and Other		0%
Total Real-Estate Related Assets		<=65%

## VII. PERMISSIBLE INVESTMENTS

The following types of investments are approved for purchase:

- i) *U.S. Treasury and Government Agency Securities*, excluding mortgages and mortgage backed securities and derivative securities whose underlying collateral is in the form of mortgages or mortgage backed securities, but including non-mortgage obligations of the Government Sponsored Enterprises.
- ii) Obligations of any state, District of Columbia, territory or possession of the United States of America or incorporated city in any state, District of Columbia, territory or possession of the United States of America including the subdivisions, agencies and instrumentalities of any of the foregoing.
- iii) *Mortgage-Backed Securities*, which are issued by any Agency of the United States of America or non-agency and backed by loans secured by residential, multifamily and commercial properties.
- iv) US-dollar denominated corporate debt securities, including but not limited to Eurobonds and Yankees issued by Sovereigns, Supranationals and other foreign entities; emerging markets; covered bonds, convertibles; and preferred stocks
- v) *Asset-Backed Securities* including but not limited to those backed by autos, credit cards and residential mortgages.
- vi) Short-term investment vehicles including money market funds, commercial paper, US Government securities,
- vii) *Banker's Acceptance Notes and CDs* in the form of time drafts drawn on and notes, accepted by banking institutions
- viii) *Repurchase agreements*
  - *Fully collateralized by permitted investments*
  - *Deliver-out to custodian or tri-party arrangements permitted*
  - *GSAM approved counterparties or Federal Reserve member banks and primary dealers*
  - *Marked-to-market daily*
  - *Maximum term 90 days*
- ix) *Reverse repurchase agreements are permitted upon written notification from WULA.*
- x) Short selling is not permitted, except with respect to shorts against the box, futures, swaps and options.

- xi) Credit default swaps may be purchased to hedge the risk of an existing position(s). Swaps and other derivatives cannot be used for speculation purposes.

### VIII. CREDIT LIMITATIONS AND COMPLIANCE WITH GUIDELINES

These limitations apply at the time of purchase.

- No more than 20% in SVO 3,4,5,6 (BB+ or lower)
- No more than 10% in SVO 4,5,6 (B+ or lower)
- No more than 3% in 5,6 (CCC+ or lower)
- No more than 1% in SVO 6 (CC, C, D)

If the portfolio becomes non-compliant with investment guidelines due to a security downgrade, the respective Manager will report to WULA Management within 2 business days of such breach along with a recommendation to hold or sell the security in question.

If the portfolio becomes non-compliant solely due to fluctuations in market value or due to client-initiated transfers of cash and/or securities, the manager shall rebalance the portfolio within 90 days.

At no time shall the portfolio use economic leverage which would move its risk outside any of its stated guidelines regarding duration, credit quality, etc..

#### Issuer Limits:

- No Limit - US Government
- 25% per Issuer - US Agency MBS Issuer (this applies to general obligations of full/faith US agencies, not their MBS)
- 4% per GSE-issued MBS
- 3% per Issuer - NAIC 1 Bonds
- 1% per Issuer - NAIC 2 Bonds
- 0.5% per Issuer - NAIC 3 Bonds
- 0.25% per Issuer - NAIC 4 Bonds and Lower

### IX. ASSET LIABILITY RISK GUIDELINES

The effective duration of the portfolio shall be between +/- 1 year of the duration of the liabilities. The duration of the liabilities will be provided by WULA. It is currently at 2.1 year for the in-force portfolio. New money coming in should be invested to match new business duration of about 4 years.

Note: duration of liabilities changes over time because of changes in interest rates, business mix and assumptions. Therefore these targets will be provided by WULA on a quarterly basis.

The effective convexity of the asset portfolio will be kept at 0.2 or higher.

## X. RBC REQUIREMENTS

The total required capital of the portfolio should not exceed 1.5% of the portfolio. The asset manager will calculate the RBC requirements of the portfolio using the following factors:

Note: the factor for mortgages will vary over time, as it depends on the default experience on WULA's portfolio.

Long Term Bonds	RBC factor
US Governments	0.000
SVO Rating 1	0.004
SVO Rating 2	0.013
SVO Rating 3	0.046
SVO Rating 4	0.100
SVO Rating 5	0.230
SVO Rating 6	0.300
Mortgages	0.091

## XI. LIMITS ON REALIZED LOSSES

The limit on net realized losses is \$1 million per quarter.

**APPENDIX B  
FEE SCHEDULE  
WESTERN UNITED LIFE ASSURANCE COMPANY**

The Client shall pay or cause to be paid to the Adviser as remuneration for its services under the Agreement an investment management fee consisting of a Fixed Fee pursuant to the schedule as set forth below. All fees are stated exclusive of any value added or similar taxes which, if chargeable, shall be payable by the Client.

Fixed Fee

The Fixed Fee will be calculated by the Adviser based upon the Average Month-End Account Valuation. The Fixed Fee will be billed quarterly in arrears for each calendar quarter and payable in USD within 30 days upon the Client's receipt of an invoice. Fixed Fees will be prorated as appropriate for the initial calendar quarter and upon termination.

<u>Average Month-End Account Valuation</u>	<u>Annual Fixed Fee Rate</u>
First USD 200 million	20 bps, (0.20%)
Next USD 200 million	15 bps, (0.15%)
Next USD 600 million	12 bps, (0.12%)
Next USD 1 billion	10 bps, (0.10%)
Balance above USD 2 billion	8 bps, (0.08%)

Minimum Annual Fixed Fee: USD 300,000 per calendar year. This will be prorated for the initial calendar year and for the calendar year of termination.

This fee schedule is intended for general account fixed income assets of insurance companies that are invested in investment grade securities, with GSAM standard reporting, servicing and portfolio management requirements, including standard published benchmarks.

For a mandate with multiple managed portfolios there is a \$10,000 per annum per portfolio charge in addition to the fees quoted above. This fee covers the additional administrative, operational and reporting costs associated with multiple portfolios.

A supplemental fee quote for insurance investment accounting services can also be provided upon request and will be customized based upon the specific requirements of each client.

Fees are generally billed and payable at the end of each calendar quarter and are based on average month-end market values during the quarter and the portfolio count at the beginning of each quarterly billing cycle.

Additional information is provided in our Form ADV Part II.

Quarterly Fixed Fee = Average Month-End Account Valuation \* Annual Fixed Fee Rate \* (1/4)

The Quarterly Fixed Fee for each calendar quarter will be equal to the product of (i) the Average Month-End Account Valuation for such calendar quarter, (ii) the Annual Fixed Fee Rate, and (iii) 1/4, provided that if for any calendar year the aggregate Quarterly Fixed Fee for such year would be less than the Minimum Annual Fixed Fee, the Quarterly Fixed Fee for the last calendar quarter in which a Quarterly Fixed Fee is paid or would be payable shall not be less than the excess of the Minimum Annual Fixed Fee over all prior Quarterly Fixed Fees for such calendar year.

Account Valuation will reflect realized and unrealized gains and losses on all Account investments plus income, both received and accrued, and will be as determined by the Adviser.

Average Month-End Account Valuation will be equal to the sum of the three month-end Account Valuations during the quarter, divided by three and will reflect a day-weighted adjustment for Account Cashflows that occur during each month.

Account Cashflows will include all contributions and withdrawals into and out of the Account.

**APPENDIX C  
AUTHORIZED SIGNATORIES LIST**

All directions by or on behalf of **WESTERN UNITED LIFE ASSURANCE COMPANY** (the "Client") to Goldman Sachs Asset Management, L.P., or any affiliate thereof (the "Adviser") with respect to the Client's Account, shall be in writing signed either by the Client or by an authorized agent of the Client or, if by telephone, confirmed in writing. For this purpose, the term in writing shall include directions given by facsimile. E-mail notification from an authorized person at the Client will also be accepted for cash flows. It will not be accepted for change in wiring instructions, guideline amendments or account terminations.

A list of persons authorized to give instructions to the Adviser with specimen signatures, is set out below. Also attached is documentation as evidence of authority for each individual listed below. The Client may revise the list of authorized persons from time to time by sending the Adviser a revised list, including documentation evidencing authority for each new individual, which has been certified by the Client or by a duly authorized agent of the Client.

Directions given by the Client to the Adviser hereunder shall be effective only upon actual receipt by the Adviser and shall be acknowledged by the Adviser through its action hereunder only, unless the Client is advised by the Adviser otherwise.

_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)
_____	_____
(Print Name and Title)	(Signature)

Authorized Signatory acknowledged and agreed as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

By: \_\_\_\_\_  
Name:  
Title:

October 31, 2008

Goldman Sachs Asset Management, L.P.  
32 Old Slip  
New York, NY 10005  
Attn: Kevin Reihan

**RE: Name of Account:** Western United Life Assurance Company (the "Client")

**Securities Type:**

BHP Billiton Finance - 2,500,000, 12/15/10, 055451AC2  
Texas Competitive Elec Holdings Co LLC - 814,599, 01/02/26, 87317@AA1, 5.350  
Goldman Sachs Group Inc Bonds- 2,000,000 10/01/14 and 38143UAW1  
Goldman Sachs Group Incorporated- 1,000,000, 09/01/12, 38141GCG7  
(together, the "Bonds").

Dear Kevin:

This letter shall serve to confirm that the undersigned has directed Goldman Sachs Asset Management, L.P. (GSAM) to receive the above Bonds into the Client's asset management account at GSAM ("Account") and to retain the above Bonds in the Account.

The Client has independently determined to transfer the Bonds to GSAM, directs GSAM to hold the Bonds to maturity unless otherwise directed in writing by the Client, and understands that for administrative convenience GSAM will include the Bonds when valuing the Account for purposes of calculating the Fixed Fee. The Client acknowledges and agrees that GSAM has not recommended or provided the Client or any other party with any advice with respect to the Bonds and otherwise has exercised no discretion or responsibility with respect to the decision to transfer the Bonds. The Client also acknowledges that GSAM has not provided and will not provide the Client with any advice that has formed or will form a basis for any of the decisions related to any subsequent transfer or sale of the Bonds, and that GSAM is not a fiduciary of the Client with respect to the receipt or any subsequent transfer or sale of the Bonds. Additionally, the receipt or any subsequent transfer or sale of the Bonds shall not be considered a breach of the Client's investment guidelines as set forth in the Discretionary Advisory Agreement dated as of October 31, 2008 or appendices thereto.

No fee shall be charged by GSAM in respect of the receipt or any subsequent transfer or sale of the Bonds (although as stated above the Bonds will be included in the value of the Account for purposes of calculating the Fixed Fee).

Very truly yours,

GOLDMAN SACHS ASSET MANAGEMENT, L.P.

WESTERN UNITED LIFE ASSURANCE  
COMPANY

Acknowledged and agreed as of this 31st day of  
October, 2008.

By: *Maure M. O'Neill* 10/31/08  
Name: *Maure M. O'Neill*  
Title: Managing Director

By: *Dale Whitney*  
Name: Dale Whitney  
Title: President

### THIRD AMENDMENT TO THE INVESTMENT ADVISORY AGREEMENT

This amendment ("Amendment") is effective as of January 1, 2010, and is by and between Advantus Capital Management, Inc. ("Advantus") and Western United Life Assurance Company ("Client").

#### Recitals

- A. Advantus and the Client are parties to that certain Investment Advisory Agreement dated 9-24-2004, as amended by agreements dated 10-31-2007 and 11-3-2008 (the "Agreement").
- B. Advantus and the Client desire to amend a certain section of Exhibit A of the Agreement.
- C. The Agreement states that the Agreement may be amended only by written agreement, executed by both parties.

In consideration of the foregoing and the undertakings and agreements set forth in the Agreement, the parties hereby agree to modify and amend the Agreement as follows:

1. The "**Fair Value Pricing Methodology**" section of **Exhibit A** is hereby deleted in its entirety and replaced with the following:

#### **Pricing Methodology**

Advantus has adopted Valuation Policies and Procedures which are followed in connection with the valuation of securities held by Advantus clients. In general, Advantus utilizes an independent pricing service in its valuation of publicly traded securities (governments, corporates, asset-backed and mortgage backed securities).

Private placements are not valued by an outside pricing service and are valued in accordance with procedures approved by the Valuation Committee.

All Valuation Policies and Procedures are reviewed at least annually by the Valuation Committee and the Chief Compliance Officer of Advantus.

2. Except as set forth herein, all other terms and provisions of the Agreement not modified herein remain in full force and effect.
3. This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which together will constitute one instrument, binding on all parties hereto, notwithstanding that all of the parties may not have executed the same counterpart.

IN WITNESS WHEREOF, the parties have executed this Amendment by their duly authorized officers, identified below, as of the day and year above written.

**Advantus Capital Management, Inc.**

**Western United Life Assurance Company**

By: *Kathleen H. Parker*  
Kathleen H. Parker  
(printed or typed name)

Title: Vice President

By: *Marilyn Froelich*  
Marilyn Froelich  
(printed or typed name)

Title: Vice President

By: *Bob White*  
President  
(printed or typed name)

Title: \_\_\_\_\_

By: *Lynn Crane*  
Lynn Crane  
(printed or typed name)

Title: General Counsel / Secretary



**Western United Life Assurance Company**

**INVESTMENT POLICY**

## I. PURPOSE

This document outlines the investment policy, guidelines, objectives, roles and responsibilities, and requirements for the investment portfolios of Western United Life Assurance Company ("WULA"). These policies and objectives ("Policy") are intended to allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the Companies' investment programs.

## II. ROLES AND RESPONSIBILITIES

### **Investment Committee**

The WULA Investment Committee is responsible for overseeing the company's investment guidelines. In doing so, the Investment Committee will:

- Approve of the major duties and responsibilities of those accountable for achieving investment results;
- Approve of a sound and consistent Policy, to include ongoing policy review with a formal process annually;
- Evaluate results to assure that the Policy is being adhered to and the objectives are being met;
- Approve the selection of an Investment Manager
- Meet on a quarterly basis, or more frequently as needed, with WULA Management to review the Portfolio; and
- Complete other related duties as assigned by the Board of Directors;

### **WULA Management**

WULA Management is responsible for carrying out duties as directed by the Investment Committee. In doing so, Management will:

- Monitor the actions of the Investment Managers to ensure that this Investment Policy is adhered to and immediately notify the Investment Committee of non-compliance issues.
- Provide the Investment Committee with monthly statements showing the individual securities held in the Portfolio, their cost, market value, and such other information as the Investment Committee may request.
- Provide the Investment Committee with a quarterly report of the actual asset allocation mix as compared to the asset allocation mix incorporated into this policy.

### **Investment Managers**

WULA's investments will be managed by external investment managers ("Managers") selected by the Investment Committee. Each Manager will be responsible for the selection of the securities to be included in the portion of the portfolio that it is responsible for managing.

The Manager shall inform WULA Management of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the Manager as it pertains to this account. An audited financial statement(s) of the Manager's parent company are to be furnished annually.

Managers shall invest the Portfolio assets with care, skill, prudence, and diligence that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a

like character and with such aims under the circumstances then prevailing. Furthermore, Managers shall acknowledge in writing their intention to comply with the Policy as it currently exists or as modified by the Investment Committee in the future.

### **III. APPROVAL OF INVESTMENTS OUTSIDE THE PARAMETERS OF THIS INVESTMENT PROGRAM**

The Managers shall submit investment recommendations that do not meet the guidelines enumerated in this Policy to the Investment Committee for pre-approval prior to acquiring such investment.

### **IV. INVESTMENT OBJECTIVES AND POLICIES**

WULA's investment portfolios shall be actively managed by the Managers designated by the Investment Committee.

WULA's investment objective is to back the insurance liabilities of the company by maximizing the after-tax investment income of the portfolio while also achieving a total return consistent with the benchmark. The investment strategy needs to take into account the yield obtained, the risk in the portfolio for both default on the assets as well as interest rate risk (ALM) as well as the cost of capital for holding the assets (RBC requirements).

Hence the strategy will be to reach or exceed the Target Yield, subject to constraints specified in these guidelines. The goal of the constraints is to limit the risk and the cost of capital while giving enough flexibility to the asset manager to reach the Target Yield.

The guidelines also provide the framework for reporting and benchmarking the results, so that WULA can calculate the risks it holds at any point in time and also be able to track the performance of the manager, both in absolute terms and in relation to the Target Yield and benchmarks.

#### **Benchmark**

**Effective February 1, 2009 along with the portfolio performance inception date.**

80.00% Barclays Capital US Credit 1-5 Year  
10.00% Barclays Capital US Credit 5-10 Year  
5.00% Barclays Capital MBS Fixed Rate  
5.00% Barclays Capital CMBS AAA Rated

**Effective April 1, 2009**

75.00% Barclays Capital US Credit 1-5 Year  
10.00% Barclays Capital US Credit 5-10 Year  
5.00% Barclays Capital MBS Fixed Rate  
10.00% Barclays Capital CMBS AAA Rated

**Effective June 1, 2009**

75.00% Barclays Capital US Credit 1-5 Year  
12.00% Barclays Capital US Credit 5-10 Year  
13.00% Barclays Capital CMBS AAA Rated

## Target Yield

The target yield of the portfolio is based on treasuries equivalent in duration to the liability duration, (currently 2.1 years), plus 200bp. The target yield shall be updated by WULA as necessary.

## V. REGULATORY AND OTHER CONSTRAINTS ON THE PORTFOLIO

The portfolio shall be invested in compliance with the laws and regulations applicable to WULA as an insurance company.

## VI. ASSET ALLOCATION

This section defines the limits placed on the assets in order to limit the default risk through limits on quality and diversification.

Asset Class	Permitted Range
Treasury and Agency Securities and TLGP	0-100%
Supranationals, Non-US Sovereign and Sovereign-Guarantees	0-10%
Corporate Bonds	20-80%
RMBS	0-30%
ABS	0-25%
CMBS	0-20%
Municipal Bonds	0-10%
CLOs rated AAA	0-10%
Hybrid / Preferred	0-10%
Equities and Other	0%
Total Real-Estate Related Assets	<=65%

## VII. PERMISSIBLE INVESTMENTS

The following types of investments are approved for purchase:

- i) *U.S. Treasury and Government Agency Securities* and government guaranteed financial debt (TLGP).
- ii) Obligations of any state, District of Columbia, territory or possession of the United States of America or incorporated city in any state, District of Columbia, territory or possession of the United States of America including the subdivisions, agencies and instrumentalities of any of the foregoing.
- iii) *Mortgage-Backed Securities*, which are issued by any Agency of the United States of America or non-agency and backed by loans secured by residential, multifamily and commercial properties.
- iv) US-dollar denominated corporate debt securities, including but not limited to Eurobonds and Yankees issued by Sovereigns, Supranationals and other foreign entities; emerging markets; covered bonds, convertibles; and preferred stocks
- v) *Asset-Backed Securities* including but not limited to those backed by autos, credit cards and residential mortgages.

- vi) Short-term investment vehicles including money market funds, commercial paper, US Government securities,
- vii) *Banker's Acceptance Notes and CDs* in the form of time drafts drawn on and notes, accepted by banking institutions
- viii) *Repurchase agreements*
  - *Fully collateralized by permitted investments*
  - *Deliver-out to custodian or tri-party arrangements permitted*
  - *GSAM approved counterparties or Federal Reserve member banks and primary dealers*
  - *Marked-to-market daily*
  - *Maximum term 90 days*
- ix) *Reverse repurchase agreements are permitted upon written notification from WULA.*
- x) Short selling is not permitted, except with respect to shorts against the box, futures, swaps and options.
- xi) Interest-rate, total-return, credit default and credit index swaps are permitted when used for hedging purposes.
- xii) Interest-rate swap for the purpose of calculating performance and managing the portfolio versus the benchmark will be excluded from the calculation and maintained in a separate portfolio.
- xiii) Rule 144A securities are permitted as long as they meet the other eligibility criteria.
- xiv) CLOs rated at least AAA at origination are permitted.

#### VIII. CREDIT LIMITATIONS AND COMPLIANCE WITH GUIDELINES

These limitations apply at the time of purchase. If split-rated, the lower of 2 NRSROs or middle of 3 NRSROs shall apply.

- No more than 20% in SVO 3,4,5,6 (BB+ or lower)
- No more than 10% in SVO 4,5,6 (B+ or lower)
- No more than 3% in 5,6 (CCC+ or lower)
- No more than 1% in SVO 6 (CC, C, D)

If the portfolio becomes non-compliant with investment guidelines due to a security downgrade, the respective Manager will report to WULA Management within 5 business days of such breach along with a recommendation to hold or sell the security in question.

If the portfolio becomes non-compliant solely due to fluctuations in market value or due to client-initiated transfers of cash and/or securities, the manager shall rebalance the portfolio within 90 days.

At no time shall the portfolio use economic leverage which would move its risk outside any of its stated guidelines regarding duration, credit quality, etc..

**Issuer Limits:**

- No Limit - US Government
- 25% per Issuer - US Agency MBS Issuer (this applies to general obligations of full/faitth US Agencies, not their MBS)
- 4% per GSE-issued MBS
- 3% per Issuer - NAIC 1 Bonds
- 1% per Issuer - NAIC 2 Bonds
- 0.5% per Issuer - NAIC 3 Bonds
- 0.25% per Issuer - NAIC 4 Bonds and Lower

**IX. ASSET LIABILITY RISK GUIDELINES**

The effective duration of the portfolio shall be between +/- 1 year of the duration of the liabilities. The duration of the liabilities will be provided by WULA. It is currently at 2.1 year for the in-force portfolio. New money coming in should be invested to match new business duration of about 4 years.

Note: duration of liabilities changes over time because of changes in interest rates, business mix and assumptions. Therefore these targets will be provided by WULA on a quarterly basis.

**X. RBC REQUIREMENTS**

The total required capital of the portfolio should not exceed 1.5% of the portfolio. The asset manager will calculate the RBC requirements of the portfolio using the following factors:

Long Term Bonds	RBC factor
US Governments	0.000
SVO Rating 1	0.004
SVO Rating 2	0.013
SVO Rating 3	0.046
SVO Rating 4	0.100
SVO Rating 5	0.230
SVO Rating 6	0.300
Mortgages	0.091

Note: the factor for mortgages will vary over time, as it depends on the default experience on WULA's portfolio.

**XI. LIMITS ON REALIZED LOSSES**

The limit on net realized losses is \$1 million per quarter.

## ACTUARIAL CONSULTING AGREEMENT

This Actuarial Consulting Agreement (the "Agreement") is entered into as of September 1, 2011, by and between Western United Life Assurance Company, sometimes referred to as WULA, (the "Company"), and Lewis & Ellis, Inc., sometimes referred to as L&E, ("Consultant") as follows:

1. Consultant shall provide actuarial consulting services as requested and specified by the Company. (the Company's "Specifications"). Consultant's services will include reserve valuations (STAT and GAAP), required statutory cash flow testing, functioning as the Company's valuation actuary, and other ancillary services (collectively, the "Work Product"). Consultant shall develop the Work Product in conformance with standard industry best practices.
2. Consultant agrees that all data and information generated in the performance of this Agreement and data and information which are specified and agreed to be delivered or which are in fact, delivered pursuant to this Agreement, shall be and remain the sole property of the Company.
3. Consultant will maintain the confidentiality of the Specifications and the details of the Work Product. Consultant will use and maintain appropriate security measures to honor all of such obligations.
4. Consultant shall be compensated for his services in accordance with the schedule attached to this Agreement as Addendum 1.
5. The Company agrees and acknowledges that Consultant has and will continue to perform similar work for other clients and has and will continue to produce work product that shares certain aspects of the Work Product. The Company and Consultant agree that Consultant will, while continuing to treat any confidential information received from the Company confidential, benefit from the general knowledge and experience gained by performing the Services hereunder and that such general knowledge and experience may be incorporated in Consultant's ongoing work.
6. The Company agrees to indemnify and hold Consultant as well as its officers, directors, employees and shareholders harmless from and against any loss, liabilities, demands, claims, actions and expenses (including any attorney's fees) incurred by Consultant, as a result of any litigation or claim initiated or filed against Consultant by any person other than the Company and arising from any services hereinafter performed or opinions hereinafter rendered by Consultant hereunder, unless such loss, liabilities, demands, claims, actions and expenses (including attorney's fees) incurred by Consultant were the result of Consultant's own negligence, bad faith or willful misconduct or Consultant provided written authorization to the Company for the disclosure to such third party of such Consultant services or opinions. This limited liability, indemnification and

hold harmless provision shall survive termination of this Agreement and shall be binding on the parties' successors and assigns. Notwithstanding anything herein, the Parties acknowledge that the Work Product developed by Consultant will be published and disseminated monthly by the Company to its investors, and prospective investors, and possibly leverage providers, representatives and/or agents of the Company. As such, the Company will rely on such Work Product.

7. Consultant agrees to indemnify and hold the Company as well as its officers, directors, employees and shareholders harmless from and against any loss, liabilities, demands, claims, actions and expenses (including any attorney's fees) incurred by the Company, as a result of any litigation or claim initiated or filed against the Company arising from any services hereinafter performed or opinions hereinafter rendered by Consultant hereunder, where such loss, liabilities, demands, claims, actions and expenses (including any attorney's fees) incurred by the Company were the result of Consultant's negligence, bad faith or willful misconduct.

8. Conditioned upon payment of Consultant's fees hereunder, all originals and copies of the Work Product, as well as intermediate versions will be the property of the Company. Consultant hereby assigns said property to the Company for no further consideration, and agrees that the Company shall have full and unrestricted rights to use the Work Product in any manner, at any time and for any purpose as the Company shall deem appropriate, which rights shall survive any termination of this Agreement.

9. The Company shall reimburse Consultant for special or unusual expenses reasonably incurred on behalf of the Company. Charges for fees and expenses shall be billed monthly and shall be payable within 30 days after the Company's receipt of invoice.

10. As of the date of this Agreement, Consultant represents that the Company will have sufficient right, title and interest in the Work Product contemplated to be delivered to the Company's Specifications. Consultant is legally authorized to engage in the activities contemplated under this Agreement, and Consultant will comply at all times with all applicable laws and regulations of any applicable jurisdiction.

11. Consultant's execution and performance under this Agreement does not violate any (i) employment or engagement agreement or other consulting obligation, including non-compete or non-circumvention commitments; or (ii) court or regulatory order, judgment or decree.

12. Consultant will comply with all applicable Company policies and standards and shall carry out all of its activities, including preparing the Work Product, in a manner consistent with ethical and professional rules and standards applicable to actuaries. Upon execution, this Agreement shall continue in effect until (a) terminated by the Company on thirty (30) business days prior to written notice, (b) termination by Consultant on thirty (30) business days prior written notice, or (c) upon mutual written consent of both parties.

13. Nothing contained in this Agreement shall be construed to make either the Company or Consultants partners, joint venturers, principals, agents or employees of the other. Consultant shall have no express or implied authority to act for or on behalf of the Company.

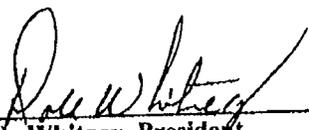
14. This Agreement shall be construed according to, and the rights of the parties shall be governed by, the law of the State of Washington without regard to its conflicts-of-laws rules. In the event of any dispute between the parties, such dispute shall be resolved by binding arbitration. The situs for the arbitration shall be Washington.

15. This Agreement sets forth the entire agreement between the parties with regard to the subject matter hereof. No other agreements, representations or warranties, whether oral or written, have been made by either party to the other with respect to the subject matter of this Agreement. If an arbitrator or a court of competent jurisdiction should find any of the provisions of this Agreement to be invalid or unenforceable, those provisions shall be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement. This Agreement may be amended only by a written agreement signed by both parties. Consultant may not assign or otherwise transfer this Agreement, in whole or in part, whether voluntarily or by operation of law, including by way of sale of assets, merger or consolidation, without the prior written consent of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, by their duly authorized representatives.

**COMPANY:**

Western United Life Assurance Company  
929 W. Sprague Avenue  
Spokane, WA 99201

By:   
Dale Whitney, President

**CONSULTANT:**

Lewis & Ellis, Inc.  
2929 N. Central Expressway  
Suite 200  
Richardson, TX 75080

By: \_\_\_\_\_  
S. Scott Gibson, Senior VP &  
Principal

## Addendum 1

### **Consultants' Fee Schedule**

(subject to changes effective January 1st subsequent years)

1. Scott Gibson, FSA, MAAA - Lead Consultant - \$400 per hour.
2. Glenn Tobleman, FSA, FCAS, MAAA - Senior Consultant - \$400 per hour.
3. Bob Thomas, FSA, MAAA - Senior Consultant - \$400 per hour.
4. Kathleen Knight - Associate Actuary - \$190 per hour.
5. Susan Dobson - Associate Actuary - \$170 per hour.
6. Lisa Jiang - Associate Actuary - \$150 per hour.
7. Wanda Horton - IT Manager - \$130 per hour.
8. Kathy Hembey - Word Processing - \$90 per hour.

**SCHEDULE 5.25(b)**

**Defaults under Material Contracts**

None

## **SCHEDULE 6.1**

### **Related Transactions**

Compliance with the terms of terms of the 2009 Restricted Stock Award Plan effective 7-27-09

Compliance with the terms of terms of the Retention Award Letters dated 7-20-11

Prior to the Closing the Company may make payments in the following estimated amounts to the following employees under a restricted stock repurchase agreement or similar agreement(s):

Dale Whitney	\$137,299.77
Rahul Sharma	\$125,858.12
Todd Bareika	\$ 24,450.04

These amounts are estimated assuming that they will be paid on or prior to December 31, 2012. If they are paid following December 31, 2012, the amounts paid could vary from those listed above.

**SCHEDULE 6.1(e)**

**Permitted Accounting Practices**

1. Marshalls Vista \$9,785,000

2. Speedy Turtle \$579,500

See attached



OFFICE OF  
INSURANCE COMMISSIONER  
BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON

In the Matter of	)	ORDER GRANTING APPROVAL
<b>WESTERN UNITED LIFE</b>	)	OF SPECIAL CONSENT
<b>ASSURANCE COMPANY</b>	)	INVESTMENT
A Domestic Life Insurance Company	)	No. 265

Western United Life Assurance Company ("WULA") holds a Washington certificate of authority as a domestic life insurance company.

WULA reported in its monthly financial statement as of October 31, 2011, real estate investments known as the "Speedy Turtle Properties", totaling \$786,250 acquired pursuant to loans, mortgages, liens, judgments, or other debts. These investments were held beyond the five-year time limit to dispose of the real property as set forth in RCW 48.13.170.

WULA requested a special consent, to be effective January 1, 2012 through December 31, 2012, to hold the Speedy Turtle Properties, which were acquired pursuant to loans, mortgages, liens, judgments, or other debts, beyond the five-year time limit set by RCW 48.13.170 to dispose of said real properties.

The Insurance Commissioner finds that as of October 31, 2011, WULA reported over \$647 million in admitted assets and over \$15 million in surplus.

RCW 48.13.170 grants authority to the commissioner to extend the period that an insurer is required to dispose of real property acquired pursuant to loans, mortgages, liens, judgments, or other debts upon application and proof that forced sale of the properties, otherwise necessary, would be against the best interests of the insurer.

The commissioner concludes that a forced sale of the properties would be against the best interests of the insurer and that he is authorized to grant the requested special consent to WULA to not dispose of the Speedy Turtle Properties. The commissioner also concludes that, based on WULA's October 31, 2011 financial statement, granting the requested special consent will not impair its ability to meet its financial obligations to its policyholders.

It is therefore ordered, that a special consent is granted to WULA to continue to hold the Speedy Turtle Properties.

It is further ordered, that the investment authorized by this special consent shall be allowed to be credited to required minimum capital and surplus investments and to the investment of reserves.

This Order, or a certified copy thereof, shall at all times be retained by WULA in that part of its records that relate to this investment.



Special Consent Order No. 265  
December 20, 2011  
Page Two

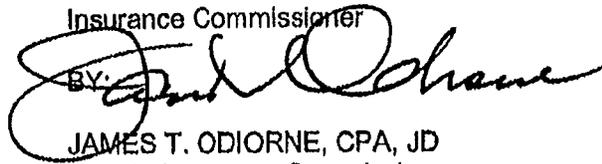
The special consents herein granted are effective January 1, 2012, and will expire December 31, 2012.

EFFECTIVE January 1, 2012.

ENTERED at Olympia, Washington, this 20th day of December, 2011.

MIKE KREIDLER  
Insurance Commissioner

BY:

A handwritten signature in black ink, appearing to read "James T. Odiorne", written over the printed name and title of the signatory.

JAMES T. ODIORNE, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division



OFFICE OF  
INSURANCE COMMISSIONER  
BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON

In the Matter of	)	ORDER GRANTING APPROVAL
<b>WESTERN UNITED LIFE</b>	)	OF SPECIAL CONSENT
<b>ASSURANCE COMPANY</b>	)	INVESTMENT
A Domestic Life Insurance Company	)	No. 267

Western United Life Assurance Company ("WULA") holds a Washington certificate of authority as a domestic life insurance company.

WULA reported in its monthly financial statement as of October 31, 2011, an investment in real estate known as the "Lake Travis Property", totaling \$11,527,400 acquired pursuant to loans, mortgages, liens, judgments, or other debts. This investment was held beyond the five-year time limit to dispose of the real property as set forth in RCW 48.13.170.

WULA requested a special consent, to be effective January 1, 2012 through December 31, 2012, to hold the Lake Travis Property, which was acquired pursuant to loans, mortgages, liens, judgments, or other debts, beyond the five-year time limit set by RCW 48.13.170 to dispose of said real property.

The Insurance Commissioner finds that as of October 31, 2011, WULA reported over \$647 million in admitted assets and over \$15 million in surplus.

RCW 48.13.170 grants authority to the commissioner to extend the period that an insurer is required to dispose of real property acquired pursuant to loans, mortgages, liens, judgments, or other debts upon application and proof that forced sale of the property, otherwise necessary, would be against the best interests of the insurer.

The commissioner concludes that a forced sell of the property would be against the best interests of the insurer and that he is authorized to grant the requested special consent to WULA to not dispose of the Lake Travis Property. The commissioner also concludes that, based on WULA's October 31, 2011 financial statement, granting the requested special consent will not impair its ability to meet its financial obligations to its policyholders.

It is therefore ordered, that a special consent is granted to WULA to continue to hold the Lake Travis Properties.

It is further ordered, that the investment authorized by this special consent shall be allowed to be credited to required minimum capital and surplus investments and to the investment of reserves.

This Order, or a certified copy thereof, shall at all times be retained by WULA in that part of its records that relate to this investment.



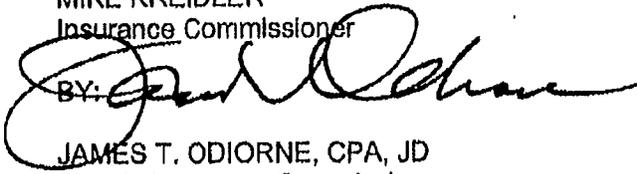
Special Consent Order No. 267  
December 20, 2011  
Page Two

The special consents herein granted are effective January 1, 2012, and will expire December 31, 2012.

EFFECTIVE January 1, 2012.

ENTERED at Olympia, Washington, this 20th day of December, 2011.

MIKE KREIDLER  
Insurance Commissioner

BY: 

JAMES T. ODIORNE, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division

**SCHEDULE 6.12**

**Affiliate Transactions**

Global Life Holdings, LLC note receivable - \$8,380,000

See schedule 5.23

**SCHEDULE 7.2(d)**

**Purchaser Closing Consents**

1. Approval by the Commissioner of Insurance of the State of Washington of the acquisition of the Company by Purchaser.
2. Approval by the Commissioner of Insurance of the State of Arkansas of the investment in the Shares by Purchaser.

**SCHEDULE 7.3(d)**

**Seller Closing Consents**

See Schedule 3.3