As filed with the Securities and Exchange Commission on August 3, 2007.

Registration No. 333-144162

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SYMETRA FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	6311	20-0978027
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

777 108th Avenue NE, Suite 1200
Bellevue, WA 98004
(425) 256-8000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Randall H. Talbot
President and Chief Executive Officer
Symetra Financial Corporation
777 108th Avenue NE, Suite 1200
Bellevue, WA 98004
(425) 256-8000
(Name and address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

William J. Whelan III, Esq.	George C. Pagos, Esq.	Gary I. Horowitz, Esq.
Cravath, Swaine & Moore LLP	Vice President, General Counsel and Secretary	Simpson Thacher & Bartlett LLP
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825 Eighth Avenue	777 108th Avenue NE, Suite 1200	New York, NY 10017
New York, NY 10019	Bellevue, WA 98004	(212) 455-2000
(212) 474-1000	(425) 256-8000	

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, $0.01 par value per share	$750,000,000	$23,025(3)

(1) Includes shares to be sold upon exercise of the underwriters' over-allotment option. See "Underwriting."

(2) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(o) of Regulation C under the Securities Act of 1933, as amended.

(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and we and the selling stockholders are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 3, 2007.

PRELIMINARY PROSPECTUS

Shares

Common Stock

This is Symetra Financial Corporation's initial public offering. The selling stockholders are selling all of the shares in the offering. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. We expect the shares to trade on the New York Stock Exchange under the symbol "SYA."

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 10 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds to selling stockholders	$	$

The underwriters may also purchase up to an additional shares of common stock from the selling stockholders at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2007.

Merrill Lynch & Co. **Goldman, Sachs & Co.** **JPMorgan** **Lehman Brothers**

The date of this prospectus is , 2007.

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You should rely only on the information contained in this prospectus or any free writing prospectus prepared by or on behalf of us. We have not authorized anyone to provide you with information that is different. We are not making an offer of our common stock in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

Our insurance subsidiaries are domiciled in the states of Washington and New York. These states have enacted laws that require regulatory approval for the acquisition of "control" of insurance companies. Under these laws, there exists a presumption of "control" when an acquiring party acquires 10% or more of the voting securities of an insurance company or of a company which itself controls an insurance company. Therefore, any person acquiring 10% or more of our common stock would need the prior approval of the state insurance regulators of these states or a determination from such regulators that "control" has not been acquired.

Dealer Prospectus Delivery Obligation

Through and including , 2007 (the 25th day after the date of this prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following is a summary of the information contained in this prospectus, and it may not contain all the information that is important to you. You should read the entire prospectus carefully, especially the "Risk Factors" section, the consolidated financial statements and the accompanying notes included in this prospectus.

Unless the context otherwise requires, references in this prospectus to "Symetra" refer to Symetra Financial Corporation on a stand-alone, non-consolidated basis. References to "we," "our," "us" and "the Company" are to Symetra Financial Corporation together with its subsidiaries, including our predecessor operations.

A glossary of selected insurance terms and defined terms used throughout this prospectus can be found under "Glossary of Selected Insurance and Defined Terms" on page G-1.

Our Business

We are a life insurance company focused on profitable growth in selected group health, retirement, life insurance and employee benefits markets. Our first day of operations as an independent company was August 2, 2004 when Symetra acquired a group of life insurance and investment companies from Safeco Corporation (the "Acquisition"). Our operations date back to 1957, and many of our agency and distribution relationships have been in place for decades. We are headquartered in Bellevue, Washington and employ over 1,200 people in 24 offices across the United States, serving over two million customers. As of March 31, 2007, we had total stockholders' equity of $1.4 billion, regulatory capital of $1.4 billion and total assets of $19.9 billion. Our operating return on average equity, or operating ROAE, was 13.4%, 13.0%, and 11.9%, for the twelve month periods ended March 31, 2007, December 31, 2006 and December 31, 2005, respectively. We define operating ROAE as net operating income, a non-GAAP financial measure, divided by average stockholders' equity excluding accumulated other comprehensive income. For a reconciliation of net operating income to net income, please see page 8.

We manage our business through the following five segments, four of which are operating:

- *Group.* We offer medical stop-loss insurance, limited medical benefit plans, group life insurance, accidental death and dismemberment insurance and disability insurance mainly to employer groups of 50 to 1,000 individuals. Our Group segment generated segment pre-tax income of $68.0 million during 2006 and $19.9 million during the first quarter of 2007. As a result of our recent acquisition of Medical Risk Managers, Inc., we also offer managing general underwriting, or MGU, services.
- *Retirement Services.* We offer fixed and variable deferred annuities, including tax sheltered annuities, individual retirement accounts, or IRAs, and group annuities to qualified retirement plans, including Section 401(k) and 457 plans. We also provide record keeping services for qualified retirement plans invested in mutual funds. Our Retirement Services segment generated segment pre-tax income of $43.2 million during 2006 and $7.3 million during the first quarter of 2007.
- *Income Annuities.* We offer single premium immediate annuities, or SPIAs, for customers seeking a reliable source of retirement income and structured settlement annuities to fund third-party personal injury settlements. Our Income Annuities segment generated segment pre-tax income of $62.6 million during 2006 and $27.8 million during the first quarter of 2007.
- *Individual.* We offer a wide array of term, universal and variable life insurance as well as bank-owned life insurance, or BOLI. Our Individual segment generated segment pre-tax income of $62.6 million during 2006 and $17.5 million during the first quarter of 2007.
- *Other.* This segment consists of unallocated corporate income, composed primarily of investment income on unallocated surplus, unallocated corporate expenses, interest expense on debt, the results of small, non-insurance businesses that are managed outside of our operating segments and inter-segment

elimination entries. Our Other segment generated segment pre-tax income of $7.6 million during 2006 and $3.3 million during the first quarter of 2007.

We distribute our products nationally through an extensive and diversified independent distribution network. Our distributors include financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. We believe that our multi-channel distribution network allows us to access a broad share of the distributor and consumer markets for insurance and financial services products. For example, we currently distribute our annuity and life insurance products through approximately 17,000 independent agents, 22 major financial institutions and 1,200 independent employee benefits brokers. We have recently signed selling agreements with an additional 14 major financial institutions.

Market Environment and Opportunities

We believe we are well positioned to benefit from a number of demographic and market trends, including the following:

- *Growing demand for affordable health insurance.* According to the Kaiser Family Foundation, health insurance premiums in the U.S. increased 87% from 2000-2006, while the Consumer Price Index increased only 17% over the same period. As increases in health care costs continue to outpace inflation, the demand for affordable health insurance options has increased. We believe we can grow our business by providing employees with affordable access to health insurance through employer-sponsored limited benefit employee health plans and by offering group medical stop-loss insurance to medium and large businesses. We also believe that the trend toward reductions in employer-paid benefits and the uncertainty over the future of government benefit programs provide us with the opportunity to successfully offer other attractive employee benefits products.
- *Increasing retirement savings and income needs.* According to the U.S. Census Bureau, approximately 77 million Americans born between 1946 and 1964 are approaching retirement age. However, according to the Employee Benefit Research Institute, in 2006, 52% of workers over the age of 55 and their spouses had accumulated less than $50,000 in retirement savings and only 14% of workers report that a traditional pension plan will be their primary source of retirement income. These projected demographic trends, along with a shift in the burden for funding retirement needs from governments and employers to individuals, increase the need for retirement savings and income. We expect greater demand for additional sources of retirement savings, such as our annuities and other investment products that will help consumers supplement their social security benefits with reliable retirement income.
- *Expanding mass affluent market.* As of June 2006, the mass affluent market included 13.7 million households with investible assets between $250,000 and $1.0 million, representing 28% of total financial assets. We believe that the mass affluent population is growing and that it underutilizes various financial products, such as insurance to protect assets, annuities to provide adequate income to support a desired future lifestyle and wealth transfer products to ensure its legacy. We believe we are well positioned to reach consumers in this target market given our relationships with financial institutions and independent agents, which are often their primary sources of guidance and advice. As such, we expect increased demand for our life insurance, variable and fixed annuity and wealth transfer products.

Our Competitive Strengths

We leverage the following competitive strengths to capitalize on opportunities in our targeted markets:

- *Innovative and collaborative product development capabilities.* We design innovative products to meet the changing demands of the market. By working closely with our distributors, we are able to anticipate opportunities in the marketplace and rapidly address them. For example, we introduced Complete, an innovative variable life insurance policy designed for wealth transfer and centered on minimizing the

inherent cost of insurance and thus maximizing the underlying account value. We also recently introduced our Focus variable annuity, which features low total cost to the contractholders, well-respected investment options and simplified product features.

- *High-quality distribution relationships.* We offer consumers access to our products through a national multi-channel network, including financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. By treating our distributors as clients and providing them with outstanding levels of service, we have cultivated strong relationships over decades and are able to avoid competing on price alone.
- *Leading group medical stop-loss insurance provider.* We believe we have been a leading provider of group medical stop-loss insurance since 1976. We have built a consistently profitable platform with high levels of customer service and disciplined underwriting practices. In the last 25 years, our group medical stop-loss insurance business has experienced only two calendar years of net losses.
- *Diverse businesses provide flexibility, earnings stability and capital efficiency.* We have an attractive and diverse mix of businesses that allows us to make profitability-driven decisions in each business across various market environments. We believe that this mix offers us a greater level of financial stability than many of our similarly-sized competitors across business and economic cycles. Our diverse business mix also allows us to reallocate our resources to product lines that generate the most attractive returns on capital invested while reducing our overall capital requirements.
- *Flexible information technology platform integrated with our distributors.* We have a flexible information technology platform that allows us to seamlessly integrate our products onto the operating platforms of our distributors, which we believe provides us with a competitive advantage in attracting new distributors. For example, our Express™ tool allows our distributors to capture all the necessary data to make products and services instantly available at the point of sale. We will continue to leverage our information technology platform to market our current and future product offerings.
- *Experienced management team with investor-aligned compensation.* We have a high-quality management team with an average of 25 years of insurance-industry experience, led by Randy Talbot who has been our chief executive officer since 1998. Mr. Talbot has spent a significant portion of his 30-year career in the insurance industry operating an insurance brokerage, providing him with the knowledge to intimately understand the needs of our distributors. We also have an experienced board of directors, consisting of industry professionals who have worked closely with us since the Acquisition to develop our strategies and operating philosophies. Our compensation structure aligns management's incentives with our stockholders through our long-term incentive plan that rewards long-term growth in tangible book value and in the intrinsic value of our business.

Our Growth Strategies

To maximize stockholder value, we pursue the following strategies:

- *Target large and growing markets.* We will continue to capitalize on favorable demographic trends, including the growing demand for affordable health insurance, increasing retirement savings and income needs and an expanding mass affluent market. We will continue to identify key opportunities within these markets and provide tailored solutions that address the evolving needs of these customers.
- *Broaden and deepen distribution relationships.* Our distribution strategy is to deliver multiple products through a single point of sale, thereby leveraging the cost of distribution. We utilize diverse distribution channels, including financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. We intend to deepen our long-standing distribution relationships while adding new large-scale and high quality distributors.
- *Be innovative in anticipating customer needs.* We will continue to work closely with our distributors to develop customer-responsive products that meet our stringent return requirements, address our target markets and can be delivered efficiently across our information technology platforms. We will also

continue to pursue non-traditional avenues of product development and be innovative in enhancing our product offering. For example, we recently began offering funding services to holders of our structured settlements to offer them an attractive financial alternative.

- *Effectively manage capital.* We intend to manage our capital prudently to maximize our profitability and long-term growth in stockholder value. Our capital management strategy is to maintain financial strength through conservative and disciplined risk management practices while deploying or returning excess capital as situations warrant. We will also maintain our conservative investment management philosophy, which includes holding a high quality investment portfolio and carefully matching our investment assets against the duration of our insurance product liabilities. For example, we have a portfolio of equities that supports the longest duration benefits in our Income Annuities segment. We have experienced strong performance on this equity portfolio.
- *Pursue complementary acquisitions.* We will continue to seek acquisition opportunities that fit strategically within our existing business lines, provide us with a larger distribution presence and meet our stringent return objectives. We believe we have ample financial capacity to remain a prudent acquirer while maintaining a conservative balance sheet.

Risks Related to Our Business, Our Industry and this Offering

Investing in shares of our common stock involves substantial risk. The factors that could adversely affect our results and performance are discussed under the heading "Risk Factors" immediately following this summary. Before you invest in our shares, you should carefully consider all of the information in this prospectus, including matters set forth under the heading "Risk Factors," including:

- ***Exposure to interest rate fluctuations.*** Many of our insurance and investment products are sensitive to interest rate fluctuations. Generally, declines in interest rates would have an adverse effect on our financial condition, results of operations and cash flows.
- ***Reserve requirements.*** Our calculation of reserves for estimated future benefit payments are based upon estimates and assumptions with regard to our future experience. Future experience is subject to many uncertainties and we cannot predict the ultimate amounts we will pay for future benefits or the timing of the payments. If reserves are insufficient to cover actual benefits and payments, we could be required to increase our reserves, which could adversely affect our financial condition and results.
- ***Deviation from assumptions upon which pricing is established.*** The price and expected future profitability of our insurance and deferred annuity products are based in part upon expected patterns of premiums, expenses and benefits, using a number of assumptions, including those related to persistency, mortality and morbidity. Significant deviations from these assumptions could have an adverse affect on our financial condition, results of operations and cash flows.
- ***Amortization of deferred acquisition costs.*** Deferred acquisition costs, or DAC, represent certain costs which vary with, and are primarily related to, the sale and issuance of insurance policies and investment contracts and are deferred and amortized over the estimated policy and contract lives. Unfavorable experience with regard to expenses, investment returns, mortality, morbidity, withdrawals or lapses may increase the amortization of DAC, resulting in higher expenses and lower profitability.
- ***Potential downgrade in financial strength ratings.*** A downgrade in our financial strength ratings could have an adverse effect on our financial condition, results of operation, and cash flows in several ways, including reducing new sales of products; adversely affecting our relationship with sales agents; increasing the number of policy surrenders and withdrawals; requiring us to reduce prices and adversely impacting our ability to obtain reinsurance.
- ***Highly regulated industry.*** Our insurance businesses are subject to a wide variety of laws and regulations in various jurisdictions. Compliance with applicable laws and regulations is time consuming and personnel intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance efforts and other expenses of doing business.

- ***Constraints related to holding company structure.*** As a holding company, we have no significant direct operations. Dividends and other permitted distributions from subsidiaries are expected to be our principal source of funds to meet ongoing cash requirements. These payments are limited by regulations in the jurisdictions in which our subsidiaries operate. If our subsidiaries are unable to pay dividends, we may have difficulty servicing our debt, paying dividends on our common stock and meeting our holding company expenses.

Financial Strength Ratings

As of August 3, 2007, the financial strength ratings of our primary life insurance subsidiaries were "A" ("Excellent," the third highest of 15 ratings) with a stable outlook from A.M. Best Company, Inc., "A–" ("Strong," the seventh highest of 21 ratings) with a positive outlook from Standard & Poor's Rating Service, "A2" ("Good," the sixth highest of 21 ratings) with a stable outlook from Moody's Investors Service, Inc. and "A+" ("Strong," the fifth highest of 24 ratings) with a stable outlook from Fitch, Inc. These financial strength ratings should not be relied on with respect to making an investment in our common stock.

The Selling Stockholders

Symetra was formed for the purpose of acquiring our principal subsidiaries from Safeco Corporation. Affiliates of White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. led the investor group that formed Symetra to consummate the Acquisition. In addition to the affiliates of White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc., others from the original investor group may participate in this offering as selling stockholders. Upon consummation of this offering, affiliates of White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. will continue to own % of our outstanding common stock.

Our Executive Offices

Symetra was incorporated in 2004 under the laws of Delaware. Our principal executive offices are located at 777 108th Ave NE, Suite 1200, Bellevue, WA 98004. Our telephone number is (425) 256-8000. Our internet address is www.symetra.com. **The information contained on or accessible from our website does not constitute a part of this prospectus and is not incorporated by reference herein.**

The Offering

Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	The underwriters have an option to purchase a maximum of additional shares from the selling stockholders to cover over-allotments.
Use of proceeds	We will not receive any proceeds from this offering. See “Use of Proceeds.”
Listing	We will apply to list our common stock on the New York Stock Exchange, or NYSE, under the symbol “SYA.”
Dividend policy	We intend to pay quarterly dividends on our common shares. The declaration, payment and amount of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition and results of operations, liquidity requirements, market opportunities, capital requirements of our subsidiaries, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Dividends on our common shares will also be paid to holders of our outstanding warrants.
Risk factors	See “Risk Factors” for a discussion of factors you should consider before investing in our common stock.

All information in this prospectus, unless otherwise indicated or the context otherwise requires:

- assumes the common stock will be sold at $ per share (the midpoint of the price range set forth on the cover of this prospectus);
- assumes no exercise of the underwriters’ over-allotment option;
- assumes no exercise of outstanding warrants to purchase shares of common stock at an exercise price of $ per share; and
- assumes a for share split that will occur prior to the date of this offering.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The summary historical consolidated financial and other data, except for non-GAAP financial measures, as of March 31, 2007 and for the three months ended March 31, 2007 and 2006 have been derived from our unaudited interim historical consolidated financial statements and the related notes, which have been prepared on a basis consistent with our annual consolidated financial statements and are included in this prospectus. In the opinion of management such unaudited financial data, except for non-GAAP financial measures, reflects all historical and recurring adjustments necessary for a fair presentation of the results for these periods. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year or any future period. The summary historical consolidated financial and other data, except for non-GAAP financial measures, as of and for the years ended December 31, 2006 and 2005, and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004 have been derived from our audited consolidated financial statements and the related notes that are included in this prospectus. The summary historical financial and other data, except for non-GAAP financial measures, as of December 31, 2004 have been derived from our audited consolidated financial statements and the related notes.

We do not believe the predecessor financial results for the period from January 1, 2004 through August 1, 2004 are comparable to the results of our new independent company, primarily because during and after the Acquisition we experienced significant changes in our operating costs and also because of purchase accounting adjustments impacting net investment income, policyholder benefits and claims, interest credited, amortization of deferred policy acquisition costs, intangible assets and net realized investment gains (losses). Additionally, due to the short period from our inception as an independent company to the end of 2004, as well as the effect of transitional expense charges associated with the Acquisition, we do not consider our financial results for the period from August 2, 2004 through December 31, 2004 to be comparable to those for the years ended December 31, 2006 and 2005. This summary data should be read in conjunction with our historical consolidated financial statements and related notes included in this prospectus, as well as our "Selected Historical Consolidated Financial Data" and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Three Months Ended March 31,		Year Ended December 31,		Successor Period from	Predecessor
					August 2 through December 31,	January 1 through August 1,
	2007	2006	2006	2005	2004	2004
	(Unaudited)		(Dollars in millions, except per share data)			
Revenues:						
Premiums	$ 133.7	$ 136.6	$ 525.7	$ 575.5	$ 263.2	$ 357.9
Net investment income	244.4	246.5	984.9	994.0	411.1	693.7
Other revenues	15.3	15.6	56.1	58.6	27.1	43.9
Net realized investment gains	13.9	4.8	1.7	14.1	7.0	34.9
Total revenues	407.3	403.5	1,568.4	1,642.2	708.4	1,130.4
Benefits and Expenses:						
Policyholder benefits and claims	66.8	84.2	264.3	327.4	127.5	223.6
Interest credited	185.0	192.1	765.9	810.9	360.2	556.4
Other underwriting and operating expenses	70.6	64.2	260.5	273.2	123.3	182.3
Fair value of warrants issued to investors	—	—	—	—	101.5	—
Interest expense	4.7	5.2	19.1	12.4	3.5	—
Amortization of deferred policy acquisition costs	4.4	3.5	14.6	11.9	1.6	34.2
Intangible asset amortization	—	—	—	—	—	4.9
Total benefits and expenses	331.5	349.2	1,324.4	1,435.8	717.6	1,001.4

	Three Months Ended March 31,		Year Ended December 31,		Predecessor Period from	Predecessor
	2007	2006	2006	2005	August 2 through December 31, 2004	January 1 through August 1, 2004
	(Unaudited)		(Dollars in millions, except per share data)			
Income (loss) from continuing operations before income taxes	75.8	54.3	244.0	206.4	(9.2)	129.0
Provisions for income taxes:						
Current	19.2	(8.6)	92.4	22.2	21.3	0.9
Deferred	5.9	26.5	(7.9)	39.7	10.7	30.5
Total provision for income taxes	25.1	17.9	84.5	61.9	32.0	31.4
Income (loss) from continuing operations	50.7	36.4	159.5	144.5	(41.2)	97.6
Income (loss) from discontinued operations (net of taxes)	—	—	—	1.0	(2.4)	2.3
Net income (loss)	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ (43.6)	$ 99.9
Net income per common share(1):						
Basic	$ 3.95	$ 2.84	$ 12.43	$ 11.34		
Diluted	$ 3.95	$ 2.84	$ 12.43	$ 11.34		
Weighted average common shares outstanding:						
Basic	12.8	12.8	12.8	12.8		
Diluted	12.8	12.8	12.8	12.8		
Non-GAAP Financial Measures(6):						
Net operating income (loss)	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ (46.0)	$ 75.5
Net operating income per common share:						
Basic(2)	$ 4.30	$ 3.47	$ 16.16	$ 13.33		
Diluted(3)	$ 3.97	$ 3.23	$ 14.94	$ 12.45		
Net operating income weighted average common shares:						
Basic(2)	10.6	10.6	10.6	10.6		
Diluted(3)	11.5	11.5	11.5	11.4		
Reconciliation to Net Income (Loss):						
Net income (loss)	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ (43.6)	$ 99.9
Less: Net realized investment gains (net of taxes)	9.0	3.1	1.1	9.2	4.6	22.7
Add:						
Net realized and unrealized investment gains (losses) on fixed indexed annuities (FIA) options (net of taxes)	(0.3)	0.4	1.4	(2.9)	1.3	(1.7)
Net realized and unrealized investment gains on equity securities (net of taxes)	4.4	3.3	12.3	8.5	0.9	—
Net operating income (loss)	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ (46.0)	$ 75.5

Consolidated Balance Sheet Data:	As of March 31, 2007 (Unaudited)	As of December 31, 2006	2005	2004
Total investments	$17,189.0	$17,305.3	$18,332.8	$19,244.8
Total assets	19,932.1	20,114.6	20,980.1	22,182.0
Total debt	298.8	298.7	300.0	300.0
Separate account assets	1,231.3	1,233.9	1,188.8	1,228.4
Accumulated other comprehensive income (loss) (net of taxes) (AOCI)	34.7	(0.5)	136.6	312.9
Total stockholders' equity	$ 1,415.7	$ 1,327.3	$ 1,404.9	$ 1,435.8
Book value per common share:				
Basic(4)	$ 129.68	$ 124.69	$ 119.10	$ 105.45
Diluted(5)	$ 124.64	$ 120.49	$ 115.85	$ 104.52
U.S. Statutory Financial Information:				
Statutory capital and surplus	$ 1,278.6	$ 1,266.2	$ 1,260.1	$ 1,138.4
Asset valuation reserve (AVR)	165.4	158.4	140.9	107.6
Statutory capital and surplus and AVR	$ 1,444.0	$ 1,424.6	$ 1,401.0	$ 1,246.0

(1) Net income per common share (basic and diluted) assumes that all participating securities including warrants have been outstanding since the beginning of the period using the two-class method.

(2) Basic net operating income per common share is calculated based on net operating income divided by common shares outstanding of 10,649,000.

(3) Diluted net operating income per common share is based on net operating income divided by the weighted average number of common shares and dilutive warrants, assuming repurchase of common shares with proceeds from the exercise of warrants. Warrants are considered dilutive when the estimated stock price of the company exceeds the warrant strike price of $100.

(4) Basic book value per common share is calculated based on total stockholders' equity less AOCI divided by common shares outstanding of 10,649,000.

(5) Diluted book value per common share is calculated based on total stockholders' equity less AOCI plus the proceeds from the assumed exercise of outstanding warrants, divided by common shares and outstanding warrant shares of 12,830,120.

(6) Management considers certain non-GAAP financial measures to be a useful supplement to comparable GAAP measures in evaluating our financial performance and condition, including net operating income (loss) and net operating income per common share. Such measures have been reconciled to their most comparable GAAP financial measures. We believe that these non-GAAP financial measures are valuable because, by excluding certain realized capital gains and losses, many of which are driven by investment decisions and external economic developments unrelated to the insurance and underwriting aspects of the business, they reveal trends that may be otherwise obscured. For a definition of these non-GAAP measures and other metrics used in our analysis, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Use of non-GAAP Financial Measures."

RISK FACTORS

You should carefully consider the following risks and other information in this prospectus before deciding to invest in shares of our common stock. Any of the risks described below could materially adversely affect our business, financial condition, results of operations and cash flows. In this event, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

Interest rate fluctuations could adversely affect our financial condition, results of operations and cash flows.

Certain of our insurance and investment products, such as fixed annuities and universal life insurance, are sensitive to interest rate fluctuations and expose us to the risk that falling interest rates will reduce the "spread," or the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must credit to policyholders and contractholders. This risk is exacerbated due to the existence of guaranteed minimum crediting rates established by regulatory authorities and restrictions on the timing and frequency with which we can adjust our crediting rates. Accordingly, falling interest rates could have an adverse effect on our financial condition, results of operations and cash flows.

Our interest rate spreads and gains related to these spreads vary by product as follows:

- The interest rate spread on our Retirement Services segment's fixed deferred annuity products was 1.73%, 1.76% and 1.58% for the three months ended March 31, 2007 and for the years ended December 31, 2006 and 2005, respectively, which yielded gains of $22.8 million, $102.3 million and $103.4 million, respectively.
- The interest rate spread on our Income Annuities segment's variable annuity products was 0.88%, 0.76% and 0.67% for the three months ended March 31, 2007 and for the years ended December 31, 2006 and 2005, respectively, which yielded gains of $19.0 million, $66.3 million and $59.6 million, respectively.
- The interest rate spread on our Individual segment's universal life insurance products was 1.13%, 1.31% and 0.66% for the three months ended March 31, 2007 and for the years ended December 31, 2006 and 2005, respectively, which yielded gains of $2.4 million, $10.8 million and $7.5 million, respectively.

During periods of rising interest rates, we may determine to offer higher crediting rates on new sales of interest-sensitive products and to increase crediting rates on existing in-force products, in each case in order to maintain or enhance product competitiveness. In addition, periods of rising interest rates may cause increased policy surrenders, withdrawals and requests for policy loans as policyholders and contractholders allocate their assets into higher yielding investments. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition, results of operations and cash flows.

We calculate reserves for long-term disability and life waiver of premium claims using net present value calculations based on the actual interest rates in effect at the time claims are funded, as well as our expectations for future interest rates. Waiver of premium refers to a provision in a life insurance policy pursuant to which an insured with total disability, which has lasted for a minimum specified period, continues to receive life insurance coverage but no longer has to pay premiums for the duration of the disability or for a stated period. During periods of declining interest rates, reserves for new claims are calculated using lower discount rates thereby increasing the net present value of those claims and the required reserves. Further, if actual interest rates used to establish reserves on open claims prove to be lower than our original expectations, we would be required to increase such reserves accordingly. As such, the increase in net present value calculations caused by declines in interest rates could have an adverse effect on our financial condition, results of operations and cash flows.

Our term life insurance products also expose us to the risk of interest rate fluctuations. The pricing and expected future profitability of these products are based in part on expected investment returns. Over time, term life insurance products generally produce positive cash flows as customers pay periodic premiums, which we invest as we receive them. Lower than expected interest rates may reduce our ability to achieve our targeted investment margins and may adversely affect our financial condition, results of operations and cash flows.

If our reserves for future policy benefits and claims are inadequate, we may be required to increase our reserve liabilities.

We calculate and maintain reserves for estimated future benefit payments to our policyholders and contractholders in accordance with U.S. GAAP and industry accounting practices. We release these reserves as those future obligations are extinguished. The reserves we establish necessarily reflect estimates and actuarial assumptions with regard to our future experience. These estimates and actuarial assumptions involve the exercise of significant judgment. Our future financial results depend upon the extent to which our actual future experience is consistent with the assumptions we have used in pricing our products and determining our reserves. Many factors can affect future experience, including economic, political and social conditions, inflation, healthcare costs and changes in doctrines of legal liability and damage awards in litigation. Therefore, we cannot predict the ultimate amounts we will pay for actual future benefits or the timing of those payments.

We regularly monitor our reserves. If we conclude that our reserves are insufficient to cover actual or expected policy and contract benefits and claims payments, we would be required to increase our reserves and incur income statement charges in the period in which we make the determination, which could adversely affect our financial condition and results of operations.

We may face unanticipated losses if there are significant deviations from our assumptions regarding the probabilities that our insurance policies or annuity contracts will remain in-force from one period to the next or if morbidity and mortality rates differ significantly from our pricing expectations.

The prices and expected future profitability of our insurance and deferred annuity products are based in part upon expected patterns of premiums, expenses and benefits, using a number of assumptions, including those related to persistency, mortality and morbidity. Persistency is the probability that a policy or contract will remain in-force from one period to the next. The effect of persistency on profitability varies for different products. For most of our life insurance, group life and health insurance and deferred annuity products, actual persistency that is lower than our assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract. In addition, we may need to sell investments at a loss to fund withdrawals. For some of our health insurance policies, actual persistency in later policy durations that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in-force longer than we assumed, then we could be required to make greater benefit payments than we had anticipated when we priced these products.

In addition, we set prices for our insurance and certain annuity products based upon expected claims and payment patterns, using assumptions for, among other factors, morbidity rates and mortality rates of our policyholders and contractholders. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are lower, than our pricing assumptions, we could be required to make greater payments under certain annuity contracts than we had projected.

Because our assumptions are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual experience is different from our assumptions. Although certain of our products permit us to increase premiums during the life of the policy or contract, these increases may not be sufficient to maintain profitability. Moreover, many of our products either do not permit us to increase premiums or limit those increases during the life of the policy or contract. Therefore, significant deviations in experience

from our assumptions regarding persistency and mortality and morbidity rates could have an adverse effect on our financial condition, results of operations and cash flows.

We may be required to accelerate the amortization of deferred acquisition costs, which would increase our expenses and reduce profitability.

Deferred acquisition costs, or DAC, represent certain costs which vary with and are primarily related to the sale and issuance of our insurance policies and investment contracts and are deferred and amortized over the estimated life of the related insurance policies and contracts. These costs include commissions in excess of ultimate renewal commissions and certain other sales incentives, solicitation and printing costs, sales material and other costs, such as underwriting and contract and policy issuance expenses. Under U.S. GAAP, DAC is amortized through income over the lives of the underlying contracts in relation to the anticipated recognition of premiums or gross profits.

Our amortization of DAC generally depends upon anticipated profits from investments, surrender and other policy and contract charges, mortality, morbidity and maintenance and expense margins. Unfavorable experience with regard to expected expenses, investment returns, mortality, morbidity, withdrawals or lapses may cause us to increase the amortization of DAC, resulting in higher expenses and lower profitability.

We regularly review our DAC asset balance to determine if it is recoverable from future income. The portion of the DAC balance deemed to be unrecoverable, if any, is charged to expense in the period in which we make this determination. For example, if we determine that we are unable to recover DAC from profits over the life of a book of business of insurance policies or annuity contracts, or if withdrawals or surrender charges associated with early withdrawals do not fully offset the unamortized acquisition costs related to those policies or annuities, we would be required to recognize the additional DAC amortization as a current-period expense. In general, we limit our deferral of acquisition costs to costs assumed in our pricing assumptions. As of March 31, 2007 and December 31, 2006, we had $97.1 million and $88.2 million of DAC, respectively. Our amortization of DAC was $4.4 million during the three months ended March 31, 2007 and $14.6 million during the year ended December 31, 2006.

A downgrade or a potential downgrade in our financial strength ratings could result in a loss of business.

Financial strength ratings, which various ratings organizations publish as measures of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintaining public confidence in our company and our products, the ability to market our products and our competitive position. Our principal life insurance company subsidiary, Symetra Life Insurance Company, has financial strength ratings of "A" ("Excellent", third highest of 15 ratings) with a stable outlook from A.M. Best, "A−" ("Strong", seventh highest of 21 ratings) with a positive outlook from Standard & Poor's, or S&P, "A2" ("Good", sixth highest of 21 ratings) with a stable outlook from Moody's and "A+" ("Strong", fifth highest of 24 ratings) with a stable outlook from Fitch.

A downgrade in our financial strength ratings, or the announced potential for a downgrade, could have an adverse effect on our financial condition, results of operations and cash flows in several ways, including:

- reducing new sales of insurance products, annuities and other investment products;
- limiting our ability to offer structured settlement products;
- adversely affecting our relationships with independent sales intermediaries and our dedicated sales specialists;
- materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders;
- requiring us to reduce prices for many of our products and services to remain competitive; and
- adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

The occurrence of natural disasters, disease pandemics, terrorism or military actions could adversely affect our financial condition, results of operations and cash flows.

Our financial condition and results of operations are at risk of material adverse effects that could arise from catastrophic mortality and morbidity due to natural disasters, including floods, tornadoes, earthquakes and hurricanes, disease pandemics, terrorism and military actions. Such events could also lead to unexpected changes in persistency rates as policyholders and contractholders who are affected by the disaster may be unable to meet their contractual obligations, such as payment of premiums on our insurance policies or deposits into our investment products. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural disaster or a disease pandemic could trigger an economic downturn in the areas directly or indirectly affected by the disaster. The effectiveness of external parties, including governmental and nongovernmental organizations, in combating the spread and severity of a disease pandemic could have a material impact on the losses experienced by us. Further, in our group insurance operations, a localized event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims.

Our investment portfolio is subject to various risks that may diminish the value of our invested assets and reduce investment returns.

The performance of our investment portfolio depends in part upon the level of and changes in interest rates, the overall performance of the economy, the creditworthiness of the specific obligors included in our portfolio, equity prices, liquidity and other factors, some of which are beyond our control. Changes in these factors could materially affect our investment results in any period.

Interest rate risk

Changes in interest rates can negatively affect the performance of most of our investments. Interest rate volatility can reduce unrealized gains or create unrealized losses in our portfolios. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Fluctuations in interest rates affect our returns on, and the fair value of, our fixed maturity and short-term investments, which comprised $16.0 billion, or 93.1% of the fair value of our total invested assets as of March 31, 2007.

The fair value of the fixed maturity securities in our portfolio and the investment income from these securities fluctuate depending on general economic and market conditions. The fair value generally increases or decreases in an inverse relationship with fluctuations in interest rates, while net investment income realized by us from future investments in fixed maturity securities will generally increase or decrease in step with interest rates. In addition, actual net investment income or cash flows from investments that carry prepayment risk, such as mortgage-backed and certain other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations. In periods of declining interest rates, mortgage prepayments generally increase and mortgage-backed securities, commercial mortgage obligations and other bonds in our investment portfolio are more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates, and we may be required to reinvest those funds in lower interest-bearing investments. As of March 31, 2007, mortgage-backed and other asset-backed securities represented $4.5 billion, or 25.9% of the fair value of our total invested assets.

Because substantially all of our fixed maturity securities are classified as available for sale, changes in the fair value of these securities as described above are reflected as a component of comprehensive income. However, U.S. GAAP does not permit similar mark-to-market treatment to the insurance liabilities that the fixed maturity securities support. Therefore, changes in the fair value of our fixed maturity securities caused by interest rate fluctuations are not offset in whole or in part by similar adjustments to the fair value of our insurance liabilities.

We employ asset/liability matching strategies to reduce the adverse effects of interest rate volatility and to ensure that cash flows are available to pay claims as they become due. Our asset/liability matching strategies include:

- asset/liability duration management;
- structuring our bond and commercial mortgage loan portfolios to limit the effects of prepayments; and
- consistent monitoring of, and making appropriate changes to, the pricing of our products.

However, because these strategies may fail to eliminate or reduce the adverse effects of interest rate volatility, significant fluctuations in the level of interest rates may have a material adverse effect on our financial condition, results of operations and cash flows.

Credit risk

From time to time, issuers of the fixed maturity securities that we own may default on principal and interest payments. Defaults by third parties in the payment or performance of their obligations could reduce our investment income and realized investment gains or result in realized investment losses. Further, the value of any particular fixed maturity security is subject to impairment based on the creditworthiness of a given issuer. As of March 31, 2007, we held $16.0 billion of fixed maturity securities, or 93.0% of the fair value of our total invested assets at that date. Our fixed maturity portfolio also includes below investment grade securities, which comprised 8.3% of the fair value of our total fixed maturity securities at March 31, 2007. These investments generally provide higher expected returns, but present greater risk and can be less liquid than investment grade securities. Further, the current trend of private equity buyouts could cause certain of our investment-grade fixed maturities to present more significant credit risk than when we first invested. A significant increase in defaults and impairments on our fixed maturity securities portfolio could materially adversely affect our financial condition, results of operations and cash flows.

Liquidity risk

Our investments in privately placed fixed maturities, mortgage loans, policy loans and limited partnership interests are relatively illiquid as compared to publicly-traded fixed maturities and equities. These asset classes represented approximately 9.2% of the carrying value of our total invested assets as of March 31, 2007. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both.

Downturns and volatility in equity markets could adversely affect the marketability of our products and our profitability.

Significant downturns and volatility in equity markets could have an adverse effect on our business in various ways. Market downturns and volatility may discourage purchases of separate account products, such as variable annuities and variable life insurance, which have returns linked to the performance of the equity markets and may cause some existing customers to withdraw cash values or reduce investments in those products.

Further, downturns and volatility in equity markets can have an adverse effect on the revenues and returns from our separate account products. Because these products depend on fees related primarily to the value of assets under management, a decline in the equity markets could reduce our revenues by reducing the value of the investment assets we manage.

We hold common stock investments in our Income Annuities and Other segments that represent 1.2% of the fair value of our general account investments as of March 31, 2007. Investments in common stock or equity-like securities generally provide higher expected total returns over the long term, but present greater risk to preservation of principal than do our fixed income investments.

We rely on reinsurance arrangements to help manage our business risks, and failure to perform by the counterparties to our reinsurance arrangements may expose us to risks we had sought to mitigate.

We utilize reinsurance to mitigate our risks in various circumstances. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit risk with respect to our reinsurers. The total reinsurance recoverable amount due from reinsurers was $242.8 million as of March 31, 2007 and $238.8 million as of December 31, 2006. Our reinsurers may be unable or unwilling to pay the reinsurance recoverable owed to us now or in the future or on a timely basis. A reinsurer's insolvency, inability or unwillingness to make payments under the terms of its reinsurance agreement with us could have an adverse effect on our financial condition, results of operations and cash flows.

Reinsurance may not be available, affordable or adequate to protect us against losses.

As part of our overall risk management strategy, we purchase reinsurance for certain risks underwritten by our various business segments. For example, we currently reinsure up to 85% of the mortality risk for new fully-underwritten individual term life insurance policies. We reinsure the mortality risk in excess of $0.5 million for most of the remainder of new individual life insurance policies. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond our control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase our risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce our earnings. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect our ability to write future business or result in the assumption of more risk with respect to those policies we issue.

The availability and cost of these reinsurance arrangements are subject to market conditions that are beyond our control. As a result, in the future, we may not be able to enter into reinsurance arrangements on attractive terms, if at all.

We may be unable to attract and retain independent sales intermediaries and dedicated sales specialists.

We distribute our products through financial intermediaries, independent producers and dedicated sales specialists. We compete with other financial institutions to attract and retain commercial relationships in each of these channels, and our success in competing for sales through these sales intermediaries depends upon factors such as:

- the amount of sales commissions and fees we pay;
- the breadth of our product offerings;
- the strength of our brand;
- our perceived stability and our financial strength ratings;
- the marketing and services we provide to them; and
- the strength of the relationships we maintain with individuals at those firms.

From time to time, due to competitive forces, we may experience unusually high attrition in particular sales channels for specific products. An inability to recruit productive independent sales intermediaries and dedicated sales specialists, or our inability to retain strong relationships with the individual agents at our independent sales intermediaries, could have an adverse effect on our financial condition, results of operations and cash flows.

General economic, financial market and political conditions may adversely affect our business.

Our business may be materially adversely affected from time to time by general economic, financial market and political conditions, most of which are beyond our control. These conditions include economic cycles such as:

- cyclical movements in the insurance industry;
- levels of unemployment;
- levels of consumer lending;
- levels of inflation; and
- movements of the financial markets.

Fluctuations in interest rates, monetary policy, demographics, and legislative and competitive factors also influence our performance. During periods of economic downturn:

- individuals and businesses may choose not to purchase our insurance products and other related products and services, may terminate existing policies or contracts or permit them to lapse, may choose to reduce the amount of coverage purchased or, in our group employer health insurance, may have fewer employees requiring insurance coverage due to rising unemployment levels;
- new disability insurance claims and claims on other specialized insurance products tend to rise;
- there is a higher loss ratio due to rising unemployment levels; and
- insureds tend to increase their utilization of health benefits if they anticipate unemployment or loss of benefits.

In addition, general inflationary pressures may affect medical costs, increasing the costs of paying claims.

Intense competition could adversely affect our ability to maintain or increase our market share and profitability.

Our businesses are subject to intense competition. We believe the principal competitive factors in the sale of our products are product features, price, commission structure, marketing and distribution arrangements, brand, reputation, financial strength ratings and service. Many other companies actively compete for sales in our retirement services, income annuity, individual and group markets, including other major insurers, banks, other financial institutions, mutual fund and money asset management firms and specialty providers.

In many of our product lines, we face competition from companies that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher financial strength ratings than we do. Many competitors offer similar products and use similar distribution channels. The substantial expansion of banks' and insurance companies' distribution capacities and expansion of product features in recent years have intensified pressure on margins and production levels and have increased the level of competition in many of our product lines.

Our risk management policies and procedures may not be effective or may leave us exposed to unidentified or unanticipated risk, which could negatively affect our business.

We are subject to substantial operational, legal and regulatory risks that require effective policies and procedures to record, verify and report on a large number of transactions and events. For instance, our distribution network consists of a large number of third party agents and requires the implementation and oversight of policies and procedures to ensure that we are not unduly subjected to reputational, financial or other risks. We must also monitor and accurately process large numbers of claims which, if not properly processed, could subject us to financial and regulatory risk. In addition, we regularly monitor changes in laws and regulations in order maintain our products and administrative procedures in compliance. We have developed policies and procedures to mitigate these and other risks, including establishing risk management

teams to quantify risk exposures and make recommendations to our risk committee, and we have developed procedures to remediate compliance or other issues. Even so, these policies and procedures may not be fully effective to mitigate all of these risks. Many of our methods for managing these risks and exposures are based upon historical statistical models and observed market behavior. As such, our methods may not be able to predict all future exposures. These could be significantly greater than our historical measures have indicated. Other risk management methods depend upon the evaluation of information regarding markets and clients, or other matters that are publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated.

The failure to maintain effective and efficient information systems could adversely affect our business.

Our business is dependent upon our ability to keep pace with technological advances. Our ability to keep our systems fully integrated with those of our clients is critical to the operation of our business. Our failure to update our systems to reflect technological advancements or to protect our systems may adversely affect our relationships and ability to do business with our clients.

In addition, our business depends significantly on effective information systems, and we have many different information systems for our various businesses. We have committed and will continue to commit significant resources to develop, maintain and enhance our existing information systems and develop new information systems in order to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards and changing customer preferences. Our failure to maintain effective and efficient information systems could have a material adverse effect on our financial condition and results of operations. If we do not maintain adequate systems, we could experience adverse consequences, including:

- inadequate information on which to base pricing, underwriting and reserving decisions;
- the loss of existing customers;
- difficulty in attracting new customers;
- customer, provider and agent disputes;
- regulatory compliance problems, such as failure to meet prompt payment obligations;
- litigation exposure; or
- increases in administrative expenses.

If we are unable to maintain the availability of our systems and safeguard the security of our data, our ability to conduct business will likely be compromised, which may have a material adverse effect on our financial condition, results of operations and cash flows.

We use computer systems to store and retrieve, evaluate and use customer and company data and information. Additionally, our computer and information technology systems interface with and rely upon third-party systems. Our business is highly dependent on our ability, and the ability of our affiliates, to access these systems to perform necessary business functions. This includes providing insurance quotes, processing premium payments, providing customer support, filing and paying claims and making changes to existing policies. Systems outages or outright failures would compromise our ability to perform these functions in a timely manner. This could hurt our relationships with our business partners and customers and harm our ability to conduct business. In the event of a disaster such as a blackout, a computer virus, an industrial accident, a natural catastrophe, a terrorist attack or war, our systems may not be available to our employees, customers or business partners for an extended period of time. If our employees are able to report to work, yet our systems or our data are destroyed or disabled, they may be unable to perform their duties for an extended period of time. Our systems could also be subject to similar disruptions due to physical and electronic break-ins or other types of unauthorized tampering with our systems. This may interrupt our business operations and may have a material adverse effect on our financial condition, results of operations and cash flows.

Failure to protect our clients' confidential information and privacy could adversely affect our business.

A number of our businesses are subject to privacy regulations and to confidentiality obligations. For example, the collection and use of patient data in our Group segment is the subject of national and state legislation, including the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and certain of the activities conducted by our businesses are subject to the privacy regulations of the Gramm-Leach-Bliley Act. We also have contractual obligations to protect certain confidential information we obtain from our existing vendors and clients. These obligations generally include protecting such confidential information in the same manner and to the same extent as we protect our own confidential information. The actions we take to protect such confidential information vary by business segment and may include among other things:

- training and educating our employees regarding our obligations relating to confidential information;
- actively monitoring our record retention plans and any changes in state or federal privacy and compliance requirements;
- drafting appropriate contractual provisions into any contract that raises proprietary and confidentiality issues;
- maintaining secure storage facilities for tangible records; and
- limiting access to electronic information.

In addition, we must develop, implement and maintain a comprehensive written information security program with appropriate administrative, technical and physical safeguards to protect such confidential information. If we do not properly comply with privacy regulations and protect confidential information, we could experience adverse consequences, including regulatory sanctions, such as penalties, fines and loss of license, as well as loss of reputation and possible litigation.

Our business could be interrupted or compromised if we experience difficulties arising from outsourcing relationships.

We outsource certain technology and business functions to third parties, including a significant portion of our information technology function, and expect to continue to do so in the future. If we do not maintain an effective outsourcing strategy or third-party providers do not perform as contracted, we may experience operational difficulties, increased costs and a loss of business that could have a material adverse effect on our consolidated results of operations.

Risks Related to Our Industry

Our industry is highly regulated and changes in regulations affecting our businesses may reduce our profitability and limit our growth.

Our insurance businesses are heavily regulated and are subject to a wide variety of laws and regulations in various jurisdictions. State insurance laws regulate most aspects of our insurance businesses and our insurance subsidiaries are regulated by the insurance departments of the various states in which they are domiciled and licensed.

State laws in the United States grant insurance regulatory authorities broad administrative powers with respect to various aspects of our insurance businesses, including:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;

- regulating unfair trade and claims practices, including the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements;
- establishing statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- requiring regular market conduct examinations;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance regulators and the National Association of Insurance Commissioners, or NAIC, regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations or in interpretations thereof, are often made for the benefit of the consumer at the expense of the insurer and thus could have an adverse effect on our business.

Currently, the U.S. federal government does not regulate directly the business of insurance. However, federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct federal regulation of insurance have been proposed. These proposals include the "National Insurance Act," which would allow insurance companies to choose to be regulated by a federal regulator rather than by multiple state regulators and "The State Modernization and Regulatory Transparency Act," which would maintain state-based regulation of insurance but would affect state regulation of certain aspects of the business of insurance including rates, agent and company licensing, and market conduct examinations. We cannot predict whether these or other proposals will be adopted, or what impact, if any, such proposals or, if enacted, such laws may have on our financial condition, results of operations and cash flows.

Many of our customers and independent sales intermediaries also operate in regulated environments. Changes in the regulations that affect their operations also may affect our business relationships with them and their ability to purchase or to distribute our products.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance efforts and other expenses of doing business.

U.S. federal and state securities laws apply to investment products that are also securities, including variable annuities and variable life insurance policies. As a result, some of our subsidiaries and the policies and contracts they offer are subject to regulation under these federal and state securities laws. Our insurance subsidiaries' separate accounts are registered as investment companies under the Investment Company Act of 1940. Some subsidiaries are registered as broker-dealers under the Securities Exchange Act of 1934, as amended, or Exchange Act, and are members of, and subject to, regulation by the National Association of Securities Dealers, Inc. In addition, one of our subsidiaries also is registered as an investment adviser under the Investment Advisers Act of 1940.

Securities laws and regulations are primarily intended to ensure the integrity of the financial markets and to protect investors in the securities markets or investment advisory or brokerage clients. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with those laws and regulations.

Legal and regulatory investigations and actions are increasingly common in the insurance business and may result in financial losses and harm our reputation.

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In our insurance operations, we may become subject to class actions and we are or may become subject to individual suits relating, among other things, to sales or underwriting practices, payment of contingent or other sales commissions, claims payments and procedures, product design, disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages, which may remain unknown for substantial periods of time.

For example, the mutual fund and insurance industry has been the focus of increased scrutiny and class action lawsuits related to "revenue sharing" practices by mutual funds with service providers and others in offering mutual fund investments in qualified retirement plans. The lawsuits allege that service providers were involved in self-dealing and prohibited transactions under the Employee Retirement Income Security Act, or ERISA. The outcome of these lawsuits is unknown. We have not been the subject of any inquiries or lawsuits regarding these practices.

We are also subject to various regulatory inquiries, such as information requests, subpoenas, market conduct exams and books and record examinations, from state and federal regulators and other authorities which may result in fines, recommendations for corrective action or other regulatory actions.

Current or future investigations and proceedings could have an adverse effect on our business. A substantial legal liability or a significant regulatory action against us could have an adverse effect on our business. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have an adverse effect on our business. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions or precedents and industry-wide regulations or practices that could adversely affect our business.

Proposals for national health care reform could have a material adverse effect on the profitability or marketability of the health insurance products and services we sell.

In our Group segment, we sell group medical stop-loss insurance and limited benefit employee health plans to employer groups. Reform of the health care system is a topic of discussion at both the state and federal levels in the United States and by Presidential candidates from both major political parties. Proposals for change vary widely and range from reform of the existing employer-based system of insurance to a single-payer, public program. Several groups are urging consideration by Congress of a national health care plan. If any of these initiatives ultimately becomes effective, it could have a material effect on the profitability or marketability of the health insurance products and services we sell and on our financial condition, results of operations and cash flows.

Medical advances, such as genetic research and diagnostic imaging, and related legislation could adversely affect the financial performance of our life insurance and annuities businesses.

Genetic research includes procedures focused on identifying key genes that render an individual predisposed to specific diseases such as particular types of cancer and other diseases. Other medical advances, such as diagnostic imaging technologies, may be used to detect the early onset of diseases such as cancer and cardiovascular disease. We believe that if individuals learn through medical advances that they are predisposed to particular conditions that may reduce life longevity or require long-term care, they will be more likely to purchase our life insurance policies or not to permit existing polices to lapse. In contrast, if individuals learn that they lack the genetic predisposition to develop the conditions that reduce longevity, they will be less likely to purchase our life insurance products but more likely to purchase certain annuity products. In addition, such individuals that are existing policyholders will be more likely to permit their policies to lapse.

If we were to gain access to the same genetic or medical information as our prospective policyholders and contractholders, then we would be able to take this information into account in pricing our life insurance policies and annuity contracts. However, there are a number of regulatory proposals that would make genetic and other medical information confidential and unavailable to insurance companies. Legislation that would prohibit group health plans, health insurers and employers from making enrollment decisions or adjusting premiums on the basis of genetic testing information has been introduced in Congress as well as in certain state legislatures. If these regulatory proposals were enacted, prospective policyholders and contractholders would only disclose this information if they chose to do so voluntarily. These factors could lead us to reduce sales of products affected by these regulatory proposals and could result in a deterioration of the risk profile of our portfolio, which could lead to payments to our policyholders and contractholders that are higher than currently anticipated.

Medical advances also could lead to new forms of preventive care. Preventive care could extend the life and improve the overall health of individuals. If this were to occur, the duration of payments under certain of our annuity products likely would increase, thereby reducing net earnings in that business.

Changes in tax laws could make some of our products less attractive to consumers and as a result have an adverse effect on our business.

Changes in tax laws could make some of our products less attractive to consumers. For example, in November 2004, the Treasury Department and the Internal Revenue Service, or IRS, issued proposed regulations relating to Section 403(b) plans that will impact the 403(b) marketplace, including tax sheltered annuities. While the terms of the proposed regulations are not final and the impact of the new regulations is uncertain, it is likely that employers offering Section 403(b) plans will be required to change how their plans operate. Those changes may include re-evaluation of their plan investment offerings, including annuities currently offered by us in those plans.

Furthermore, the federal estate tax, which has undergone a gradual repeal since 2001 that will continue to be phased in through 2010, is scheduled to revert to pre-2001 law as of January 1, 2011. The repeal of and continuing uncertainty regarding the federal estate tax may adversely affect sales and surrenders of some of our estate planning products. In addition, from time to time, legislation is proposed to eliminate the tax deferred nature of certain non-qualified annuities.

Any such legislation or changes to existing legislation could have a material adverse effect on our financial condition and results of operations. We cannot predict whether any such legislation or changes will be enacted, what the specific terms will be or how, if at all, they would have an adverse effect on our business.

We may need additional capital in the future, which may not be available to us on favorable terms. Raising additional capital could dilute your ownership in the Company and may cause the market price of our common shares to fall.

We may need to raise additional funds through public or private debt or equity financings in order to:

- fund liquidity needs;
- refinance our senior notes;
- satisfy letter of credit or guarantee bond requirements that may be imposed by our clients or by regulators;
- acquire new businesses or invest in existing businesses;
- expand our business into new regions; or
- otherwise respond to competitive pressures.

Any additional capital raised through the sale of equity will dilute your ownership percentage in our company and may decrease the market price of our common shares. Furthermore, the securities may have rights, preferences and privileges that are senior or otherwise superior to those of our common shares. Any additional financing we may need may not be available on terms favorable to us.

Failures elsewhere in the insurance industry could obligate us to pay assessments through guaranty associations.

When an insurance company becomes insolvent, guaranty associations in each of the 50 states levy assessments upon all companies licensed to write insurance in the relevant lines of business in that state, and use the proceeds to pay claims of policyholder residents of that state, up to the state-specific limit of coverage. The total amount of the assessment is based on the number of insured residents in each state, and each company's assessment is based on its proportionate share of premium volume in the relevant lines of business and could have an adverse effect on our results of operations. The failure of a large life, health or annuity insurer could trigger guaranty association assessments which we would be obligated to pay.

Risks Relating to this Offering and Ownership of Our Common Stock

As a holding company, Symetra Financial Corporation depends on the ability of its subsidiaries to transfer funds to it to meet its obligations and pay dividends.

Symetra Financial Corporation is a holding company for its insurance and financial subsidiaries with no significant operations of its own. Its principal sources of cash to meet its obligations and to pay dividends consist of dividends from its subsidiaries and permitted payments under tax sharing agreements with its subsidiaries. State insurance regulatory authorities limit the payment of dividends by insurance subsidiaries. Based on our statutory results as of December 31, 2006, our insurance subsidiaries may pay dividends of up to $166.4 million to us through the end of fiscal 2007 without obtaining regulatory approval. We received $23.0 million in dividends through March 31, 2007, and accordingly we may receive up to an additional $143.4 million in dividends through the remainder of 2007 without obtaining regulatory approval. In addition, competitive pressures generally require our insurance subsidiaries to maintain financial strength ratings, which are partly based on maintaining certain levels of capital. These restrictions and other regulatory requirements, such as minimum required risk-based capital ratios, affect the ability of our insurance subsidiaries to make dividend payments. Limits on the ability of the insurance subsidiaries to pay dividends could adversely affect our liquidity, including our ability to pay dividends to stockholders and service our debt.

There are a number of other factors that could affect our ability to pay dividends, including the following:

- lack of availability of cash to pay dividends due to changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- unexpected or increased operating or other expenses or changes in the timing thereof;
- restrictions under Delaware law or other applicable law on the amount of dividends that we may pay;
- a decision by our board of directors to modify or revoke its policy to pay dividends; and
- the other risks described under "Risk Factors."

The failure to maintain or pay dividends could adversely affect the trading price of our shares.

There may not be an active, liquid trading market for our common stock.

Prior to this offering, there has been no public market for our common stock. We cannot predict the extent to which an active trading market with adequate liquidity will develop. If an active trading market does not develop, you may have difficulty selling any of our common stock that you purchase and the value of your shares may be impaired.

If securities or industry analysts do not publish research or reports about our business, if they change their recommendations regarding our stock adversely or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in

turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

As a public company, we will become subject to additional financial and other reporting and corporate governance requirements.

We have historically operated our business as a private company. After this offering, we will become obligated to file with the Securities and Exchange Commission, or SEC, annual and quarterly information and other reports that are specified in Section 13 of the Exchange Act. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. We will also become subject to other reporting and corporate governance requirements, including the requirements of the NYSE and certain provisions of the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder, which will impose significant compliance obligations upon us. As a public company, we will be required to:

- prepare and distribute periodic public reports and other stockholder communications in compliance with our obligations under the federal securities laws and NYSE rules;
- create or expand the roles and duties of our board of directors and committees of the board;
- institute more comprehensive financial reporting and disclosure compliance functions;
- involve and retain to a greater degree outside counsel and accountants in the activities listed above;
- enhance our investor relations function;
- establish new internal policies, including those relating to disclosure controls and procedures; and
- comply with the Sarbanes-Oxley Act of 2002, in particular Section 404.

These changes will require a significant commitment of additional expense and other resources. We may not be successful in implementing these requirements and implementing them could adversely affect our business or operating results. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired.

Significant stockholders may be able to influence the direction of our business.

Upon completion of this offering, our principal stockholders, affiliates of White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc., will continue to own approximately % of our outstanding shares of common stock. If they chose to act together on matters that are brought to stockholders for their vote, they would continue to have the collective ability to significantly influence all matters requiring stockholder approval, including the nomination and election of directors and the determination of the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including amendments to our certificate of incorporation, potential mergers or acquisitions, asset sales and other significant corporate transactions. The interests of our principal stockholders may not coincide with the interests of the other holders of our common stock.

Our internal control over financial reporting does not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act of 2002, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

As a privately-held company, we have not been required to maintain internal control over financial reporting in a manner that meets the standards of publicly-traded companies required by Section 404 of the Sarbanes-Oxley Act, standards that we will be required to meet in the course of preparing our financial statements as of and for the year ended December 31, 2008. We do not currently have comprehensive

documentation of our internal controls, nor do we document or test our compliance with these controls on a periodic basis in accordance with Section 404 of the Sarbanes-Oxley Act. Furthermore, we have not tested our internal controls in accordance with Section 404 and, due to our lack of documentation, such a test would not be possible to perform at this time.

If, as a public company, we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may not be able to attest to the adequacy of our internal control over financial reporting. If we are unable to maintain adequate internal control over financial reporting, we may be unable to report our financial information on a timely basis, may suffer adverse regulatory consequences or violations of applicable stock exchange listing rules and may breach the covenants under our revolving credit facilities and our senior notes. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in our financial statements is also likely to suffer if our independent registered public accounting firm reports a material weakness in our internal control over financial reporting.

In addition, we will incur incremental costs in order to improve our internal control over financial reporting and comply with Section 404, including increased auditing and legal fees and costs associated with hiring additional accounting and administrative staff.

Our stock price may fluctuate significantly, and you may not be able to resell your shares at or above the initial public offering price.

The trading price of our common stock may be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- changes in interest rates;
- introduction of new services or announcements of significant contracts, acquisitions or capital commitments by us or our competitors;
- regulatory or political developments;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- availability of capital;
- litigation and government investigations;
- legislative and regulatory developments;
- future sales of our common stock;
- investor perceptions of us and the life insurance industry; and
- economic conditions.

These and other factors may cause the market price of our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. Even factors that do not specifically relate to our company may materially reduce the market price of our common stock, regardless of our operating performance.

Future sales, or the perception of future sales, of a substantial amount of our common stock may depress the price of our common shares.

Future sales, or the perception of future sales, of a substantial number of shares of our common stock in the public market after this offering could have a material adverse effect on the prevailing market price of our common stock.

Upon completion of this offering, we will have shares of common stock outstanding, or shares if we give effect to the exercise of all outstanding warrants. All shares sold in this offering will be freely tradable without restriction under the Securities Act, except for any shares that may be held or acquired by our significant stockholders, directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

In connection with this offering, we, each of our executive officers and directors and the selling stockholders will have entered into lock-up agreements that prevent the sale of shares of our common stock for up to 180 days after the date of this prospectus, subject to an extension in certain circumstances described under "Underwriting." Following the expiration of the lock-up period, the selling stockholders will have the right, subject to certain conditions, to require us to register the sale of of their shares of our common stock under the Securities Act. By exercising their registration rights, and selling a large number of shares, the selling stockholders could cause the prevailing market price of our common stock to decline.

Anti-takeover provisions in our charter documents could delay or prevent a change of control of our company and may result in an entrenchment of management and diminish the value of our common stock.

Upon completion of this offering, our certificate of incorporation and bylaws will contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in management that our stockholders might deem advantageous. Specific provisions in our certificate of incorporation will include:

- our ability to issue preferred stock with terms that the board of directors may determine, without stockholder approval;
- a classified board of directors;
- advance notice requirements for stockholder proposals and nominations;
- the absence of cumulative voting in the election of directors; and
- limitations on convening stockholder meetings.

These provisions in our certificate of incorporation and bylaws may frustrate attempts to effect a takeover transaction that is in the best interests of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

Applicable insurance laws may make it difficult to effect a change of control of our company.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state where the insurer is domiciled. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the domestic insurer. These statutes may frustrate or delay attempts to effect a takeover transaction that would benefit our stockholders.

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking" statements that are intended to enhance the reader's ability to assess our future financial and business performance. Forward-looking statements include, but are not limited to, statements that represent our beliefs concerning future operations, strategies, financial results or other developments, and contain words and phrases such as "may," "expects," "should," "believes," "anticipates," "estimates," "intends" or similar expressions. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different. The following uncertainties, among others, may have such an impact:

- changes in economic conditions, including changes in interest rates and the performance of financial markets, which may:
  - increase defaults on and impairments of our bond portfolio;
  - reduce sales of our variable and investment management products and the fees we receive on assets under management; and
  - increase the level of our guaranteed minimum death benefit and reserves.
- a change in our ratings by nationally recognized ratings organizations;
- changes in laws, regulations and taxes;
- competitive pressures on product pricing and services, including competition by other insurance companies and financial services companies;
- terrorist attacks and military and other actions;
- changes in lapse rates, morbidity, mortality or unemployment rates which differ significantly from our pricing expectations, including as a result of extremely rare, severe and widespread events, such as a possible global avian flu pandemic; and
- the relative success and timing of our business strategies.

Consequently, such forward-looking statements should be regarded solely as our current plans, estimates and beliefs with respect to, among other things, future events and financial performance. Except as required under the federal securities laws, we do not intend, and do not undertake, any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

You should review carefully the section captioned "Risk Factors" in this prospectus for a more complete discussion of the risks of an investment in our common stock.

INDUSTRY AND MARKET DATA

This prospectus includes industry and government data and forecasts that we have prepared based, in part, upon industry and government data and forecasts obtained from industry and government publications and surveys. These sources include publications and data compiled by the Employee Benefit Research Institute, Kaiser Family Foundation, U.S. Census Bureau, U.S. Department of Health & Human Services Centers for Disease Control, Spectrem Group and Variable Annuity Research and Data Service. Third-party industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Forecasts are particularly likely to be inaccurate, especially over long periods of time. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors."

USE OF PROCEEDS

All of the shares of common stock offered by this prospectus are being sold by the selling stockholders. For information about the selling stockholders, see "Principal and Selling Stockholders." We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

DIVIDEND POLICY

We intend to pay quarterly cash dividends on our common stock at an initial rate of $ per share. The first such dividend will be declared in the quarter of and paid in the quarter of . The declaration, payment and amount of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition and results of operations, liquidity requirements, market opportunities, capital requirements of our subsidiaries, legal requirements, regulatory constraints and other factors as the board of directors deems relevant. Dividends on our common shares will also be paid to holders of our outstanding warrants.

We are a holding company with no significant business operations of our own. All of our business operations are conducted through our subsidiaries. Dividends and loans from, and cash generated by, our subsidiaries will be our principal sources of cash to repay indebtedness, fund operations and pay dividends. Accordingly, our ability to pay dividends to our stockholders will depend on the earnings and distributions of funds from our subsidiaries. See "Risk Factors — As a holding company, Symetra Financial Corporation depends on the ability of its subsidiaries to transfer funds to it to meet its obligations and pay dividends."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2007. You should read this table in conjunction with our consolidated financial statements and related notes and the information provided under the captions "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

(In Millions)	As of March 31, 2007
Cash and cash equivalents	$ 225.7
Borrowings and other obligations:	
Revolving credit facilities(1)	$ —
Senior notes	298.8
Total borrowings and other obligations	298.8
Stockholders' equity:	
Common stock, $0.01 par value; 15.0 million shares authorized, 10.6 million shares issued and outstanding	0.1
Additional paid-in capital	1,166.3
Total paid-in capital	1,166.4
Retained earnings	214.6
Accumulated other comprehensive income, net of taxes	34.7
Total stockholders' equity	1,415.7
Total capitalization	$ 1,714.5

(1) The revolving credit facilities collectively provide for borrowings of up to $120 million. As of March 31, 2007, we had no balance outstanding under our revolving credit facilities.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial data, except for non-GAAP financial measures, as of and for the three months ended and as of March 31, 2007 and 2006 and March 31, 2007 and 2006 have been derived from our unaudited interim historical consolidated financial statements, which have been prepared on a basis consistent with our annual consolidated financial statements, included in this prospectus. In the opinion of management, such unaudited financial data, except for non-GAAP financial measures, reflects all historical and recurring adjustments necessary for a fair presentation of the results for these periods. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year or any future period. The selected historical consolidated financial data, except for non-GAAP financial measures, as of December 31, 2006 and 2005 and for the years ended December 31, 2006 and 2005, and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004 have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The selected historical consolidated financial data, except for non-GAAP financial measures, presented below as of December 31, 2004 and as of and for the year ended December 31, 2003 have been derived from our audited consolidated financial statements that are not included in this prospectus. The unaudited selected historical consolidated financial data, except for non-GAAP financial measures, as of and for the year ended December 31, 2002 were derived from unaudited carve-outs of the acquired businesses from our predecessor's audited consolidated financial statements, which are not included in this prospectus.

We do not believe the predecessor financial results for the years ended December 31, 2003 and 2002 and for the period from January 1, 2004 through August 1, 2004 are comparable to the results of our new independent company. This lack of comparability is primarily due to significant changes in our operating costs and also because of purchase accounting adjustments impacting net investment income, policyholder benefits and claims, interest amortization of deferred acquisition costs, intangible assets and net realized investment gains (losses). Additionally, due to the short period from our inception as an independent company to the end of 2004, as well as the effect of transitional expense charges associated with the Acquisition, we do not consider our financial results for the period from August 2, 2004 through December 31, 2004 to be comparable to those for the years ended December 31, 2006 and 2005. This summary data should be read in conjunction with other information contained in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and related notes included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,		Period from		Predecessor	
					August 2 through December 31,	January 1 through August 1,	Year Ended December 31,	
	2007	2006	2006	2005	2004	2004	2003	2002
	(Unaudited)							(Unaudited)
	(In millions, except per share data)							
Consolidated Income Statement Data:								
Revenues:								
Premiums	$ 133.7	$ 136.6	$ 525.7	$ 575.5	$ 263.2	$ 357.9	$ 680.5	$ 599.6
Net investment income	244.4	246.5	984.9	994.0	411.1	693.7	1,210.6	1,205.3
Other revenues	15.3	15.6	56.1	58.6	27.1	43.9	63.9	62.1
Net realized investment gains (losses)	13.9	4.8	1.7	14.1	7.0	34.9	(9.6)	(152.3)
Total revenues	407.3	403.5	1,568.4	1,642.2	708.4	1,130.4	1,945.4	1,714.7
Benefits and Expenses:								
Policyholder benefits and claims	66.8	84.2	264.3	327.4	127.5	223.6	381.9	341.7
Interest credited	185.0	192.1	765.9	810.9	360.2	556.4	990.8	968.7

	Three Months Ended March 31,		Year Ended December 31,		Period from August 2 through December 31,	Predecessor: January 1 through August 1,	Predecessor: Year Ended December 31,	
	2007	2006	2006	2005	2004	2004	2003	2002
	(Unaudited)							(Unaudited)
	(In millions, except per share data)							
Other underwriting and operating expenses	70.6	64.2	260.5	273.2	123.3	182.3	324.9	267.5
Fair value of warrants issued to investors	—	—	—	—	101.5	—	—	—
Interest expense	4.7	5.2	19.1	12.4	3.5	—	—	—
Amortization of deferred policy acquisition costs	4.4	3.5	14.6	11.9	1.6	34.2	51.3	40.8
Intangible asset amortization	—	—	—	—	—	4.9	8.3	8.8
Total benefits and expenses	331.5	349.2	1,324.4	1,435.8	717.6	1,001.4	1,757.2	1,627.5
Income (loss) from continuing operations before income taxes	75.8	54.3	244.0	206.4	(9.2)	129.0	188.2	87.2
Provisions for income taxes:								
Current	19.2	(8.6)	92.4	22.2	21.3	0.9	42.1	58.8
Deferred	5.9	26.5	(7.9)	39.7	10.7	30.5	9.1	(30.3)
Total provision for income taxes	25.1	17.9	84.5	61.9	32.0	31.4	51.2	28.5
Income (loss) from continuing operations	50.7	36.4	159.5	144.5	(41.2)	97.6	137.0	58.7
Income (loss) from discontinued operations (net of taxes)	—	—	—	1.0	(2.4)	2.3	1.7	1.5
Net income (loss)	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ (43.6)	$ 99.9	$ 138.7	$ 60.2
Net income per common share:(1)								
Basic	$ 3.95	$ 2.84	$ 12.43	$ 11.34				
Diluted	$ 3.95	$ 2.84	$ 12.43	$ 11.34				
Weighted average common shares outstanding:								
Basic	12.8	12.8	12.8	12.8				
Diluted	12.8	12.8	12.8	12.8				
Non-GAAP Financial Measures(6):								
Net operating income (loss)	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ (46.0)	$ 75.5		

	Three Months Ended March 31,		Year Ended December 31,		Predecessor			
					Period from		Year Ended December 31,	
	2007	2006	2006	2005	August 2 through December 31, 2004	January 1 through August 1, 2004	2003	2002
	(Unaudited)							(Unaudited)
	(In millions, except per share data)							
Net operating income per common share:								
Basic(2)	$ 4.30	$ 3.47	$ 16.16	$ 13.33				
Diluted(3)	$ 3.97	$ 3.23	$ 14.94	$ 12.45				
Net operating income weighted average common shares:								
Basic(2)	10.6	10.6	10.6	10.6				
Diluted(3)	11.5	11.5	11.5	11.4				
Reconciliation to Net Income (Loss):								
Net income (loss)	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ (43.6)	$ 99.9		
Less: Net realized investment gains (net of taxes)	9.0	3.1	1.1	9.2	4.6	22.7		
Add:								
Net realized and unrealized investment gains (losses) on FIA options (net of taxes)	(0.3)	0.4	1.4	(2.9)	1.3	(1.7)		
Net realized and unrealized investment gains on equity securities (net of taxes)	4.4	3.3	12.3	8.5	0.9	—		
Net operating income (loss)	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ (46.0)	$ 75.5		

	As of March 31, 2007 (Unaudited)	As of December 31, 2006	2005	2004	2003	2002 (Unaudited)
Consolidated Balance Sheet Data:						
Total investments	$ 17,189.0	$ 17,305.3	$ 18,332.8	$ 19,244.8	$ 19,197.6	$ 17,913.1
Total assets	19,932.1	20,114.6	20,980.1	22,182.0	22,512.0	21,393.6
Total debt	298.8	298.7	300.0	300.0	—	—
Separate account assets	1,231.3	1,233.9	1,188.8	1,228.4	1,137.4	899.2
Accumulated other comprehensive income (loss) (AOCI) (net of taxes)	34.7	(0.5)	136.6	312.9		
Total stockholders' equity	1,415.7	1,327.3	1,404.9	1,435.8	2,566.7	2,244.7
Book value per common share:						
Basic(4)	$ 129.68	$ 124.69	$ 119.10	$ 105.45		
Diluted(5)	$ 124.64	$ 120.49	$ 115.85	$ 104.52		
U.S. Statutory Financial Information:						
Statutory capital and surplus	$ 1,278.6	$ 1,266.2	$ 1,260.1	$ 1,138.4	$ 1,059.6	$ 903.4
Asset valuation reserve (AVR)	165.4	158.4	140.9	107.6	71.5	39.5
Statutory capital and surplus and AVR	$ 1,444.0	$ 1,424.6	$ 1,401.0	$ 1,246.0	$ 1,131.1	$ 942.9

(1) Net income per common share (basic and diluted) assumes that all participating securities, including warrants have been outstanding since the beginning of the period, using the two-class method.

(2) Basic net operating income per common share is calculated based on net operating income divided by common shares outstanding of 10,649,000.

(3) Diluted net operating income per common share is calculated based on net operating income divided by the weighted average number of common shares and dilutive warrants, assuming the repurchase of common shares with proceeds from the exercise of warrants. Warrants are considered dilutive when the estimated stock price of the company exceeds the warrant strike price of $100.

(4) Basic book value per common share is calculated based on total stockholders' equity less AOCI divided by common shares outstanding of 10,649,000.

(5) Diluted book value per common share is calculated based on total stockholders' equity less AOCI plus the proceeds from the assumed exercise of outstanding warrants, divided by common shares and outstanding warrant shares of 12,830,120.

(6) Management considers certain non-GAAP financial measures to be a useful supplement to than comparable GAAP measures in evaluating our financial performance and condition, including net operating income (loss) and net operating income per common share. Such measures have been reconciled to their most comparable GAAP financial measures. We believe that these non-GAAP financial measures are valuable because, by excluding certain realized capital gains and losses, many of which are driven by investment decisions and external economic developments unrelated to the insurance and underwriting aspects of the business, they reveal trends that may be otherwise obscured. For a definition of these non-GAAP measures and other metrics used in our analysis, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Use of non-GAAP Financial Measures."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the audited and unaudited historical financial statements and the accompanying notes included in this prospectus, as well as the discussion under "Selected Historical Consolidated Financial Data." This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in or implied by any of the forward-looking statements as a result of various factors, including but not limited to those listed under "Risk Factors" and "Forward-Looking Statements." Our fiscal year ends on December 31 of each calendar year.

Management considers certain non-GAAP financial measures to be more relevant than comparable GAAP measures in evaluating our financial performance and condition including segment pre-tax operating income, net operating income (loss) and net operating income per common share. Such measures have been reconciled to their most comparable GAAP financial measures. For a definition of these non-GAAP measures and other metrics used in our analysis, see "— Use of non-GAAP Financial Measures."

Overview

We are a life insurance company focused on profitable growth in selected group health, retirement, life insurance and employee benefits markets. Our first day of operations as an independent company was August 2, 2004 when Symetra acquired a group of life insurance and investment companies from Safeco Corporation (the "Acquisition"). Our operations date back to 1957, and many of our agency and distribution relationships have been in place for decades. We are headquartered in Bellevue, Washington and employ over 1,200 people in 24 offices across the United States, serving over two million customers. As of March 31, 2007, we had total stockholders' equity of $1.4 billion, regulatory capital of $1.4 billion and total assets of $19.9 billion. Our operating return on average equity, or operating ROAE, was 13.4%, 13.0%, and 11.9%, for the twelve month periods ended March 31, 2007, December 31, 2006 and December 31, 2005, respectively. We define operating ROAE as net operating income, a non-GAAP financial measure, divided by average stockholders' equity excluding accumulated other comprehensive income. For a reconciliation of net operating income to net income, please see page 39.

Our Operations

We conduct our business through five segments, four of which are operating:

- *Group.* We offer medical stop-loss insurance, limited medical benefit plans, group life insurance, accidental death and dismemberment insurance and disability insurance mainly to employer groups of 50 to 1,000 individuals. As a result of our recent acquisition of Medical Risk Managers, Inc., we also offer MGU services.
- *Retirement Services.* We offer fixed and variable deferred annuities, including tax sheltered annuities, IRAs, and group annuities to qualified retirement plans, including Section 401(k) and 457 plans. We also provide record keeping services for qualified retirement plans invested in mutual funds.
- *Income Annuities.* We offer SPIAs for customers seeking a reliable source of retirement income and structured settlement annuities to fund third-party personal injury settlements.
- *Individual.* We offer a wide array of term, universal and variable life insurance as well as BOLI.
- *Other.* This segment consists of unallocated corporate income, composed primarily of investment income on unallocated surplus, unallocated corporate expenses, interest expense on debt, the results of small, non-insurance businesses that are managed outside of our operating segments and inter-segment elimination entries.

Revenues and Expenses

We earn revenues and generate cash primarily from premiums earned on group life and health and individual insurance products, cost of insurance, or COI, charges primarily from our universal life and BOLI products, net investment income, net realized investment gains and other revenues. Other revenues include mortality and expense, surrender, and other administrative charges, revenues from our non-insurance businesses and revenues from fee arrangements with our reinsurance partners.

Each operating segment maintains its own portfolio of invested assets. The realized gains (losses) incurred are reported in the segment in which they occur. The unallocated portion of net investment income is reported in the Other segment.

Our primary expenses include interest credited, benefits and claims and general business and operating expenses, including commissions. We allocate corporate expenses to each of our operating segments using multiple factors which include headcount, allocated capital, account values and time study results.

Critical Accounting Policies and Estimates and Recently Issued Accounting Standards

The accounting policies discussed in this section are those that we consider to be particularly critical to an understanding of our financial statements because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on our financial results. For all of these policies, we caution that future events rarely develop exactly as forecast, and our management's best estimates may require adjustment. For a discussion of recently adopted and not yet adopted accounting standards, see note 2, "Summary of Significant Accounting Policies," from the notes to our consolidated financial statements included in this prospectus.

Other-Than-Temporary Impairments

We analyze investments that meet our impairment criteria to determine whether the decline in value is other-than-temporary. The impairment review involves the finance investment management team, as well as the portfolio asset manager. To make this determination for each security, we consider both quantitative and qualitative criteria including:

- how long and by how much the fair value has been below cost or amortized cost;
- the financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential, or compliance with terms and covenants of the security;
- our intent and ability to keep the security long enough for it to recover its value;
- any downgrades of the security by a rating agency; and
- any reduction or elimination of dividends or nonpayment of scheduled interest payments.

Based on the analysis, we make a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, we record an impairment charge within net realized investment gains (losses) in our consolidated statements of operations in the period that we make the determination. Our impairment policy may result in an other-than-temporary impairment charge recorded for a security that has no credit default or credit issues if we do not have the intent or ability to hold an impaired security long enough to recover its value. This situation can exist as a result of certain portfolio management or cash management strategies. Accordingly, we categorize impairments as either credit related or other. If we determine that we are not likely to receive interest or principal amounts based upon the expectations of the security or due in accordance with the contractual terms of the security, the impairment is characterized as credit related. We may also characterize an impairment as credit related if substantially all of the decrease in security value is related to issuer credit spreads widening. The other-than-temporary impairments categorized as other are primarily related to securities that have declined in value and for which we are uncertain of our intent and ability to retain the investment for a period of time to allow recovery to book value.

Deferred Policy Acquisition Costs

We defer as assets certain costs, generally commissions, distribution costs and other underwriting costs that vary with, and are primarily related to, the production of new and renewal business. We limit our deferral to acquisition expenses assumed in our product pricing assumptions. We amortize acquisition costs for deferred and immediate annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the future estimated gross profits, or EGPs, of each of these product lines. In this estimation process, we make assumptions as to surrender rates, mortality experience, maintenance expense, and investment performance. Actual profits can vary from the estimates and can thereby result in increases or decreases to DAC, or DAC amortization rates. The DAC balance on the date of our acquisition, August 2, 2004 was reset to zero in accordance with purchase accounting. See "— Our Historical Financial Information and Purchase Accounting." The DAC balance is expected to grow as we continue to write new business.

The following table summarizes our DAC balances by segment:

	As of March 31, 2007 (Unaudited)	As of December 31, 2006	As of December 31, 2005
	(Dollars in Millions)		
Group	$ 3.2	$ 4.0	$ 5.3
Retirement Services	60.2	54.5	25.5
Income Annuities	7.6	6.8	4.3
Individual	26.1	22.9	13.9
Total	$ 97.1	$ 88.2	$ 49.0

The DAC amortization period for group medical stop-loss policies in our Group segment is one year as these policies are re-priced on an annual basis.

The DAC amortization period is typically 20 years for the deferred annuities in our Retirement Services segment. Although the period extends for 20 years, most of the DAC amortization occurs within the first 10 years because the EGPs are highest during that period. It is common for deferred annuity policies to lapse after the surrender charge period expires.

In our Income Annuities segment, the DAC amortization period for SPIAs, including structured settlement annuities, is the benefit payment period, which ranges from 5 to 100 years.

In our Individual segment, the DAC amortization period for term life insurance policies is the premium paying period, which ranges from 10 to 30 years. The DAC related to universal life policies are amortized over 25 years and variable life policies are amortized over 20 years.

For interest-sensitive products, variable annuities, and variable life insurance, we regularly evaluate our assumptions. The most significant assumptions that impact EGPs include lapse and withdrawal rates, interest margins, mortality, and future equity market performance. Our assumption for long-term equity market appreciation is currently 8% growth per year. We fully reflect experienced equity market returns in our models.

Changes to long-term assumptions can have a significant impact on DAC amortization. In the event actual experience differs from our assumptions or our future assumptions are revised, we adjust our EGPs, which could result in a significant increase in amortization expense. The following would generally cause an increase in DAC amortization expense: increases to lapse or withdrawal rates in the current period, increases to expected future lapse or withdrawal rates, increases to interest margins in the current period, decreases to expected future interest margins, decreases to current equity market returns, increases to future expected expense levels, and decreases to long term expected equity market returns. EGPs are adjusted quarterly to reflect actual experience to date or to unlock underlying key assumptions based on experience studies.

The DAC asset related to deferred annuities and universal life products is adjusted to reflect the impact to EGPs of net unrealized investment gains (losses) on securities as if they had been realized as of the balance sheet date. We include the impact of this adjustment, net of tax, in other comprehensive income, or OCI.

We conduct regular DAC recoverability analyses. We compare the current DAC balance with the estimated present value of future profitability of the underlying business. The DAC balances are considered recoverable if the present value of future profits is greater than the current DAC balance.

Funds Held Under Deposit Contracts

Liabilities for fixed deferred annuity contracts, guaranteed investment contracts, and universal life policies, including BOLI, are computed as deposits net of withdrawals made by the policyholder, plus amounts credited based on contract specifications, less contract fees and charges assessed, plus any additional interest. The unamortized purchase accounting reserve is also included in this balance. See "— Our Historical Financial Information and Purchase Accounting."

For SPIAs, including structured settlements, liabilities are based on discounted amounts of estimated future benefits. Contingent future benefits are discounted with best-estimate mortality assumptions, which include provisions for longer life spans over time. The interest rate pattern used to calculate the reserves for SPIAs is set at issue for policies issued subsequent to the Acquisition or based upon prevailing market interest rates on August 2, 2004 for policies in existence on the Acquisition date. The interest rates within the pattern vary over time and start with interest rates that prevailed at contract issue or on the Acquisition date. As of March 31, 2007, the weighted average implied interest rate on the existing book of business is currently at 5.9% and will grade to an ultimate assumed level of 6.7% in approximately 20 years.

Future Policy Benefits

We compute liabilities for future policy benefits under traditional individual life and group life insurance policies on the level premium method, which uses a level premium assumption to fund reserves. We select the level of premiums at issuance so that the actuarial present value of future benefits equals the actuarial present value of future premiums. We set the interest, mortality and persistency assumptions in the year of issue and include provisions for adverse deviations. These liabilities are contingent upon the death of the insured while the policy is in force. We derive mortality assumptions from both company-specific and industry statistics. We discount future benefits at interest rates that vary by year of policy issue, are graded to the statutory valuation interest rate over time, and range from 4.0% to 6.0%. Assumptions are made at the time each policy is issued, and do not change over time unless the liability amount is determined to be inadequate to cover future policy benefits. The provisions for adverse deviations are intended to provide coverage for the risk that actual experience may be worse than locked-in best-estimate assumptions.

Policy and Contract Claims

Liabilities for policy and contract claims primarily represent liabilities for claims under group medical coverages and are established on the basis of reported losses. We also provide for claims incurred but not reported, or IBNR, based on expected loss ratios, claims paying completion patterns and historical experience. We continually review estimates for reported but unpaid claims and IBNR. Any necessary adjustments are reflected in current operating results. If expected loss ratios increase or expected claims paying completion patterns extend, the IBNR amount increases.

Use of non-GAAP Financial Measures

Certain tables in this prospectus include non-GAAP financial measures. We believe these measures to provide more useful information than comparable GAAP measures in evaluating our financial performance and condition. In the following paragraphs, we provide a definition of these non-GAAP measures.

Definition of non-GAAP measures

Net operating income (loss)

Net operating income is our net income (loss) less after-tax net realized investment gains (losses), plus after-tax net realized and unrealized investment gains (losses) on the FIA options in our Retirement Services segment, plus after-tax net realized and unrealized investment gains (losses) on equity securities held in our Income Annuities segment. This measure is used by management to assess the total company operating results including the results of our FIA hedge program in our Retirement Services segment and the impact of realized and unrealized investment gains (losses) on our equity portfolio in our Income Annuities segment (as described in segment pre-tax operating income). Management believes that this non-GAAP financial measure provides a useful picture of the underlying operating activities of the company as it primarily removes the impact of investment gains and losses associated with fixed maturity investments, which may be heavily influenced by investment market conditions. Although key to our overall financial performance, management believes that net realized investment gains or losses are largely independent of the underwriting decision-making process. Net income (loss) is the most directly comparable GAAP measure. This measure should not be considered a substitute for net income.

Net operating income per common share

Net operating income per common share is calculated based on the non-GAAP financial measure net operating income divided by the weighted average number of common shares and dilutive warrants assuming repurchase of common shares with proceeds from the assumed exercise of warrants. Warrants are considered dilutive when the estimated stock price of the company exceeds the strike price of the warrants. We believe this non-GAAP financial measure presents a useful measure for analyzing our profitability on a per share basis.

Segment pre-tax operating income

We use the non-GAAP financial measure segment pre-tax operating income as an important measure of our operating performance. We believe that this measure provides investors with a valuable measure of the performance of our ongoing businesses because it reveals trends that may be obscured by the effect of certain realized capital gains and losses. Some realized capital gains and losses are primarily driven by investment decisions and external economic developments for which the nature and timing are unrelated to the insurance and underwriting aspects of our business. Accordingly, segment pre-tax operating income excludes the effect of most realized gains and losses. For segment pre-tax operating income, segment pre-tax income is the most directly comparable GAAP measure. Segment pre-tax operating income should not be considered as a substitute for segment pre-tax income.

When evaluating our Retirement Services segment operating results, we consider the impact of our hedging program related to our FIA products. This program consists of buying S&P 500 Index call options. Although we use index options to hedge the equity return component of our FIA products, the options do not qualify as hedge instruments or for hedge accounting treatment. These assets are recorded at fair value as free-standing derivative assets with the mark-to-market gains or losses to record the options at fair value recognized in net realized investment gains (losses). The realized gain or loss on the options is also recorded in net investment realized gains (losses). Since the interest incurred on these FIA products is included as a component of interest credited in our statement of operations, we believe it is more meaningful to evaluate results inclusive of the results of the hedge program. Accordingly, segment pre-tax operating income in our Retirement Services segment excludes all realized investments gains (losses), except for realized and unrealized investment gains or (losses) from our options related to our FIA hedging program.

For our Income Annuities segment, we evaluate the results of operations including the impact of both realized and unrealized investment gains (losses) on our equity portfolio because we believe that equities are an effective investment to fund the long duration benefit payments in our structured settlements and SPIA policies. The majority of our investment returns on the equities in our Income Annuities investment portfolio are recorded in net realized investment gains (losses) on our statement of operations and through changes in

unrealized gains (losses) as a component of other comprehensive income. Since the interest incurred on the long duration benefit payments is recorded as a component of interest credited, we believe it is more meaningful to evaluate the results inclusive of our equity investment program. Accordingly, segment pre-tax operating income in our Income Annuities segment excludes all realized investment gains (losses), except for realized and unrealized investment gains (losses) arising from our equity investment program held in this segment.

Our Historical Financial Information and Purchase Accounting

On August 2, 2004, we completed the Acquisition. The Acquisition was accounted for using the purchase method under the Financial Accounting Standards Board's Statement of Financial Accounting Standards, or SFAS, No. 141, *Business Combinations.* Under SFAS No. 141, the purchase price is allocated to the estimated fair value of the tangible and identifiable assets acquired less liabilities assumed at the date of acquisition. In conjunction with the purchase accounting for the Acquisition we were required to adjust our consolidated balance sheet to fair value. This resulted in the following:

- the book values of our invested assets were increased by $1.0 billion to reset the book value to fair value, based on the prevailing market rate on August 2, 2004. The prevailing market interest rates were relatively low at the time of the Acquisition, which resulted in a significant increase in the book value of our invested assets. We recorded a PGAAP adjustment representing the difference between book value and the fair value of our invested assets. The difference between this updated book value and the par value of our invested assets is amortized against investment income over the expected life of the invested assets resulting in a lower earned yield;
- our funds held under deposit contracts, which our invested assets support, were increased to reflect the lower market interest rates compared to interest rates originally used to determine policy pricing and reserving. As a result, our reserves related to fixed deferred annuities, structured settlements, immediate annuities and BOLI products were increased by $1.2 billion;
- our deferred policy acquisition costs, goodwill and intangible asset balances at August 2, 2004 were reset to zero. The purchase accounting resulted in minimal intangibles and no goodwill; and
- all other assets and liabilities were recorded at fair value on August 2, 2004.

The impact of purchase accounting on operating performance for periods subsequent to the Acquisition resulted in a decrease to investment income and a decrease to policyholder benefits and interest credited. In our Retirement Services and Individual segments, a purchase accounting reserve, or PGAAP reserve, was established related to the fair value adjustment for our deferred annuities and BOLI policies. This PGAAP reserve is amortized as a reduction to policyholder benefits according to the pattern of profitability of the book of business of policies in force at the date of the Acquisition. This profitability is determined based on assumptions regarding the present value of estimated future gross profits related to the policies in force on August 2, 2004. In this estimation process, we made assumptions as to lapse rates, mortality rates, maintenance expenses, COI charges, credited interest rates, and investment performance. This pattern resulted in higher PGAAP reserve amortization in the years immediately following the Acquisition. Actual profits can vary from the estimates and can thereby result in increases or decreases to the PGAAP reserve amortization rate.

The purchase accounting adjustment associated with our immediate annuity book of business was recorded in our income annuities reserve model by updating the mortality assumptions and the interest rate pattern used for discounting future benefit payments. This adjustment resulted in a decrease in interest credited in the years subsequent to the Acquisition.

As a result of the Acquisition and resulting purchase accounting adjustments, the results of operations for periods prior to August 2, 2004 are not comparable to periods subsequent to that date. Our 2004 results discussed below represent the mathematical addition of the historical results for (i) the predecessor period from January 1, 2004 through August 1, 2004 and (ii) the successor period from August 2, 2004 through December 31, 2004. This approach is not consistent with U.S. GAAP and yields results that are not

comparable on a period-to-period basis. However, we believe it is a meaningful way to compare our operating results for 2004 to our operating results for 2005 because it would not be meaningful to discuss the partial period from January 1, 2004 through August 1, 2004 (Predecessor) separately from the period from August 2, 2004 through December 31, 2004. The following table provides a summary of the combination of the audited consolidated statements of operations for the periods January 1, 2004 through August 1, 2004 and August 2, 2004 through December 31, 2004 to the Combined 2004 (non-GAAP), results:

	Predecessor Period From January 1, 2004 through August 1, 2004	Period From August 2, 2004 through December 31, 2004	Combined 2004 (non-GAAP)
		(Dollars in millions)	
Revenues:			
Premiums	$ 357.9	$ 263.2	$ 621.1
Net investment income	693.7	411.1	1,104.8
Other revenues	43.9	27.1	71.0
Net realized investment gains	34.9	7.0	41.9
Total revenues	1,130.4	708.4	1,838.8
Benefits and Expenses:			
Policyholder benefits and claims	223.6	127.5	351.1
Interest credited	556.4	360.2	916.6
Other underwriting and operating expenses	182.3	123.3	305.6
Fair value of warrants issued to investors	—	101.5	101.5
Interest expense	—	3.5	3.5
Amortization of deferred policy acquisition costs	34.2	1.6	35.8
Intangible asset amortization	4.9	—	4.9
Total benefits and expenses	1,001.4	717.6	1,719.0
Income (loss) from continuing operations before income taxes	129.0	(9.2)	119.8
Provisions for income taxes:			
Current	0.9	21.3	22.2
Deferred	30.5	10.7	41.2
Total provision for income taxes	31.4	32.0	63.4
Income (loss) from continuing operations	97.6	(41.2)	56.4
Income (loss) from discontinued operations (net of taxes)	2.3	(2.4)	(0.1)
Net income (loss)	$ 99.9	$ (43.6)	$ 56.3
Non-GAAP Financial Measures:			
Net operating income (loss)	$ 75.5	$ (46.0)	$ 29.5
Reconciliation to Net Income (Loss):			
Net income (loss)	$ 99.9	$ (43.6)	$ 56.3
Less: Net realized investment gains (net of taxes)	22.7	4.6	27.3
Add:			
Net realized and unrealized investment gains (losses) on FIA options (net of taxes)	(1.7)	1.3	(0.4)
Net realized and unrealized investment gains on equity securities (net of taxes)	—	0.9	0.9
Net operating income (loss)	$ 75.5	$ (46.0)	$ 29.5

The consolidated statements of operations for the Combined 2004 (non-GAAP) period include allocations of certain expenses from Safeco Corporation. Safeco Corporation and its affiliates provided us with personnel, property and facilities in carrying out certain of its corporate functions. These expenses included charges for corporate overhead, data processing systems, payroll and other miscellaneous charges. The allocations were made using relative percentages, as compared to Safeco Corporation's other businesses, of headcount or time studies or on a specifically identifiable basis such as actual usage, or other reasonable methods. Safeco Corporation charged us expenses of $25.2 million for the seven months ended August 1, 2004. Our comparable expenses as a separate, stand alone company have been lower than the amounts reflected in the Combined 2004 (non-GAAP) statement of operations.

In addition to our four operating segments and our Other segment, during the year ended December 31, 2005 and prior, our historical financial statements also include the results of Symetra Asset Management Company and the majority of the business of Symetra Services Corporation which are presented in our historical financial statements as discontinued operations. For more information, see note 15, "Discontinued Operations," in the notes to our consolidated financial statements included in this prospectus. These discontinued operations are not included in the discussions under "— Results of Operations" section due to their immateriality and lack of impact on future operating results.

The historical financial information included in this offering has been derived from our financial statements, which have been prepared as if Symetra had been in existence throughout all periods shown. The discussions that appear under "— Results of Operations" encompass our results of operations and financial condition for the three months ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP).

Results of Operations

Total Company

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this report. Set forth below is a summary of our consolidated financial results for the three months ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP):

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions, except per share data)		
Revenues:					
Premiums	$ 133.7	$ 136.6	$ 525.7	$ 575.5	$ 621.1
Net investment income	244.4	246.5	984.9	994.0	1,104.8
Other revenues	15.3	15.6	56.1	58.6	71.0
Net realized investment gains	13.9	4.8	1.7	14.1	41.9
Total revenues	407.3	403.5	1,568.4	1,642.2	1,838.8
Benefits and Expenses:					
Policyholder benefits and claims	66.8	84.2	264.3	327.4	351.1
Interest credited	185.0	192.1	765.9	810.9	916.6
Other underwriting and operating expenses	70.6	64.2	260.5	273.2	305.6
Fair value of warrants issued to investors	—	—	—	—	101.5
Interest expense	4.7	5.2	19.1	12.4	3.5
Amortization of deferred policy acquisition costs	4.4	3.5	14.6	11.9	35.8
Intangible asset amortization	—	—	—	—	4.9
Total benefits and expenses	331.5	349.2	1,324.4	1,435.8	1,719.0
Income from continuing operations before income taxes	75.8	54.3	244.0	206.4	119.8

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions, except per share data)		
Provisions for income taxes					
Current	19.2	(8.6)	92.4	22.2	22.2
Deferred	5.9	26.5	(7.9)	39.7	41.2
Total provision for income taxes	25.1	17.9	84.5	61.9	63.4
Income from continuing operations	50.7	36.4	159.5	144.5	56.4
Income (loss) from discontinued operations (net of taxes)	—	—	—	1.0	(0.1)
Net income	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ 56.3
Net income per common share(1):					
Basic	$ 3.95	$ 2.84	$ 12.43	$ 11.34	
Diluted	$ 3.95	$ 2.84	$ 12.43	$ 11.34	
Weighted average common shares outstanding:					
Basic	12.8	12.8	12.8	12.8	
Diluted	12.8	12.8	12.8	12.8	
Non-GAAP Financial Measures:					
Net operating income	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ 29.5
Net operating income per common share:					
Basic(2)	$ 4.30	$ 3.47	$ 16.16	$ 13.33	
Diluted(3)	$ 3.97	$ 3.23	$ 14.94	$ 12.45	
Net operating income weighted average common shares:					
Basic(2)	10.6	10.6	10.6	10.6	
Diluted(3)	11.5	11.5	11.5	11.4	
Reconciliation to Net Income:					
Net income	$ 50.7	$ 36.4	$ 159.5	$ 145.5	$ 56.3
Less: Net realized investment gains (net of taxes)	9.0	3.1	1.1	9.2	27.3
Add:					
Net realized and unrealized investment gains (losses) on FIA options (net of taxes)	(0.3)	0.4	1.4	(2.9)	(0.4)
Net realized and unrealized investment gains on equity securities (net of taxes)	4.4	3.3	12.3	8.5	0.9
Net operating income	$ 45.8	$ 37.0	$ 172.1	$ 141.9	$ 29.5

(1) Net income per common share (basic and diluted) assumes that all participating securities including warrants have been outstanding since the beginning of the period, using the two-class method.

(2) Basic net operating income per common share is calculated based on net operating income divided by common shares outstanding of 10,649,000.

(3) Diluted net operating income per common share is calculated based on net operating income divided by the weighted average number of common shares and dilutive warrants, assuming repurchase of common shares with proceeds from the exercise of warrants. Warrants are considered dilutive when the estimated stock price of the company exceeds the warrant strike price of $100.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Summary of results. Net income increased by $14.3 million, or 39.3%, to $50.7 million from $36.4 million. Net operating income increased $8.8 million, or 23.8%, to $45.8 million from $37.0 million. This was driven by a decrease in the loss ratio in our Group segment primarily related to medical stop-loss from 71.3% to 55.7% due to lower paid claims. This was offset by lower profitability in our Retirement Services segment due to a decrease in account value and a decrease in PGAAP reserve amortization, more fully described in "— Policyholder benefits and claims."

Premiums. Premiums consist primarily of revenues from our group life and health and individual life insurance products, and COI charges on our universal life insurance and BOLI polices. Premiums decreased $2.9 million, or 2.1%, to $133.7 million from $136.6 million. Premiums decreased primarily due to lower premiums in our Group segment medical stop-loss and limited benefits products of $3.1 million.

Net investment income. Net investment income represents the income earned on our investments. Net investment income decreased $2.1 million, or 0.9% to $244.4 million from $246.5 million. Of this decrease, $9.3 million was a result of a decrease in the average invested assets to $17.5 billion from $18.2 billion, primarily in our Retirement Services segment. This decrease was partially offset by a positive rate variance of $7.1 million due to improved yields which increased to 5.58% from 5.42%. The increase in yield was primarily due to the reinvestment of funds in higher yielding securities, an increase in the yield on short-term investments and the receipt of prepayment consent fees.

Net realized investment gains. Net investment gains consist of realized gains and losses from the sale or impairment of our investments and unrealized and realized gains from our derivatives instruments, which provide an economic hedge on our FIA book of business. Net investment gains increased $9.1 million, to $13.9 million from $4.8 million. For the three months ended March 31, 2007, gross realized gains were $21.5 million and gross realized losses were $7.6 million, including impairments of $1.9 million. For the three months ended March 31, 2006, gross realized gains were $15.3 million and gross realized losses were $10.5 million, including impairments of $4.5 million.

Policyholder benefits and claims. Policyholder benefits and claims consist of benefits paid and reserve activity on group life and health and individual life products. In addition, we record, as a reduction of this expense, PGAAP reserve amortization related to our fixed deferred annuities and BOLI policies. The PGAAP reserve is amortized as a reduction to policyholder benefits according to our expected pattern of profitability of the book of business of policies in force on the Acquisition date. This pattern resulted in higher PGAAP reserve amortization in the years immediately following the Acquisition. Policyholder benefits and claims decreased $17.4 million, or 20.7%, to $66.8 million from $84.2 million. This decrease was primarily due to a $19.5 million reduction in our group medical stop-loss paid claims.

Interest credited. Interest credited represents interest credited to policyholder reserves and contractholder account balances. Interest credited decreased $7.1 million, or 3.7%, to $185.0 million from $192.1 million. This decrease was primarily due to a $5.8 million decrease in interest credited in our Retirement Services segment resulting from a decrease in fixed account values, a $3.7 million decrease in interest credited in our Income Annuities segment due to mortality gains and a decrease in our income annuity book of business, offset by a $2.5 million increase in interest credited in our Individual segment related to the growth in our BOLI account values.

Other underwriting and operating expenses. Other underwriting and operating expenses represent non-deferrable costs related to the Acquisition and ongoing maintenance of insurance and investment contracts, including commissions, policy issuance expenses and other general operating costs. Other underwriting and operating expenses increased $6.4 million, or 10.0%, to $70.6 million from $64.2 million. This increase was primarily due to an increase in employee payroll and benefit expenses.

Interest expense. Interest expense decreased $0.5 million, or 9.6%, to $4.7 million from $5.2 million mainly due to a $1.2 million write off of capitalized debt issuance costs related to the pay down of our revolving line of credit in the first quarter of 2006. The effective interest rate excluding the write off of debt issuance costs was 6.11% and 5.36% for the three months ended March 31, 2007 and 2006, respectively.

Amortization of deferred policy acquisition costs. Amortization of previously capitalized DAC is recorded as an expense. Amortization of DAC increased $0.9 million, or 25.7%, to $4.4 million from $3.5 million. This increase in amortization expense was due to an increase in the underlying DAC asset, which increased to $97.1 million at March 31, 2007, from $57.3 million at March 31, 2006. In connection with the Acquisition, our DAC asset was reset to zero on August 2, 2004 and has subsequently been growing as a result of sales of our insurance products. Our amortization expense is expected to increase as the underlying DAC asset increases.

Provision for income taxes. The provision for income taxes increased $7.2 million, to $25.1 million from $17.9 million, which corresponded with the increase in pre-tax income from continuing operations.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Summary of results. Net income increased by $14.0 million, or 9.6%, to $159.5 million from $145.5 million. Net operating income increased by $30.2 million, or 21.3%, to $172.1 million from $141.9 million, which was primarily due to a decrease in the loss ratio in our Group segment from 67.5% to 59.6% resulting from better underwriting experience. Our results also benefited from an increase in interest spreads on reserves in our Income Annuities segment and, in our Individual segment, improved mortality and an increase in our return on assets on our BOLI policies. This was offset by a decrease in segment pre-tax operating income in Retirement Services.

Premiums. Premiums decreased $49.8 million, or 8.7%, to $525.7 million from $575.5 million. Premiums in our Group segment decreased $51.0 million, primarily due to higher lapses in our medical stop-loss business and the termination of an assumed reinsurance relationship in 2004.

Net investment income. Net investment income decreased $9.1 million, or 0.9%, to $984.9 million from $994.0 million. Of this decrease, $36.1 million was the result of a decrease in the average invested assets to $18.0 billion from $18.7 billion, primarily in our Retirement Services segment. This decrease was partially offset by a positive rate variance of $27.0 million due to improved yields which increased to 5.48% from 5.33%. The increase in yield was primarily the result of portfolio rebalancing.

Net realized investment gains. Net realized investment gains decreased $12.4 million, or 87.9%, to $1.7 million from $14.1 million. For 2006, gross realized gains were $55.1 million and gross realized losses were $53.4 million, including impairments of $25.7 million. For 2005, gross realized gains were $75.5 million and gross realized losses were $61.3 million, including impairments of $7.7 million.

Policyholder benefits and claims. Policyholder benefits and claims decreased $63.1 million, or 19.3%, to $264.3 million from $327.4 million. This decrease was primarily driven by a $65.2 million decrease in our Group segment's medical stop-loss paid claims and a $7.1 million decrease in our Individual segment's claims and benefits, offset by a $9.2 million increase in our Retirement Services segment related to differences in the amount of PGAAP reserve amortization.

Interest credited. Interest credited decreased $45.0 million, or 5.5%, to $765.9 million from $810.9 million. The decrease was primarily due to a $25.3 million decrease in interest credited in our Retirement Services segment related to a decrease in fixed account values and a $20.7 million decrease in interest credited in our Income Annuities segment due to a decrease in reserves as benefit payments exceeded new deposits, mortality gains and funding services activities.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $12.7 million, or 4.6%, to $260.5 million from $273.2 million. This was primarily due to a $6.7 million decrease in operating expenses and a $7.0 million increase in DAC deferral. The decrease in operating expenses included $2.4 million related to information technology transition and $3.2 million related to distribution expense incurred in 2005.

Interest expense. Interest expense increased $6.7 million, or 54.0%, to $19.1 million from $12.4 million, due to an increase in our average interest rate of 6.0% in 2006 from the average interest rate of 4.1% in 2005. See "— Liquidity and Capital Resources" for further information.

Amortization of deferred policy acquisition costs. Amortization of DAC increased $2.7 million, or 22.7%, to $14.6 million from $11.9 million. This was related to an increase in the underlying DAC asset, which increased $39.2 million, or 80%, to $88.2 million from $49.0 million. In connection with the Acquisition our DAC asset was reset to zero on August 2, 2004 and has subsequently been growing as a result of sales. Our amortization expense is expected to increase as the underlying DAC asset increases.

Provision for income taxes. The provision for income taxes increased $22.6 million, to $84.5 million from $61.9 million, which reflects an increase of the effective tax rate to 34.6% from 30.0%. In 2005, the effective tax rate of 30.0% reflects a non-recurring tax benefit for the release of a valuation allowance related to the utilization of capital loss carryforwards. In addition, the effective tax rate in 2006 of 34.6% reflects an increase due to a true-up of the permanent tax benefits related to the 2005 federal tax return as filed.

Year Ended December 31, 2005 compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Summary of results. Net income increased by $89.2 million to $145.5 million from $56.3 million. Net operating income increased by $112.4 million to $141.9 million from $29.5 million. This was primarily related to the $101.5 million charge in 2004 to record the fair value of warrants issued to investors. Net operating income in 2005, benefiting from lower other underwriting and operating expenses as a result of not incurring corporate overhead expenses from Safeco and not incurring Acquisition related expenses. In addition, amortization of deferred policy acquisition costs decreased due to the Acquisition when DAC was reset to zero. These positive factors were partially offset by an increase in the loss ratio in our Group segment from 64.0% to 67.5%.

Premiums. Premiums decreased $45.6 million, or 7.3%, to $575.5 million from $621.1 million primarily due to decreased premiums in our Group segment which decreased $62.3 million as a result of higher lapses in our medical stop-loss business and the termination of an assumed reinsurance relationship in 2004. This was offset by an increase in our Individual segment premiums of $16.8 million due to a $14.1 million adjustment related to ceded term reinsurance.

Net investment income. Net investment income decreased $110.8 million, or 10.0%, to $994.0 million from $1,104.8 million. This was related to the Acquisition purchase accounting which resulted in an overall reduction in investment yields for periods subsequent to the Acquisition.

Other revenues. Other revenues decreased $12.4 million, or 17.5% to $58.6 million from $71.0 million. This was primarily due to a $4.0 million decrease in our Retirement Services segment fees related to our variable annuities. In addition, in 2004 our Individual segment recorded a $5.9 million favorable adjustment related to ceded term reinsurance expense allowances, which increased 2004 other revenue.

Net realized investment gains. Net realized investment gains decreased $27.8 million, or 66.3%, to $14.1 million from $41.9 million. For 2005, gross realized gains were $75.5 million and gross realized losses were $61.3 million, including impairments of $7.7 million. For 2004, gross realized gains were $110.7 million and gross realized losses were $68.8 million, including impairments of $10.4 million.

Policyholder benefits and claims. Policyholder benefits and claims decreased $23.7 million, or 6.8%, to $327.4 million from $351.1 million. This decrease was primarily due to a $24.5 million decrease in our Group segment's reserves, which corresponds with a related decrease in premium and a $10.0 million decrease, which relates to having a full year in the Retirement Services segment's PGAAP reserve amortization. This was offset by a $10.8 million increase in our Individual segment related to an increase in claims and an adjustment in reserves for a bonus interest feature on one of our UL products.

Interest credited. Interest credited decreased $105.7 million, or 11.5%, to $810.9 million from $916.6 million. This decrease was due to a $53.1 million decrease in interest credited in our Retirement Services segment related to a decrease in fixed account values, a $46.4 million decrease in interest credited in our Income Annuities segment related to PGAAP and a $6.2 million decrease in interest credited in our Individual segment related to BOLI claims experience, which impacts the credited interest rate.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $32.4 million, or 10.6%, to $273.2 million from $305.6 million. This was primarily due to a $17.8 million decrease in our Group segment's commission and premium tax expense, corresponding to our lower sales. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us for transition services for the remaining five months of 2004.

Fair value of warrants issued to investors. In connection with the Acquisition, on August 2, 2004, we issued warrant certificates to the two lead investors. The warrant holders have the option to purchase 2,181,120 shares of common stock at an exercise price of $100 per share. We recorded the $101.5 million estimated fair value of the warrants as a 2004 expense.

Interest expense. Interest expense increased $8.9 million, to $12.4 million from $3.5 million. This increase in interest expense was related to the Acquisition. Prior to August 2, 2004, we had no debt obligations. On August 2, 2004, we borrowed $300.0 million against a revolving credit facility to purchase the life and investment companies. The increase in interest expense reflects twelve months of interest expense in 2005 compared to five months in 2004.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs decreased $23.9 million, or 66.8%, to $11.9 million from $35.8 million. The deferred policy acquisition costs asset was reset to zero on August 2, 2004 in connection with the Acquisition resulting in lower DAC amortization in the subsequent periods. The 2004 expense includes $1.6 million of expense for the five-month period subsequent to the Acquisition.

Intangible asset amortization. Intangible asset amortization decreased $4.9 million, or 100%, to zero from $4.9 million as a result of intangible assets being reset to zero on the acquisition date.

Provision for income taxes. The provision for income taxes decreased $1.5 million, to $61.9 million from $63.4 million which reflects an effective tax rate decrease to 30.0% from 52.9%. The 2005 effective rate of 30.0% reflects a non-recurring tax benefit of the release of a tax valuation allowance related to the utilization of capital loss carryforward. The 2004 effective tax rate of 52.9% was significantly in excess of the statutory rate of 35.0% due to the GAAP expense associated with the issuance of the warrant certificates, of which the majority is not deductible for tax purposes. This increase in the 2004 effective rate was offset by the completion of an IRS audit cycle for tax years 1998 through 2001 and the related favorable adjustment of $8.7 million.

Group

The following table sets forth the results of operations relating to our Group segment:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Revenues:					
Premiums	$ 98.6	$ 101.7	$ 387.3	$ 438.3	$ 500.6
Net investment income	4.4	4.6	18.0	19.3	22.4
Other revenues	2.5	3.1	10.2	11.8	14.0
Net realized investment gains (losses)	(0.1)	—	(0.1)	(0.1)	0.1
Total revenues	105.4	109.4	415.4	469.3	537.1
Benefits and Expenses:					
Policyholder benefits and claims	54.9	72.5	230.8	296.0	320.5
Other underwriting and operating expenses	28.1	28.0	105.7	115.3	133.1
Amortization of deferred policy acquisition costs	2.5	2.9	10.9	10.5	11.9
Intangible asset amortization	—	—	—	—	0.8
Total benefits and expenses	85.5	103.4	347.4	421.8	466.3
Segment pre-tax income	$ 19.9	$ 6.0	$ 68.0	$ 47.5	$ 70.8
Non-GAAP Financial Measures:					
Segment pre-tax operating income	$ 20.0	$ 6.0	$ 68.1	$ 47.6	$ 70.7
Reconciliation to segment pre-tax income:					
Segment pre-tax income	$ 19.9	$ 6.0	$ 68.0	$ 47.5	$ 70.8
Less: Net realized investment gains (losses)	(0.1)	—	(0.1)	(0.1)	0.1
Add:					
Net realized and unrealized investment gains on FIA options	—	—	—	—	—
Net realized and unrealized investment gains on equity securities	—	—	—	—	—
Segment pre-tax operating income	$ 20.0	$ 6.0	$ 68.1	$ 47.6	$ 70.7

The following table sets forth unaudited selected historical operating metrics relating to our Group segment for the three months ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP):

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Group loss ratio(1)	55.7%	71.3%	59.6%	67.5%	64.0%
Expense ratio(2)	29.1%	27.6%	27.7%	26.4%	24.0%
Combined ratio(3)	84.8%	98.9%	87.3%	93.9%	88.0%
Medical stop-loss — loss ratio(4)	56.1%	75.4%	62.4%	69.4%	62.3%
Total sales(5)	$ 41.2	$ 30.5	$ 69.1	$ 81.9	$ 84.1

(1) Group loss ratio represents policyholder benefits and claims divided by premiums earned.

(2) Expense ratio is equal to other underwriting and operating expenses of our insurance operations and amortization of DAC divided by premiums earned.

(3) Combined ratio is equal to the sum of the loss ratio and the expense ratio.

(4) Medical stop-loss — loss ratio represents medical stop-loss policyholder benefits and claims divided by medical stop-loss premiums earned.

(5) Total sales represents annualized first-year premiums for group life and health policies and represents earned premiums for our limited medical benefit policies.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Group summary of results. Our Group segment pre-tax income increased $13.9 million to $19.9 million from $6.0 million. Segment pre-tax operating income increased $14.0 million to $20.0 million from $6.0 million. We experienced a decrease in paid claims for the three months ended March 31, 2007, compared to 2006, due to the decrease in the size of our medical stop-loss book of business. In 2006 we had an unusual amount of claims over $0.5 million that did not recur in 2007. Recently, we have experienced market conditions that favor our disciplined pricing approach, resulting in increased sales for the three months ended March 31, 2007.

Premiums. Premiums decreased $3.1 million, or 3.0%, to $98.6 million from $101.7 million. Premiums decreased $1.5 million and $1.0 million due to a decrease in medical stop-loss premiums and sales of our limited benefits product, respectively, as a result of aggressive pricing in the industry, which has resulted in a decrease in the size of our book of business.

Policyholder benefits and claims. Policyholder benefits and claims decreased $17.6 million, or 24.3%, to $54.9 million from $72.5 million. The decrease in paid claims for the three months ended March 31, 2007 was partially offset by reserve increases associated with new business written and renewed.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Group summary of results. Our Group segment pre-tax income increased $20.5 million, or 43.2%, to $68.0 million from $47.5 million. Segment pre-tax operating income increased $20.5 million, or 43.1%, to $68.1 million from $47.6 million. This increase was primarily due to lower paid claims, which was reflected in the reduction of our loss ratio to 59.6% from 67.5%.

Premiums. Premiums decreased $51.0 million, or 11.6%, to $387.3 million from $438.3 million. Premiums decreased $32.6 million due to higher lapses in our medical stop-loss business and lower new sales due to disciplined pricing in an aggressive pricing environment and $15.2 million due to the termination of an assumed reinsurance relationship at the end of 2004. Group life premiums decreased $8.2 million because we

entered into a reinsurance arrangement where we cede 50% of premium and risk. Over the long run we expect this reinsurance arrangement will enable us to become more competitive in group life insurance. Partially offsetting these decreases was a $5.0 million increase related to increased sales of our limited medical benefits product.

Policyholder benefits and claims. Policyholder benefits and claims decreased $65.2 million, or 22.0%, to $230.8 million from $296.0 million. The decrease in total benefits and claims was primarily related to a decrease in the book of business as noted in the premium line. In addition, the 2006 loss ratio decreased 7.9% from 2005 due to a decrease in paid claims. The lower total loss ratio was driven by the 2006 favorable paid claims experience and the corresponding impact on assumptions within the reserve models.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $9.6 million, or 8.3%, to $105.7 million from $115.3 million in 2005. This decrease was due to a $7.0 million decrease in operating expenses, and a $5.0 million decrease in commission and premium tax expense, offset by decreased DAC deferrals, consistent with decreased premiums.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Group summary of results. Our Group segment pre-tax income decreased $23.3 million, or 32.9%, to $47.5 million from $70.8 million. Segment pre-tax operating income decreased $23.1 million, or 32.7%, to $47.6 million from $70.7 million. This decrease was primarily due to an increase in the loss ratio to 67.5% from 64.0%. During a period of aggressive industry pricing, we have maintained a disciplined underwriting and pricing strategy for targeted returns, which has resulted in a reduction in the size of our medical stop-loss premiums written and, correspondingly, policyholder benefits and claims.

Premiums. Premiums decreased $62.3 million, or 12.4%, to $438.3 million from $500.6 million. Premiums decreased $26.4 million due to higher lapses in our medical stop-loss business and lower new sales. We decided to forego $26.7 million in premiums due to our decision to terminate an assumed reinsurance relationship in the fourth quarter of 2004 because we were not confident in the direction of underwriting and pricing at the ceding company. We also decided to forego $14.8 million in premiums due to our decision to not renew a significant group life policy on December 31, 2004 because the employees were concentrated in a small geographic location, potentially exposing us to a significant claim in the event of a catastrophic event.

Policyholder benefits and claims. Policyholder benefits and claims decreased $24.5 million, or 7.6%, to $296.0 million from $320.5 million. The decrease in total claims was primarily related to a declining book of business as noted in the premium line. The total loss ratio increased from 64.0% to 67.5% due to higher paid claim experience and the corresponding impact of assumptions within the reserve models. In addition, during 2004 reserves were increased mainly as a result of the integration to a single reserve methodology for acquired books of business and direct written medical-stop loss business.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $17.8 million, or 13.4%, to $115.3 million from $133.1 million. In 2005, commission and premium tax expenses were lower consistent with lower premiums. In addition, the 2004 results include higher corporate expense allocations from Safeco Corporation and the allocation of expenses related to the Acquisition. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us for transition services for the remaining five months of 2004.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs decreased $1.4 million, or 11.8%, to $10.5 million from $11.9 million. In connection with the Acquisition, our DAC asset was reset to zero on August 2, 2004. Our 2004 amortization included seven months of DAC amortization prior to the Acquisition.

Retirement Services

The following table sets forth the results of operations relating to our Retirement Services segment:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Revenues:					
Premiums	$ —	$ —	$ 0.1	$ 0.1	$ 0.2
Net investment income	63.0	69.8	269.8	292.8	349.2
Other revenues	6.2	6.5	22.8	23.2	27.2
Net realized investment gains (losses)	(2.9)	(4.7)	(17.0)	(17.1)	6.5
Total revenues	66.3	71.6	275.7	299.0	383.1
Benefits and Expenses:					
Policyholder benefits and claims	(2.0)	(4.6)	(16.5)	(25.7)	(15.7)
Interest credited	41.4	47.2	186.2	211.5	264.6
Other underwriting and operating expenses	17.7	14.2	61.7	62.6	63.5
Amortization of deferred policy acquisition costs	1.9	0.1	1.1	0.1	16.5
Intangible asset amortization	—	—	—	—	0.8
Total benefits and expenses	59.0	56.9	232.5	248.5	329.7
Segment pre-tax income	$ 7.3	$ 14.7	$ 43.2	$ 50.5	$ 53.4
Non-GAAP Financial Measures:					
Segment pre-tax operating income	$ 9.7	$ 20.0	$ 62.4	$ 63.2	$ 46.3
Reconciliation to segment pre-tax income:					
Segment pre-tax income	$ 7.3	$ 14.7	$ 43.2	$ 50.5	$ 53.4
Less: Net realized investment gains (losses)	(2.9)	(4.7)	(17.0)	(17.1)	6.5
Add:					
Net realized and unrealized investment gains (losses) on FIA options	(0.5)	0.6	2.2	(4.4)	(0.6)
Net realized and unrealized investment gains on equity securities	—	—	—	—	—
Segment pre-tax operating income	$ 9.7	$ 20.0	$ 62.4	$ 63.2	$ 46.3

The following table sets forth unaudited selected historical operating metrics relating to our Retirement Services segment as of, or for the three months ended March 31, 2007 and for 2006 and for the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP):

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Account values — Fixed annuities	$ 4,750.7	$ 5,374.9	$ 4,922.5	$ 5,580.8	$ 6,416.4
Account values — Variable annuities	1,111.7	1,111.1	1,115.5	1,074.5	1,114.8
PGAAP reserve balance	16.4	30.4	18.4	35.3	62.3
Interest spread on average account values(1)	1.73%	1.85%	1.76%	1.58%	1.59%
Total sales(2)	$ 105.4	$ 98.0	$ 573.2	$ 390.4	$ 326.6

(1) Interest spread is the difference between net investment yield earned and the credited interest rate to policyholders. The investment yield is the approximate yield on invested assets in the general account attributed to the segment. The credited interest rate is the approximate rate credited on policyholder fixed account values within the segment. Interest credited is subject to contractual terms, including minimum guarantees. Interest spread tends to move gradually over time to reflect market interest rate movements and may reflect actions by management to respond to competitive pressures and profit targets.

(2) Total sales represent deposits for new policies.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Retirement Services summary of results. Our Retirement Services segment pre-tax income decreased $7.4 million, or 50.3%, to $7.3 million from $14.7 million and segment pre-tax operating income decreased $10.3 million, or 51.5%, to $9.7 million from $20.0 million. The segment pre-tax operating income decreased due to a decline in account value as withdrawals exceeded new deposits, a decrease in interest spread on average account value driven by lower amortization of the PGAAP reserve, additional operating expenses related to technology projects, and losses on FIA options for the three months ended March 31, 2007 versus gains in 2006. Since the Acquisition, withdrawals have exceeded new deposits. However, we have gradually built up new sales as we have signed and launched new distribution relationships. We have been disciplined in our underlying pricing, choosing to methodically grow sales volumes while maintaining our target margins.

Net investment income. Net investment income decreased $6.8 million, or 9.7%, to $63.0 million from $69.8 million. Of this decrease, $8.8 million was a result of a decrease in the average invested assets to $5.0 billion from $5.7 billion. This decrease was partially offset by a positive rate variance of $1.9 million due to improved yields, related to our investment portfolio rebalancing strategy which increased to 5.08% from 4.92%.

Net realized investment (losses). Net realized investment losses decreased $1.8 million, or 38.3%, to $(2.9) million from $(4.7) million. For the three months ended March 31, 2007, gross realized gains were $1.3 million and gross realized losses were $4.2 million, including impairments of $0.7 million. For the three months ended March 31, 2006, gross realized gains were $1.5 million and gross realized losses were $6.2 million, including impairments of $3.1 million.

Policyholder benefits and claims. Policyholder benefits and claims increased $2.6 million, or 56.5%, to $(2.0) million from $(4.6) million. This increase was primarily driven by differences in the amount of PGAAP reserve amortization. The PGAAP reserve is amortized as a reduction to policyholder benefits according to our expected pattern of profitability of the book of business of policies in force at the time of the Acquisition. This pattern resulted in higher PGAAP reserve amortization in the years immediately following the Acquisition.

Interest credited. Interest credited decreased $5.8 million, or 12.3%, to $41.4 million from $47.2 million. This decrease was due to a decrease in fixed account values as withdrawals exceeded new deposits.

Other underwriting and operating expenses. Other underwriting and operating expenses increased $3.5 million, or 24.6%, to $17.7 million from $14.2 million. This increase was due to an increase in Retirement Services direct expenses, primarily information technology expenses and an increase in allocated corporate expenses.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs increased $1.8 million to $1.9 million from $0.1 million. This increase was related to an increase in the underlying DAC asset, which increased to $60.2 million from $30.6 million at March 31, 2006. In connection with the Acquisition our DAC asset was reset to zero on August 2, 2004 and has subsequently been growing as a result of sales of our insurance products. Our amortization expense is expected to increase as the underlying DAC asset increases.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Retirement Services summary of results. Our Retirement Services segment pre-tax income decreased $7.3 million, or 14.5%, to $43.2 million from $50.5 million due to decreases in our fixed account values of 11.8%, offset by an increase in our interest spread on average account values. Segment pre-tax operating income decreased $0.8 million, or 1.3%, to $62.4 million from $63.2 million.

Net investment income. Net investment income decreased $23.0 million, or 7.9%, to $269.8 million from $292.8 million. Net investment income decreased $37.0 million primarily due to a decline in the average invested assets to $5.4 billion from $6.2 billion. This was partially offset by a positive rate variance of $14.0 million due to improved yields related to our investment portfolio rebalancing strategy, which increased to 4.97% from 4.71%.

Net realized investment (losses). Net realized investment losses decreased $0.1 million, or 0.6%, to $(17.0) million from $(17.1) million. In 2006, gross realized gains were $8.7 million, including $2.2 million related to FIA options and gross realized losses were $25.7 million, including impairments of $11.8 million. In 2005, gross realized gains were $25.5 million and gross realized losses were $42.6 million, including impairments of $6.6 million and $4.4 million related to the FIA options. In 2006, realized gains on FIA options increased $6.6 million, which offset the increase in interest credited on FIA contracts.

Policyholder benefits and claims. Policyholder benefits and claims increased $9.2 million, or 35.8%, to $(16.5) million from $(25.7) million. This was driven by a reduction in the benefit received from the differences in the amount of PGAAP reserve amortization.

Interest credited. Interest credited decreased $25.3 million, or 12.0%, to $186.2 million from $211.5 million. This decrease was primarily due to a decrease in contractholder account values, but offset by a $5.5 million increase in FIA interest credited.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs increased $1.0 million to $1.1 million from $0.1 million. This was related to an increase in the underlying DAC asset, which increased to $54.5 million from $25.5 million at December 31, 2005. In connection with the Acquisition, our DAC asset was reset to zero on August 2, 2004 and has subsequently been growing as a result of sales of our insurance products. Our amortization expense is expected to increase as the underlying DAC asset increases.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Retirement Services summary of results. Our Retirement Services segment pre-tax income decreased $2.9 million, or 5.4%, to $50.5 million from $53.4 million. Segment pre-tax operating income increased $16.9 million, or 36.5% to $63.2 million from $46.3 million. This was primarily due to reduced DAC amortization.

Net investment income. Net investment income decreased $56.4 million, or 16.2%, to $292.8 million from $349.2 million. This decrease was related to the Acquisition purchase accounting, which resulted in an overall reduction in investment yields for periods subsequent to the purchase date. We subsequently implemented an investment portfolio rebalancing strategy, which improved investment yields.

Other revenues. Other revenues decreased $4.0 million, or 14.7%, to $23.2 million from $27.2 million. This decrease was primarily due to a $3.3 million decrease of mutual fund fees related to variable annuities resulting from the sale of mutual funds operation in 2004. Such fees were not received in 2005.

Net realized investment gains (losses). Net realized investment gains decreased $23.6 million to $(17.1) million from $6.5 million. The 2005 gross realized gains were $25.5 million and gross realized losses were $42.6 million, including impairments of $6.6 million. The 2004 realized gains were $50.8 million and gross realized losses were $44.2 million, including impairments of $5.0 million. In 2004, we repositioned the asset portfolio to more effectively match the duration of our liabilities. This activity generated realized gains that were not repeated in 2005.

Policyholder benefits and claims. Policyholder benefits and claims decreased $10.0 million, or 63.7%, to $(25.7) million from $(15.7) million. This was driven by an increase in the benefit received from the change in the PGAAP reserve. The 2004 PGAAP reserve reduction represented a five month period compared to twelve months in 2005.

Interest credited. Interest credited decreased $53.1 million, or 20.1%, to $211.5 million from $264.6 million. This decrease was primarily due to a decrease in contractholder account values.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $0.9 million, or 1.4%, to $62.6 million from $63.5 million. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us for transition services for the remaining five months of 2004.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs decreased $16.4 million, or 99.4%, to $0.1 million from $16.5 million. In connection with the Acquisition, our DAC asset was reset to zero on August 2, 2004. Our 2004 amortization included seven months of DAC amortization prior to the Acquisition.

Income Annuities

The following table sets forth the results of operations relating to our Income Annuities segment:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Revenues:					
Net investment income	$ 110.6	$ 109.2	$ 439.0	$ 441.4	$ 474.4
Other revenues	0.2	0.2	0.8	0.5	0.5
Net realized investment gains	14.8	9.3	16.8	17.4	9.5
Total revenues	125.6	118.7	456.6	459.3	484.4
Benefits and Expenses:					
Interest credited	91.6	95.3	371.8	392.5	438.9
Other underwriting and operating expenses	6.0	5.2	21.6	19.4	16.8
Amortization of deferred policy acquisition costs	0.2	0.1	0.6	0.3	—
Total benefits and expenses	97.8	100.6	394.0	412.2	455.7
Segment pre-tax income	$ 27.8	$ 18.1	$ 62.6	$ 47.1	$ 28.7
Non-GAAP Financial Measures:					
Segment pre-tax operating income	$ 19.7	$ 13.8	$ 64.7	$ 42.8	$ 20.5
Reconciliation to segment pre-tax income:					
Segment pre-tax income	$ 27.8	$ 18.1	$ 62.6	$ 47.1	$ 28.7
Less: Net realized investment gains	14.8	9.3	16.8	17.4	9.5
Add:					
Net realized and unrealized investment gains on FIA options	—	—	—	—	—
Net realized and unrealized investment gains on equity securities	6.7	5.0	18.9	13.1	1.3
Segment pre-tax operating income	$ 19.7	$ 13.8	$ 64.7	$ 42.8	$ 20.5

The following table sets forth unaudited selected historical operating metrics relating to our Income Annuities segment as of, or for the three months ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005, and Combined 2004 (non-GAAP):

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Reserves(1)	$ 6,989.4	$ 7,140.5	$ 7,012.6	$ 7,176.0	$ 7,285.0
Interest spread on reserves(2)	0.88%	0.76%	0.76%	0.67%	0.21%
Mortality gains(3)	$ 1.9	$ 0.2	$ 6.3	$ 0.8	$ 3.8
Total sales(4)	27.3	22.2	96.6	93.1	76.0

(1) Reserves represent the present value of future income annuity benefits and assumed expenses, discounted by the assumed interest rate. This metric represents the amount of our in-force book of business.

(2) Interest spread is the difference between net investment yield earned and the credited interest rate on policyholder reserves. The investment yield is the approximate yield on invested assets in the general account attributed to the segment. This yield includes both realized and unrealized gains on our equity investments that back the policyholder reserves. The credited interest rate is the approximate rate credited on policyholder reserves within the segment and excludes the gains and losses from funding services and mortality.

(3) Mortality gains (losses) represents the difference between actual and expected reserves released on death of a life contingent annuity.

(4) Sales represent deposits for new policies.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Income Annuities summary of results. Our Income Annuities segment pre-tax income increased $9.7 million, or 53.6%, to $27.8 million from $18.1 million and segment pre-tax operating income increased $5.9 million, or 42.8%, to $19.7 million from $13.8 million. The segment pre-tax operating income increased due to favorable mortality gains, increases in our interest spread on reserves driven by higher net investment yields, and a $1.7 million increase in equity portfolio returns in 2007. The Income Annuities reserve covers payout commitments that extend well beyond 40 years. We invest in equities and equity-like investments to fund the longest part of this liability. Our total equity portfolio, mainly in Income Annuities, outperformed the S&P 500 by 3.5% for the three months ended March 31, 2007.

Net realized investment gains. Net investment gains increased $5.5 million, or 59.1%, to $14.8 million from $9.3 million. For the three months ended March 31, 2007, gross realized gains were $16.8 million and gross realized losses were $2.0 million, including impairments of $0.8 million. For the three months ended March 31, 2006, gross realized gains were $11.0 million and gross realized losses were $1.7 million, including impairments of $0.6 million. We had higher realized gains in 2007 primarily due to gains related to a significant bond tender offer related to certain fixed maturities in our investment portfolio.

Interest credited. Interest credited decreased $3.7 million, or 3.9%, to $91.6 million from $95.3 million. This decrease was due to a decrease in reserves as a result of benefit payments exceeding new deposits and favorable mortality gains.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Income Annuities summary of results. Our Income Annuities segment pre-tax income increased $15.5 million, or 32.9%, to $62.6 million from $47.1 million. This was due to an increase in mortality gains, increased interest spread on reserves from improved yields and funding services activity. Segment pre-tax operating income increased $21.9 million, or 51.2%, to $64.7 million from $42.8 million. This was due to the

increase in segment pre-tax income and $5.8 million increase in net realized and unrealized investment gains on equity securities. Our total equity portfolio, mainly in Income Annuities, outperformed the S&P 500 by 10.3% and 26.0% for the years ended December 31, 2006 and 2005, respectively.

Net investment income. Net investment income decreased $2.4 million, or 0.5%, to $439.0 million from $441.4 million. Of this decrease, $6.3 million was related to a decrease in the average invested assets, which decreased to $7.2 billion at December 31, 2006 from $7.4 billion at December 31, 2005. This decrease was offset by a $3.9 million increase related to improved yields, which increased to 6.06% from 6.00%.

Net realized investment gains. Net realized investment gains decreased $0.6 million, or 3.4%, to $16.8 million from $17.4 million. In 2006, gross realized gains were $32.9 million and gross realized losses were $16.0 million, including impairments of $9.4 million. In 2005, gross realized gains were $27.0 million and gross realized losses were $9.6 million, including impairments of $0.3 million.

Interest credited. Interest credited decreased $20.7 million, or 5.3%, to $371.8 million from $392.5 million. This decrease was due to a decrease in reserves as a result of benefit payments exceeding new deposits, favorable mortality gains and funding services activity.

Other underwriting and operating expenses. Other underwriting and operating expenses increased $2.2 million, or 11.3%, to $21.6 million from $19.4 million. The increase of $2.2 million was primarily due to the launching of our funding services operations in mid 2005.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs increased $0.3 million, or 100.0%, to $0.6 million from $0.3 million. This increase in amortization was related to an increase in the underlying DAC asset, which increased to $6.8 million from $4.3 million. Our DAC asset has been growing since the Acquisition as a result of sales of our insurance products. Our amortization expense was expected to increase as the underlying DAC asset increases.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Income Annuities summary of results. Our Income Annuities segment pre-tax income increased $18.4 million, or 64.1%, to $47.1 million from $28.7 million and segment pre-tax operating income increased $22.3 million, to $42.8 million from $20.5 million. The segment pre-tax operating income increased due to an increase in our interest spread on reserves and an $11.8 million increase in net realized and unrealized investment gains on equity securities. We gradually built up our equity portfolio over the course of 2005.

Net investment income. Net investment income decreased $33.0 million, or 7.0%, to $441.4 million from $474.4 million. This decrease was primarily related to the Acquisition purchase accounting, which resulted in an overall reduction in investment yields for periods subsequent to the Acquisition.

Net realized investment gains. Net realized investment gains increased $7.9 million, or 83.2%, to $17.4 million from $9.5 million. In 2005, gross realized gains were $27.0 million and gross realized losses were $9.6 million, including impairments of $0.3 million. In 2004, gross realized gains were $23.3 million and gross realized losses were $13.8 million, including impairments of $2.6 million.

Interest credited. Interest credited decreased $46.4 million, or 10.6%, to $392.5 million from $438.9 million. The credited rate inherent in the reserves was reduced as a result of purchase accounting.

Other underwriting and operating expenses. Other underwriting and operating expenses increased $2.6 million, or 15.5%, to $19.4 million from $16.8 million. This increase was primarily due to increased professional services fees and costs of launching our funding services operations. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us for transition services for the remaining five months of 2004.

Individual

The following table sets forth the results of operations relating to our Individual segment:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Revenues:					
Premiums	$ 35.1	$ 34.9	$ 138.3	$ 137.1	$ 120.3
Net investment income	59.6	57.2	232.8	222.6	228.3
Other revenues	3.1	3.3	12.9	14.0	21.0
Net realized investment gains (losses)	0.4	(0.3)	(3.8)	1.3	8.0
Total revenues	98.2	95.1	380.2	375.0	377.6
Benefits and Expenses:					
Policyholder benefits and claims	13.9	16.3	50.0	57.1	46.3
Interest credited	52.1	49.6	208.2	206.9	213.1
Other underwriting and operating expenses	14.9	13.9	57.4	61.4	64.6
Amortization of deferred policy acquisition costs	(0.2)	0.4	2.0	1.0	7.4
Intangible asset amortization	—	—	—	—	1.7
Total benefits and expenses	80.7	80.2	317.6	326.4	333.1
Segment pre-tax income	$ 17.5	$ 14.9	$ 62.6	$ 48.6	$ 44.5
Non-GAAP Financial Measures:					
Segment pre-tax operating income	$ 17.1	$ 15.2	$ 66.4	$ 47.3	$ 36.5
Reconciliation to segment pre-tax income:					
Segment pre-tax income	$ 17.5	$ 14.9	$ 62.6	$ 48.6	$ 44.5
Less: Net realized investment gains (losses)	0.4	(0.3)	(3.8)	1.3	8.0
Add:					
Net realized and unrealized investment gains on FIA options	—	—	—	—	—
Net realized and unrealized investment gains on equity securities	—	—	—	—	—
Segment pre-tax operating income	$ 17.1	$ 15.2	$ 66.4	$ 47.3	$ 36.5

The following table sets forth unaudited selected historical operating metrics relating to our Individual segment as of, or for the three months ended March 31, 2007 and 2006 and for the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP):

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Insurance in force(1)	$ 52,268.8	$ 52,135.5	$ 52,295.3	$ 51,796.9	$ 50,499.3
Mortality ratio(2)	88.9%	74.1%	74.7%	79.4%	79.6%
BOLI account value(3)	$ 3,380.6	$ 3,257.2	$ 3,346.8	$ 3,224.6	$ 3,115.2
UL/VUL account value(3)	568.0	562.6	565.1	561.1	561.2
PGAAP reserve balance	73.2	89.9	77.1	94.5	115.0
BOLI ROA(4)	1.56%	1.20%	1.30%	1.09%	1.17%
UL interest spread(5)	1.34%	1.29%	1.32%	0.50%	1.05%
Total sales(6)	$ 2.5	$ 2.6	$ 9.3	$ 11.8	$ 14.8

(1) Insurance in force represents dollar face amounts of policies.

(2) Mortality ratio represents actual mortality experience as a percentage of benchmark. Benchmark is based on the 90-95 Society of Actuaries, or SOA, mortality table applied to current in force business. This ratio excludes BOLI separate accounts mortality experience.

(3) Account Value — BOLI Accounts and universal life/variable universal life, or UL/VUL, represents Symetra's liability to the policyholder.

(4) The BOLI ROA is a measure of the gross margin on our BOLI book of business. This metric is calculated as the difference between our BOLI revenue earnings rate and our BOLI policy benefits rate. The revenue earnings rate is calculated as total revenues net of allocated surplus investment income divided by average invested assets. The policy benefits rate is calculated as total policy benefits divided by average account value. The policy benefits used in this metric do not include expenses.

(5) Interest spread is the difference between net investment yield earned and the credited interest rate to policyholders. The investment yield is the approximate yield on invested assets in the general account attributed to the UL policies. The credited interest rate is the approximate rate credited on UL policyholder fixed account values. Interest credited to UL policyholders' account values is subject to contractual terms, including minimum guarantees. Interest credited tends to move gradually over time to reflect market interest rate movements and may reflect actions by management to respond to competitive pressures and profit targets.

(6) Total sales represent annualized first year premiums and deposits for new policies.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Individual summary of results. Our Individual segment pre-tax income increased $2.6 million, or 17.4%, to $17.5 million from $14.9 million. Segment pre-tax operating income increased $1.9 million, or 12.5%, to $17.1 million from $15.2 million. This increase was primarily due to a higher return on our average BOLI account values, as evidenced by the increase in the BOLI ROA, and growth in our BOLI account values as this book of business matures, offset by unfavorable mortality.

Net investment income. Net investment income increased $2.4 million, or 4.2%, to $59.6 million from $57.2 million. Of this increase, $0.8 million relates to an increase in the average invested assets, which increased to $4.4 billion at March 31, 2007 from $4.3 billion at March 31, 2006. In addition, there was a $1.6 million increase related to improved yields to 5.40% from 5.25%.

Policyholder benefits and claims. Policyholder benefits and claims decreased $2.4 million, or 14.7%, to $13.9 million from $16.3 million. This decrease was due to a $2.9 million decrease in BOLI separate account claims, offset by a $1.2 million increase in universal life claims.

Interest credited. Interest credited increased $2.5 million, or 5.0%, to $52.1 million from $49.6 million. This increase was primarily due to an increase in our BOLI account values.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Individual summary of results. Our Individual segment pre-tax income increased $14.0 million, or 28.8%, to $62.6 million from $48.6 million. Segment pre-tax operating income increased $19.1 million, or 40.4%, to $66.4 million from $47.3 million. This increase was primarily the result of a higher return on our average BOLI account values, as evidenced by the increase in the BOLI ROA, and favorable mortality. In addition, our UL/VUL account values and interest spreads increased.

Net investment income. Net investment income increased $10.2 million, or 4.6%, to $232.8 million from $222.6 million in 2005. There was a $5.3 million increase related to improved yields which increased to 5.30% from 5.18%. In addition, there was a $4.8 million increase related to a higher average invested assets, which increased to $4.4 billion at December 31, 2006 from $4.3 billion at December 31, 2005.

Net realized investment gains (losses). Net realized investment gains (losses) decreased $5.1 million to $(3.8) million from $1.3 million. In 2006, gross realized gains were $2.1 million and gross realized losses were $5.9 million, including impairments of $2.9 million. In 2005, gross realized gains were $8.7 million and gross realized losses were $7.4 million, including impairments of $0.7 million.

Policyholder benefits and claims. Policyholder benefits and claims decreased $7.1 million, or 12.4%, to $50.0 million from $57.1 million. This decrease was due to favorable mortality experience in 2006 and non-recurring reserve adjustments in 2005 offset by lower PGAAP reserve amortization in 2006. The PGAAP reserve is amortized as a reduction to policyholder benefits according to our expected pattern of profitability of the policies in force at the date of the Acquisition. This pattern resulted in increased PGAAP reserve amortization in the years immediately following the Acquisition. In 2005, we experienced a reserve increase for a persistency bonus interest feature in one of our universal life contracts due to a refinement in our calculation methodology. In addition, we increased reserves on an old book of term policies to apply consistent reserve factors for all term policies.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $4.0 million, or 6.5%, to $57.4 million from $61.4 million. This decrease was due to a decrease in sales-related expenses including commissions and premium taxes.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Individual summary of results. Our Individual segment pre-tax income increased $4.1 million, or 9.2%, to $48.6 million from $44.5 million. Segment pre-tax operating income increased $10.8 million, or 29.6%, to $47.3 million from $36.5 million. This increase was primarily due to a $6.4 million reduction in DAC amortization and a $1.7 million reduction in intangible asset amortization. The increase was offset by a decrease in UL spreads.

Premiums. Premiums increased $16.8 million, or 14.0%, to $137.1 million from $120.3 million. Individual premiums increased primarily due to a $14.1 million adjustment in 2004 related to ceded term reinsurance, which resulted in a decrease in 2004 premiums and a $2.3 million increase in BOLI COI charges.

Net investment income. Net investment income decreased $5.7 million, or 2.5%, to $222.6 million from $228.3 million. This decrease was related to the Acquisition purchase accounting, which resulted in an overall reduction in investment yields for periods subsequent to the purchase date.

Other revenues. Other revenues decreased $7.0 million, or 33.3%, to $14.0 million from $21.0 million. This decrease was primarily due to a $5.9 million adjustment in 2004 related to ceded term reinsurance expense allowances, which resulted in an increase in 2004 other revenues.

Policyholder benefits and claims. Policyholder benefits and claims increased $10.8 million, or 23.3%, to $57.1 million from $46.3 million. This increase was primarily driven by an increase of $8.5 million in BOLI claims.

Interest credited. Interest credited decreased $6.2 million, or 2.9%, to $206.9 million from $213.1 million. This decrease was related to our BOLI separate account policies, for which policyholder interest credited is adjusted based on claims experience.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $3.2 million, or 5.0%, to $61.4 million from $64.6 million. This decrease was due to a decrease in sales-related expenses including commissions and premium taxes. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us for transition services for the remaining five months of 2004.

Amortization of deferred policy acquisition costs. Amortization of deferred policy acquisition costs decreased $6.4 million, or 86.5%, to $1.0 million from $7.4 million. In connection with the Acquisition, our DAC asset was reset to zero on August 2, 2004. Our 2004 amortization included seven months of DAC amortization prior to the Acquisition.

Other

The following table sets forth the results of operations relating to our Other segment:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (non-GAAP)
	(Unaudited)		(Dollars in millions)		
Revenues:					
Net investment income	$ 6.8	$ 5.7	$ 25.3	$ 17.9	$ 30.5
Other revenues	3.3	2.5	9.4	9.1	8.3
Net realized investment gains	1.7	0.5	5.8	12.6	17.8
Total revenues	11.8	8.7	40.5	39.6	56.6
Benefits and Expenses:					
Interest credited	(0.1)	—	(0.3)	—	—
Other underwriting and operating expenses	3.9	2.9	14.1	14.5	27.6
Fair value of warrants issued to investors	—	—	—	—	101.5
Interest expense	4.7	5.2	19.1	12.4	3.5
Intangible asset amortization	—	—	—	—	1.6
Total benefits and expenses	8.5	8.1	32.9	26.9	134.2
Segment pre-tax income (loss)	$ 3.3	$ 0.6	$ 7.6	$ 12.7	$ (77.6)
Non-GAAP Financial Measures:					
Segment pre-tax operating income (loss)	$ 1.6	$ 0.1	$ 1.8	$ 0.1	$ (95.4)
Reconciliation to segment pre-tax income (loss):					
Segment pre-tax income (loss)	$ 3.3	$ 0.6	$ 7.6	$ 12.7	$ (77.6)
Less: Net realized investment gains	1.7	0.5	5.8	12.6	17.8
Add:					
Net realized and unrealized investment gains on FIA options	—	—	—	—	—
Net realized and unrealized investment gains on equity securities	—	—	—	—	—
Segment pre-tax operating income (loss)	$ 1.6	$ 0.1	$ 1.8	$ 0.1	$ (95.4)

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Other summary of results. Our Other segment pre-tax income increased $2.7 million to $3.3 million from $0.6 million. Segment pre-tax operating income increased $1.5 million to $1.6 million from $0.1 million. This increase was primarily due to an increase in investment income on unallocated surplus and an increase in revenues from our broker-dealer operations.

Net investment income. Net investment income is primarily non-allocated net investment income related to insurance surplus and corporate assets. Net investment income increased $1.1 million, or 19.3%, to $6.8 million from $5.7 million. This increase was primarily due to a $121.5 million increase in the non-allocated average invested assets, which increased to $606.4 million at March 31, 2007 from $484.9 million at March 31, 2006.

Other revenue. Other revenue increased $0.8 million, or 32.0%, to $3.3 million from $2.5 million due to increased revenue from our broker-dealer operations.

Net realized investment gains. Net realized investment gains increased $1.2 million, to $1.7 million from $0.5 million. For the three months ended March 31, 2007, gross realized gains were $2.8 million and gross realized losses were $1.1 million, including impairments of $0.4 million. For the three months ended March 31, 2006, gross realized gains were $1.6 million and gross realized losses were $1.1 million, including impairments of $0.6 million.

Other underwriting and operating expenses. Other underwriting and operating expenses increased $1.0 million, or 34.5%, to $3.9 million from $2.9 million in 2006. This increase was due to increased amortization of information technology assets.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Other summary of results. Our Other segment pre-tax income decreased $5.1 million, or 40.2%, to $7.6 million from $12.7 million. Segment pre-tax operating income increased $1.7 million to $1.8 million from $0.1 million. This increase was primarily due to a $7.4 million increase in unallocated investment income, offset by an increase in interest expense of $6.7 million.

Net investment income. Net investment income increased $7.4 million, or 41.3%, to $25.3 million from $17.9 million. This increase was primarily due to a $151.4 million increase in the non-allocated average invested assets, which increased to $536.1 million from $384.7 million.

Net realized investment gains. Net realized gains decreased by $6.8 million, or 54.0% to $5.8 million from $12.6 million. For 2006, gross realized gains were $11.6 million and gross realized losses were $5.8 million, including impairments of $1.6 million. For 2005, gross realized gains were $14.2 million and gross realized losses were $1.6 million, including minimal impairments. In addition, in 2005 we recorded a $6.3 million gain as a result of a methodology refinement in the calculation of our mortgage loan allowance.

Year Ended December 31, 2005 compared to Year Ended December 31, 2004 (Combined Non-GAAP)

Other summary of results. Our Other segment pre-tax income increased $90.3 million to a gain of $12.7 million from a loss of $77.6 million. Segment pre-tax operating income increased $95.5 million to a gain of $0.1 million from a loss of $95.4 million. This increase was primarily due to our 2004 expense related to the issuance of warrants to investors for services provided in connection with the Acquisition.

Net investment income. Net investment income decreased $12.6 million, or 41.3%, to $17.9 million from $30.5 million. This decrease was related to the Acquisition purchase accounting, which resulted in an overall reduction in investment yields for periods subsequent to the purchase date.

Net realized investment gains. Net realized gains decreased $5.2 million, or 29.2%, to $12.6 million from $17.8 million. For 2005, gross realized gains were $14.2 million and gross realized losses were $1.6 million, including minimal impairments. For 2004, gross realized gains were $22.5 million and gross realized losses were $4.7 million. There were no impairments in 2004.

Other underwriting and operating expenses. Other underwriting and operating expenses decreased $13.1 million, or 47.5%, to $14.5 million from $27.6 million. The 2005 other underwriting and operating expenses reflected are not comparable to 2004 during which Safeco Corporation allocated us costs for the first seven months of 2004 and charged us under a transition services agreement for the remaining five months of 2004.

Fair value of warrants issued to investors. See "— Results of Operations — Total Company" for a discussion of this line item.

Investments

Our investment portfolio mix as of March 31, 2007 consisted in large part of high quality, fixed maturity securities, commercial mortgage loans and short-term securities, as well as a smaller allocation to marketable equity securities and other investments, such as hedge funds, limited partnerships and private equity. Our management believes that prudent levels of investments in marketable equity securities and other investments within our investment portfolio are likely to enhance long term after-tax total returns without significantly increasing the risk profile of the portfolio.

The following table presents the composition of our investment portfolio as of March 31, 2007 and December 31, 2006 and 2005:

	As of March 31, 2007 (Unaudited)	As of December 31, 2006	2005
		(Dollars in millions)	
Types of Investments			
Fixed maturities	$ 15,990.6	$ 16,049.9	$ 17,183.2
Marketable equity securities	206.0	201.7	162.3
Mortgage loans	786.9	794.3	776.9
Policy loans	78.9	79.2	80.5
Short-term investments	5.2	48.9	7.4
Investments in limited partnerships	111.0	112.6	93.4
Other invested assets(1)	10.4	18.7	29.1
Total	$ 17,189.0	$ 17,305.3	$ 18,332.8

(1) Includes investments such as embedded derivatives, notes receivable and options.

Investment Returns

Return on invested assets is an important element of our financial results. Significant fluctuations in the fixed income or equity markets could weaken our financial condition or results of operations. Additionally, changes in market interest rates may impact the period of time over which certain investments, such as mortgage-backed securities are repaid and whether certain investments are called by the issuers. Such changes may in turn impact the yield on these investments and may also result in the re-investment of funds received from calls and prepayments at rates below the average portfolio yield.

Fluctuations in interest rates affect our return on, and the fair value of, fixed maturity investments. Other events beyond our control could also adversely impact the fair value of these investments. Specifically, a default of payment by an issuer could reduce our investment return.

The following table summarizes our investment results:

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	Combined 2004 (Non-GAAP)
	(Unaudited)		(Dollars in millions)		
Net investment income	$ 244.4	$ 246.5	$ 984.9	$ 994.0	$ 1,104.8
Yield on average invested assets(1)	5.58%	5.42%	5.48%	5.33%	6.02%
Net realized investment gains (losses):					
Gross gains on sales	$ 19.6	$ 12.4	$ 47.6	$ 40.4	$ 80.4
Gross losses on sales	(3.7)	(4.2)	(19.9)	(28.2)	(46.6)
Impairments:					
Credit related	—	—	(8.9)	(6.3)	(3.5)
Other	(1.9)	(4.5)	(16.8)	(1.4)	(6.9)
Total impairments	(1.9)	(4.5)	(25.7)	(7.7)	(10.4)
Other net investment gains (losses)(2):					
Other gross gains	1.9	2.9	7.5	35.1	30.3
Other gross losses	(2.0)	(1.8)	(7.8)	(25.5)	(11.8)
Net realized gains before taxes	$ 13.9	$ 4.8	$ 1.7	$ 14.1	$ 41.9

(1) Represents annualized net investment income (excluding income related to marketable equity securities available for sale) divided by the monthly weighted average invested assets at cost or amortized cost, as applicable, excluding marketable equity securities available for sale.

(2) Primarily consists of changes in fair value on derivatives instruments, the impact on DAC and gains (losses) on calls and redemptions.

Impairments during the three months ended March 31, 2007 were not significant. The following table summarizes our five largest aggregate losses on sales and impairments by industry for the year ended December 31, 2006. No other issuer together with its affiliates had an aggregate loss on dispositions and impairments that were greater than 3.0% of total gross realized losses.

Industry	Fair Value at Sale (Proceeds)	Loss on Sale	Impairment	Holdings as of 12/31/2006	Net Unrealized Gain (Loss)
			(Dollars in millions)		
Business services	$ 36.5	$ (2.2)	$ (8.1)	$ —	$ —
Paper products	—	—	(7.5)	17.6	1.8
Food retail	21.0	(1.4)	(1.7)	22.0	(0.8)
Electronics store	27.8	(1.0)	(0.8)	—	—
Wireless telecom	9.5	(0.0)	(1.8)	9.9	1.1
Totals	$ 94.8	$ (4.6)	$ (19.9)	$ 49.5	$ 2.1

Our equity investment portfolio is managed by Prospector Partners, LLC, or Prospector. Prospector, a registered investment adviser with approximately $3.6 billion in assets under management, oversees our portfolio of equity-like investments including publicly-traded common stocks, convertible securities and distressed debt. Prospector has a strong track record of investment performance on both an absolute and relative basis. Prospector has helped us to produce strong annual investment results, evidenced in part by the returns of our equity portfolio, which outperformed the total return of the benchmark S&P 500 Index for the three months ended March 31, 2007 by 3.5% and for years ended December 31, 2006 and 2005 by 10.3% and 26.0%, respectively. We believe that these equity and equity-like investments are ideal for funding certain long

duration liabilities in our Income Annuities segment. See “Business — Investments — Overview” for further information regarding Prospector.

	Three Months Ended March 31 2007	Year Ended December 31, 2006	2005
Public equity	4.1%	26.1%	30.9%
S&P 500 index (total return)	0.6%	15.8%	4.9%

Liquidity and Capital Resources

We conduct all our operations through our operating subsidiaries. Dividends from our subsidiaries and permitted payments to Symetra under our tax sharing arrangements with our subsidiaries are Symetra’s principal sources of cash to pay stockholder dividends and meet Symetra’s obligations, including payments of principal and interest on notes payable.

Our primary uses of funds at our holding company level include payment of general operating expenses, payment of principal, interest and other expenses related to holding company debt and payment of dividends to our stockholders. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors.

Dividends and Regulatory Requirements

The payment of dividends and other distributions to us by our insurance subsidiaries is regulated by insurance laws and regulations. In general, dividends in excess of prescribed limits are deemed “extraordinary” and require insurance regulatory approval. During the three months ended March 31, 2007, we received $27.0 million in dividends from our subsidiaries including $23.0 million from our insurance subsidiaries. During 2006, we received $122.5 million in dividends from our insurance subsidiaries. During 2005, we did not receive dividends from our insurance subsidiaries. For 2005 and the period from August 2, 2004 through December 31, 2004, we received $35.2 million and $20.0 million, respectively, from our discontinued operations and our non-insurance subsidiaries.

Based on our statutory results as of December 31, 2006, our insurance subsidiaries may pay dividends of up to $166.4 million to us through the end of fiscal 2007 without obtaining regulatory approval. We received $23.0 million in dividends through March 31, 2007, and accordingly we may receive up to an additional $143.4 million in dividends through the remainder of 2007 without obtaining regulatory approval.

Liquidity Requirements and Sources of Liquidity

The liquidity requirements of our insurance subsidiaries principally relate to the liabilities associated with their various insurance and investment products, operating costs and expenses, the payment of dividends to us, and payment of income taxes. Liabilities arising from insurance and investment products include the payment of benefits, as well as cash payments in connection with policy surrenders and withdrawals and policy loans. Historically, our insurance subsidiaries have used cash flows from operations, cash flows from invested assets and sales of investment securities to fund their liquidity requirements.

Our insurance subsidiaries maintain investment strategies intended to provide adequate funds to pay benefits without forced sales of investments. Products having liabilities with longer durations, such as certain life insurance policies and structured settlement annuities, are matched with investments having similar estimated lives such as long-term fixed maturities, mortgage loans, and marketable equity securities. Shorter-term liabilities are matched with fixed maturities that have short-and medium-term fixed maturities. In addition, our insurance subsidiaries hold highly liquid, high-quality, short-term investment securities and other liquid investment-grade fixed maturities to fund anticipated operating expenses, surrenders and withdrawals. As of March 31, 2007, our total cash and invested assets were $17.4 billion. As of December 31, 2006, our total cash and invested assets were $17.6 billion. Included in our fixed maturity portfolio were below investment grade securities, which comprised 8.3% of the fair value of our total fixed maturity securities at December 31, 2006.

The short-term and long-term liquidity requirements are monitored regularly to match cash inflows with cash requirements. We review our short-term projected sources and uses of funds and the asset/liability matching, investment and cash flow assumptions underlying these projections. We periodically make adjustments to our investment policies to reflect changes in short-term and long-term cash needs and changing business and economic conditions.

A primary liquidity concern with respect to fixed deferred annuity and life insurance products is the risk of early withdrawal. Our insurance subsidiaries attempt to mitigate this risk by offering variable products whereby the investment risk is transferred to the policyholder, charging surrender fees at the time of withdrawal for certain products, applying a fair value adjustment to withdrawals for certain products in our general accounts, and monitoring and matching anticipated cash inflows and outflows. Policyholder charges such as surrender fees and fair value adjustments vary by product as follows:

- For group annuity products ($1.1 billion of reserves as of March 31, 2007), the surrender charge amounts and periods can vary significantly, depending on the terms of each contract and the compensation structure for the producer. Generally, surrender charge percentages for group products are less than individual products because we incur lower expenses at contract origination for group products. In addition, over 17% of the general account group annuity reserves are subject to a fair value adjustment at withdrawal.
- For individual annuity products ($3.7 billion of reserves as of March 31, 2007), the surrender charge is generally calculated as a percentage of the withdrawal amount and is assessed at declining rates generally during the first three to eight years after the initial deposit is made.
- Approximately 33% of the combined individual and group deferred annuities fund value is subject to surrender charges.
- Life insurance policies are less susceptible to withdrawal than annuity products because policyholders generally must undergo a new underwriting process and may incur a surrender fee in order to obtain a new insurance policy.

Capitalization

Our capital structure consists of notes payable and stockholders' equity. The following table summarizes our capital structure as of the following dates:

	March 31, 2007	December 31, 2006	December 31, 2005
	(Unaudited)	(Dollars in millions)	
Notes payable	$ 298.8	$ 298.7	$ 300.0
Stockholders' equity, excluding accumulated other comprehensive income, or AOCI	1,381.0	1,327.8	1,268.3
AOCI	34.7	(0.5)	136.6
Total stockholders' equity	1,415.7	1,327.3	1,404.9
Total capital	$ 1,714.5	$ 1,626.0	$ 1,704.9
Debt to capital ratio, excluding AOCI	17.8%	18.4%	19.1%

Our capitalization increased as of March 31, 2007 as compared to December 31, 2006. This increase was due to a $88.4 million increase in equity. Total stockholders' equity increase primarily due to the generation of net income of $50.7 million and a $35.2 million increase in AOCI, which was primarily caused by a decrease in unrealized losses in our fixed maturities portfolio.

Our capitalization decreased $78.9 million as of December 31, 2006 as compared with December 31, 2005. This decrease was due to a $77.6 million decrease in equity. Total stockholders' equity decreased due to a $137.1 million reduction in AOCI, which was primarily caused by unrealized losses in our fixed maturity

portfolio and the payment of a $100.0 million dividend to stockholders. These decreases were partially offset by net income of $159.5 million.

Debt

The following table summarizes our debt instruments:

Description	Maturity Date	Maximum Amount Available as of 3/31/2007	Maximum Amount Available as of 12/31/2006	Maximum Amount Available as of 12/31/2005	Amount Outstanding as of 3/31/2007	Amount Outstanding as of 12/31/2006	Amount Outstanding as of 12/31/2005
		(Dollars in millions)					
Notes payable	4/1/2016	$ 300.0	$ 300.0	$ —	$ 300.0	$ 300.0	$ —
Revolving credit facilities:							
Bank of America, N.A	6/14/2009	70.0	70.0	370.0	—	—	300.0
Bank of New York:							
Holding company	n/a	25.0	25.0	25.0	—	—	—
Insurance subsidiary	n/a	25.0	25.0	25.0	—	—	—
Total notes payable and revolving credit facilities		$ 420.0	$ 420.0	$ 420.0	$ 300.0	$ 300.0	$ 300.0

Notes Payable

On March 30, 2006, we issued $300.0 million of 6.125% senior notes due April 1, 2016, which were issued at a discount yielding $298.7 million. Proceeds from the notes were used to pay down the outstanding principal on a variable rate revolving line of credit. Interest on the notes is payable semiannually in arrears, beginning on October 2, 2006.

The notes are unsecured senior obligations and are equal in right of payment to all existing and future unsecured senior indebtedness. The notes are redeemable, in whole or in part, at our option at any time or from time to time at a redemption price equal to the greater of: (1) 100% of the principal amount of the notes to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the notes (exclusive of interested accrued to the date of redemption), discounted to the redemption date on a semiannual basis at a prevailing U.S. Treasury rate plus 25 basis points, together in each case with accrued and unpaid payments to the redemption date.

The notes do not contain any financial covenants or any provisions restricting us from purchasing or redeeming capital stock or from entering into a highly leveraged transaction, reorganization, restructuring, merger or similar transaction. In addition, we are not required to repurchase, redeem or modify the terms of any of the notes upon a change of control or other event involving Symetra.

Revolving Credit Facilities

On June 14, 2004, we entered into a $370.0 million revolving credit agreement with several lending institutions, with Bank of America, N.A. acting as administrative agent for the lenders. On August 2, 2004, we borrowed $300.0 million against the revolving credit facilities, which was used to help fund the purchase of the life and investment companies, and $15.0 million, which was used to purchase a loan, from a subsidiary of Safeco Corporation. On August 31, 2004, $15.0 million plus interest was repaid. On March 30, 2006, in conjunction with the issuance of the notes, we repaid the $300.0 million outstanding on the revolving credit line and reduced the facility to $70.0 million. No borrowing activity has occurred subsequent to the repayment.

In 2005, we entered into two $25.0 million revolving credit facilities to support our overnight repurchase agreements program, which provides us with the liquidity to meet general funding requirements. These revolving credit facilities are with Bank of New York. No borrowing activity occurred with these facilities since inception.

The revolving credit facilities provide up to $120.0 million of unsecured credit. We believe our revolving credit facilities will provide us with sufficient liquidity to meet our operating requirements for the foreseeable future.

Cash Flows

The following table sets forth a summary of our consolidated cash flows for the three months ended March 31, 2007 and 2006 and the years ended December 31, 2006, 2005 and Combined 2004 (non-GAAP):

	Three Months Ended March 31, (Unaudited)		Year Ended December 31,		
(Dollars in millions)	2007	2006	2006	2005	Combined 2004 (Non-GAAP)
Net cash flows from operating activities	$ 155.9	$ 228.6	$ 841.6	$ 869.9	$ 966.9
Net cash flows from investing activities	137.4	114.9	758.0	590.9	(1,200.6)
Net cash flows from financing activities	(320.8)	(368.7)	(1,457.3)	(1,498.6)	280.0

Operating Activities

Cash flows from our operating activities are primarily driven by the amounts and timing of cash received for premiums on our group medical stop-loss, group life and term life insurance products, income including dividends and interest on our general account investments, as well as the amounts and timing of cash disbursed for our payment of policyholder benefits and claims, underwriting and operating expenses and income taxes. The following discussion highlights key drivers in the level of cash flows generated from our operating activities:

- *Three months ended March 31, 2007 and 2006* — Net cash flows from operating activities during the three months ended March 31, 2007 were $155.9 million, a $72.7 million decrease from the same period in 2006. This decrease was primarily the result of an increase in cash paid for income taxes during the three months ended March 31, 2007 and an increase in certain payments of expenses previously accrued for but unpaid, such as our payment during the first quarter of 2007 of bonuses under our long term incentive compensation plan.
- *Years ended December 31, 2006 and 2005* — Net cash flows from operating activities during the year ended December 31, 2006 were $841.6 million, a $28.3 million decrease from 2005. The decrease was primarily the result of the amounts and timing of certain cash settlements related to other assets and other liabilities and a decline in premiums received from our group medical stop-loss products, partially offset by a reduced level of cash disbursed to fund policyholder benefits and claims, primarily group medical stop-loss products, and underwriting and operating expenses.

  Years ended December 31, 2005 and 2004 — Net cash flows from operating activities for the year ended December 31, 2005 were $869.9 million, a $97.0 million decrease from 2004. The decrease was primarily the result of a decline in premiums received from our group medical stop-loss products, increased amounts of cash paid to settle policyholder benefits and claims and a reduced amount of cash arising from other receivables and other assets and liabilities, partially offset by a reduction in cash disbursed to fund underwriting and operating expenses.

Investing Activities

Cash flows from our investing activities are primarily driven by the amounts and timing of cash received from our sales of investments and from maturities and calls of fixed maturity securities, as well as the amounts and timing of cash disbursed for our purchases of investments. The following discussion highlights key drivers in the level of cash flows generated from our investing activities:

- *Three months ended March 31, 2007 and 2006* — Net cash flows from investing activities during the three months ended March 31, 2007 were $137.4 million, a $22.5 million increase from the same period in 2006. The increase was primarily the result of a $72.1 million increase in proceeds from

maturities and calls of fixed maturity investments, partially offset by a $50.3 million use of proceeds related to additional net purchases of investments.

- *Years ended December 31, 2006 and 2005* — Net cash flows from investing activities during the year ended December 31, 2006 were $758.0 million, a $167.1 million increase from 2005. The increase was primarily the result of a $573.0 million reduction of cash used in net purchases of investments and a $31.5 million reduction of cash used in purchases of property, equipment and leasehold improvements, partially offset by a $437.7 million decrease in proceeds from maturities and calls of fixed maturity investments.
- *Years ended December 31, 2005 and 2004* — Net cash flows from investing activities during the year ended December 31, 2005 were $590.9 million, a $1,791.5 million increase from 2004. The increase was primarily the result of consideration paid during 2004 of $1,349.9 million in conjunction with the acquisition of the life insurance and investment companies from Safeco Corporation, and a $993.2 million reduction of cash used in net purchases of investments, partially offset by a $487.5 million decrease in proceeds from maturities and calls of fixed maturity investments, a $34.6 million increase in cash used in purchases of property, equipment and leasehold improvements and our receipt in 2004 of $30.0 million related to our sale of our mutual funds business.

Financing Activities

Cash flows from our financing activities are primarily driven by the amounts and timing of cash received from deposits into certain life insurance and annuity policies and proceeds from our issuances of capital stock and debt, as well as the amounts and timing of cash disbursed to fund withdrawals from certain life insurance and annuity policies, repayments of debt and dividend distributions to our stockholders. The following discussion highlights key drivers in the level of cash flows generated from our financing activities:

- *Three months ended March 31, 2007 and 2006* — Net cash flows from financing activities during the three months ended March 31, 2007 were ($320.8) million, an increase of $47.9 million from the same period in 2006. The increase was primarily the result of a $49.4 million reduction in net policyholder withdrawals from certain life insurance and annuity policies.
- *Years ended December 31, 2006 and 2005* — Net cash flows from financing activities during the year ended December 31, 2006 were ($1,457.3) million, a $41.3 million increase from 2005. The increase was primarily the result of a $170.1 million reduction in net policyholder withdrawals from certain life insurance and annuity policies, partially offset by our payment during 2006 of a $100.0 million special dividend to our stockholders and our receipt during 2005 of a $29.2 million dividend from our discontinued operations.
- *Years ended December 31, 2005 and 2004* — Net cash flows from financing activities during the year ended December 31, 2005 were ($1,498.6) million, a $1,778.6 million decrease from 2004. The decrease was primarily the result of a $486.1 million increase in net policyholder withdrawals from certain life insurance and annuity policies and our receipt during 2004 of financing proceeds of $1,364.9 million that were used to fund the purchase of the life insurance and investment companies from Safeco Corporation, partially offset by a $9.2 million increase in dividends received from our discontinued operations and our payment during 2004 of $64.3 million of dividends to Safeco Corporation.

Contractual Obligations and Commitments

We enter into obligations with third parties in the ordinary course of our operations. As of December 31, 2006, these obligations are set forth in the table below. However, we do not believe that our cash flow requirements can be assessed based upon an analysis of these obligations as the funding of these future cash obligations will be from future cash flows from premiums, deposits, fees and investment income that are not reflected in the table below. In addition, our operations involve significant expenditures that are not based upon commitments, including expenditures for income taxes and payroll.

Contractual Obligations	Payments Due by Year				
	Total	2007	2008-2009	2010-2011	2012 and thereafter
			(Dollars in millions)		
Notes payable	$ 300.0	$ —	$ —	$ —	$ 300.0
Interest on notes payable	183.8	18.4	36.8	36.8	91.8
Operating lease obligations(1)	56.1	6.9	13.4	12.7	23.1
Licensing fees(2)	48.8	13.2	27.2	8.4	—
Purchase and lending commitments:					
Investments in limited partnerships(3)	68.7	24.3	29.3	15.1	—
Commercial mortgage loans(4)	14.5	14.5	—	—	—
Securities collateral on securities lending(5)	439.3	439.3	—	—	—
Insurance obligations(6)	37,611.0	1,965.9	2,672.6	2,392.2	30,580.3
Total	$ 38,722.2	$ 2,482.5	$ 2,779.3	$ 2,465.2	$ 30,995.2

(1) Includes minimum rental commitments on leases for office space, commercial real estate and certain equipment. For more information, see note 14, “Commitments and Contingencies,” of the notes to our 2006 consolidated financial statements included in this prospectus.

(2) Includes contractual commitments for a service agreement to outsource the majority of our information technology infrastructure. For more information, see note 14, “Commitments and Contingencies,” of the notes to our 2006 consolidated financial statements included in this prospectus.

(3) Related to investments in six low-income housing tax credit partnerships and two private equity partnerships. We will provide capital contributions to the two private equity partnerships through 2015 up to a committed amount of $17.5 million at the discretion of the general partner, subject to certain contribution limits. Since the timing of payment is uncertain, the unfunded amount has been included in the payment due in less than one year. For more information, see note 14, “Commitments and Contingencies,” of the notes to our consolidated financial statements included in this prospectus. Amounts recorded on the balance sheet are included in “other liabilities”.

(4) Unfunded mortgage loan commitments as of December 31, 2006.

(5) We have accepted cash collateral of $439.3 million in connection with our securities lending program. Since the timing of the return of collateral is uncertain, the return of collateral has been included in the payments due in less than one year. For more information, see note 5, “Securities Lending Program,” of the notes to our 2006 consolidated financial statements included in this prospectus.

(6) Includes estimated claim and benefit, policy surrender and commission obligations on in-force insurance policies and deposit contracts. Estimated claim and benefit obligations are based on mortality, morbidity and lapse assumptions comparable with our historical experience. In contrast to this table, our obligations recorded in our consolidated balance sheets do not incorporate future credited interest for deposit contracts or tabular interest for insurance policies. Therefore, the estimated obligations for insurance liabilities presented in this table significantly exceed the liabilities recorded in reserves for future annuity and contract benefits and the liability for policy and contract claims. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results. We have not included the variable separate account obligations as these obligations are legally insulated from general account obligations and will be fully funded by cash flows from separate account assets. We expect to fund the obligations for insurance liabilities from cash flows from general account investments and future deposits and premiums.

Off-balance Sheet Transactions

We do not have off-balance sheet transactions.

Quantitative and Qualitative Disclosures about Market Risk

We are subject to potential fluctuations in earnings, cash flows and the fair value of certain assets and liabilities due to changes in market interest rates and equity prices.

We enter into market-sensitive instruments primarily for purposes other than trading.

Interest Rate Risk

Our exposure to interest rate risk relates to the market price and/or cash flow variability associated with changes in market interest rates.

An increase in market interest rates from current levels would generally be a favorable development for us. If market interest rates increase, we would expect to earn additional investment income, to have increased annuity and universal life insurance sales, and to limit the potential risk of margin erosion due to minimum guaranteed crediting rates. However, an increase in interest rates would also reduce the net unrealized gain and could produce an unrealized net loss position of the investment portfolio. In addition, if interest rates rise quickly enough within a short time period, certain lines of business that are interest sensitive are exposed to lapses as policyholders seek higher yielding investments.

Our investment portfolios primarily consist of investment grade fixed maturity securities, including public and privately-placed corporate bonds, asset-backed securities, commercial mortgage-backed securities, and collateralized mortgage obligations. The carrying value of our investment portfolio as of December 31, 2006 and 2005 was $17.3 billion and $18.3 billion, respectively, of which 92.7% in 2006 and 93.7% in 2005 was invested in fixed maturity securities. The primary market risk to our investment portfolio is interest rate risk associated with investments in fixed maturity securities. The fair value of our fixed maturities fluctuates depending on the interest rate environment. During periods of declining interest rates, paydowns on mortgage-backed securities and collateralized mortgage obligations increase and we would generally be unable to reinvest the proceeds of such prepayments at comparable yields. The weighted-average duration of our fixed maturity portfolio was approximately 6.2 and 6.8 years as of December 31, 2006 and 2005, respectively.

We manage our exposure to interest rate risk through asset allocation limits, limiting the purchase of negatively convex assets, and asset/liability duration matching. Each line of business has an investment policy based on its specific liability characteristics.

Equity Risk

We are exposed to equity price risk on our common stocks and other equity holdings. In addition, asset fees calculated as a percentage of the separate account assets are a source of revenue to us. Gains and losses in the equity markets result in corresponding increases and decreases in our separate account assets and asset fee revenue.

In addition, a decrease in the value of separate account assets may cause an increase in guaranteed minimum death benefit claims, most of which are reinsured.

We manage equity price risk on investment holdings through industry and issuer diversification and asset allocation techniques.

Derivative Financial Instruments

We make minimal use of derivative financial instruments as part of our risk management strategy. We use call options on the S&P 500 Index to mitigate equity price risk by reducing our exposure to fluctuations in the S&P 500 Index that underlies our FIA product.

As a matter of policy, we have not and do not intend to engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

Sensitivity Analysis

Sensitivity analysis measures the impact of hypothetical changes in interest rates and other market rates or prices on the profitability of market-sensitive financial instruments.

The following discussion about the potential effects of changes in interest rates and equity market prices is based on so-called "shock-tests," which model the effects of interest rate and equity market price shifts on our financial condition and results of operations. Although we believe shock tests provide the most meaningful analysis, they are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by their inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of shock tests for changes in interest rates and equity market prices may have some limited use as benchmarks, they should not be viewed as forecasts. These forward-looking disclosures also are selective in nature and address only the potential impacts on our financial instruments. They do not include a variety of other potential factors that could affect our business as a result of these changes in interest rates and equity market prices.

One means of assessing exposure of our fixed maturity securities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in fair value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is sometimes referred to as a parallel shift in the yield curve. Our investment manager uses Derivative Solutions, a fixed-income analytics tool, to model and calculate the duration and convexity of our asset portfolio. Under this model, with all other factors constant and assuming no offsetting change in the fair value of our liabilities, we estimated that such an increase in interest rates would cause the fair value of our fixed maturity securities portfolio to decline by approximately $0.98 billion and $1.14 billion, based on our securities positions as of December 31, 2006 and 2005, respectively.

One means of assessing exposure to changes in equity market prices is to estimate the potential changes in values on our equity investments resulting from a hypothetical broad-based decline in equity market prices of 10%. Using this assumption, with all other factors constant, we estimate that such a decline in equity market prices would cause the fair value of our investment portfolio to decline by approximately $27.4 million and $19.9 million as of December 31, 2006 and 2005, respectively. In addition, fluctuations in equity market prices affect our revenues and returns related to our variable annuity and life products, which depend upon fees that are related primarily to the fair value of the underlying assets.

BUSINESS

Overview

Our Business

We are a life insurance company focused on profitable growth in selected group health, retirement, life insurance and employee benefits markets. Our first day of operations as an independent company was August 2, 2004 when Symetra completed the Acquisition. Our operations date back to 1957, and many of our agency and distribution relationships have been in place for decades. We are headquartered in Bellevue, Washington and employ over 1,200 people in 24 offices across the United States, serving over two million customers.

We manage our business through the following five segments, four of which are operating:

- *Group.* We offer medical stop-loss insurance, limited medical benefit plans, group life insurance, accidental death and dismemberment insurance and disability insurance mainly to employer groups of 50 to 1,000 individuals. Our Group segment generated segment pre-tax income of $68.0 million during 2006 and $19.9 million during the first quarter of 2007. As a result of our recent acquisition of Medical Risk Managers, Inc., we also offer MGU services.
- *Retirement Services.* We offer fixed and variable deferred annuities, including tax sheltered annuities, IRAs, and group annuities to qualified retirement plans, including Section 401(k) and 457 plans. We also provide record keeping services for qualified retirement plans invested in mutual funds. Our Retirement Services segment generated segment pre-tax income of $43.2 million during 2006 and $7.3 million during the first quarter of 2007.
- *Income Annuities.* We offer SPIAs for customers seeking a reliable source of retirement income and structured settlement annuities to fund third-party personal injury settlements. Our Income Annuities segment generated segment pre-tax income of $62.6 million during 2006 and $27.8 million during the first quarter of 2007.
- *Individual.* We offer a wide array of term, universal and variable life insurance as well as BOLI. Our Individual segment generated segment pre-tax income of $62.6 million during 2006 and $17.5 million during the first quarter of 2007.
- *Other.* This segment consists of unallocated corporate income, composed primarily of investment income on unallocated surplus, unallocated corporate expenses, interest expense on debt, the results of small, non-insurance businesses that are managed outside of our operating segments and inter-segment elimination entries. Our Other segment generated segment pre-tax income of $7.6 million during 2006 and $3.3 million during the first quarter of 2007.

We distribute our products nationally through an extensive and diversified independent distribution network. Our distributors include financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. We believe that our multi-channel distribution network allows us to access a broad share of the distributor and consumer markets for insurance and financial services products. For example, we currently distribute our annuity and life insurance products through approximately 17,000 independent agents, 22 major financial institutions and 1,200 independent employee benefits brokers. We have recently signed selling agreements with an additional 14 major financial institutions.

Market Environment and Opportunities

We believe we are well positioned to benefit from a number of demographic and market trends, including the following:

- *Growing demand for affordable health insurance.* According to the Kaiser Family Foundation, health insurance premiums in the U.S. increased 87% from 2000-2006, while the Consumer Price Index increased only 17% over the same period. As increases in health care costs continue to outpace

inflation the demand for affordable health insurance options has increased. We believe we can grow our business by providing employees with affordable access to health insurance through employer-sponsored limited benefit employee health plans and by offering group medical stop-loss insurance to medium and large businesses. We also believe that the trend toward reductions in employer-paid benefits and the uncertainty over the future of government benefit programs provide us with the opportunity to successfully offer other attractive employee benefits products.

- *Increasing retirement savings and income needs.* According to the U.S. Department of Health and Human Services, from approximately 1950 to 2004, U.S. life expectancy at birth increased from 65.6 years to 75.2 years for men and from 71.1 years to 80.4 years for women and is expected to increase further. In addition, the U.S. Census Bureau estimates that approximately 77 million Americans born between 1946 and 1964 are approaching retirement age. However, according to the Employee Benefit Research Institute, in 2006, 52% of workers over the age of 55 and their spouses had accumulated less than $50,000 in retirement savings and only 14% of workers report that a traditional pension plan will be their primary source of retirement income. These projected demographic trends, along with a shift in the burden for funding retirement needs from governments and employers to individuals, increase the need for retirement savings and income. We expect greater demand for additional sources of retirement savings, such as our annuities and other investment products that will help consumers supplement their social security benefits with reliable retirement income.
- *Expanding mass affluent market.* As of June 2006, the mass affluent market included 13.7 million households with investible assets between $250,000 and $1.0 million, representing 28% of total financial assets. We believe that the mass affluent population is growing and that it underutilizes various financial products, such as insurance to protect assets, annuities to provide adequate income to support a desired future lifestyle and wealth transfer products to ensure its legacy. We believe we are well positioned to reach consumers in this target market given our relationships with financial institutions and independent agents, which are often their sources of guidance and advice. As such, we expect increased demand for our life insurance, variable and fixed annuity and wealth transfer products.

Our Competitive Strengths

We leverage the following competitive strengths to capitalize on opportunities in our targeted markets:

- *Innovative and collaborative product development capabilities.* We design innovative products to meet the changing demands of the market. By working closely with our distributors, we are able to anticipate opportunities in the marketplace and rapidly address them. For example, we introduced Complete, an innovative variable life insurance policy designed for wealth transfer and centered on minimizing the inherent COI and thus maximizing the underlying account value. We also recently introduced our Focus variable annuity, which features low total cost to the contractholders, well-respected investment options and simplified product features.
- *High-quality distribution relationships.* We offer consumers access to our products through a national multi-channel network, including financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. We have cultivated many of these relationships over decades by treating our distributors as clients and providing them with outstanding levels of service. We provide them with products specifically tailored to their needs, and supported by customized training and education services for their sales representatives. They value our reputation for our easy processes, simple forms and rapid turnaround time. By providing our distributors with excellent levels of service, we are able to develop strong relationships and avoid competing on price alone.
- *Leading group medical stop-loss insurance provider.* We believe we have been a leading provider of group medical stop-loss insurance since 1976. We have built a consistently profitable platform with high-levels of customer service and disciplined underwriting practices. In the last 25 years, our group medical stop-loss insurance business has experienced only two calendar years of net losses. We have driven profitable growth in our Group segment through disciplined underwriting practices, by

developing related products, such as our Select Benefits limited medical benefit product, by using and by making strategic acquisitions, including, most recently, Medical Risk Managers in 2007. For the first quarter of 2007, our group medical stop-loss insurance business drove a favorable loss ratio while experiencing improved persistency in our Group segment.

- *Diverse businesses provide flexibility, earnings stability and capital efficiency.* We have an attractive and diverse mix of businesses that allows us to make profitability-driven decisions in each business across various market environments. In general, our four operating business segments are not affected in the same way by economic and operating trends. For example, the level of competitive pricing and performance varies across our segments over time. We believe that this mix offers us a greater level of financial stability than many of our similarly-sized competitors across business and economic cycles. Our diverse business mix also allows us to reallocate our resources to product lines that generate the most attractive returns on capital while reducing our overall capital requirements.
- *Flexible information technology platform integrated with our distributors.* We have a flexible information technology platform that allows us to seamlessly integrate our products onto the operating platforms of our distributors, which we believe provides us with a competitive advantage in attracting new distributors. We also continuously develop innovative tools designed to enhance the service levels and operational performance of our distributors, which strengthens these relationships. For example, our Express™ tool allows our distributors to capture all the necessary data to make products and services instantly available at the point of sale. We will continue to leverage our information technology platform to market our current and future product offerings.
- *Experienced management team with investor-aligned compensation.* We have a high-quality management team with an average of 25 years of insurance-industry experience, led by Randy Talbot who has been our chief executive officer since 1998. Mr. Talbot has spent a significant portion of his 30-year career in the insurance industry operating an insurance brokerage, providing him with the knowledge to intimately understand the needs of our distributors. We have enhanced our original team with several key additions since the Acquisition, each of whom brings substantial experience in their discipline. We also have an experienced board of directors, consisting of industry professionals who have worked closely with us since the Acquisition to develop our strategies and operating philosophies. Our compensation structure aligns management's incentives with our stockholders through our long-term incentive plan that rewards long-term growth in tangible book value and in the intrinsic value of our business.

Our Growth Strategies

To maximize stockholder value, we pursue the following strategies:

- *Target large and growing markets.* We will continue to capitalize on favorable demographic trends, including the growing demand for affordable health insurance, increasing retirement savings and income needs and an expanding mass affluent market. For example, our Select Benefits product allows employers who cannot afford to provide comprehensive health care coverage to offer some level of benefits to their employees. Additionally, as consumers live longer after retirement, their need for life-long financial security is expanding. We will continue to identify key opportunities within these markets and provide tailored solutions that address the evolving needs of these customers.
- *Broaden and deepen distribution relationships.* Our distribution strategy is to deliver multiple products through a single point of sale, thereby leveraging the cost of distribution. We utilize diverse distribution channels, including financial institutions, employee benefits brokers, third party administrators, worksite specialists, specialty brokers and independent agents. We intend to deepen our long-standing distribution relationships while adding new large-scale and high quality distribution partners. As an example, over the past 12 months, we have increased our relationships with major financial institutions from 10 to 22 and we have recently signed selling agreements with an additional 14 major financial institutions. Through this growth, we have added approximately 10,000 financial institution representatives selling our products. We will continue to leverage our existing relationships by

distributing additional products through our existing partnerships. Since the Acquisition, we have maintained distribution staff and new business processing staff to support higher levels of new sales, making incremental sales relatively more profitable.

- *Be innovative in anticipating customer needs.* We work closely with our distributors to develop customer-responsive products that meet our stringent return requirements, address our target markets and can be delivered efficiently across our information technology platforms. Recent examples include the Focus Variable Annuity product for retirement savings and Complete, our new Variable Life product designed for the wealth transfer market. We will continue to pursue non-traditional avenues of product development. For example, we recently began offering funding services to holders of our structured settlements to offer them an attractive financial alternative. We continually seek to be the first to improve upon an existing leading product. For example, we believe we were the first to offer a hybrid BOLI separate account and an experience rating to customers, both of which provide greater transparency of the investment portfolio. We have also introduced a commutation benefit on a SPIA, which gives the owner greater flexibility to cash out some of his or her future benefits after a certain period of time.
- *Effectively manage capital.* We intend to manage our capital prudently to maximize our profitability and long-term growth in stockholder value. Our capital management strategy is to maintain financial strength through conservative and disciplined risk management practices while deploying or returning excess capital as situations warrant. We will also maintain our conservative investment management philosophy, which includes holding a high quality investment portfolio and carefully matching our investment assets against the duration of our insurance product liabilities.
- *Pursue complementary acquisitions.* We will continue to seek acquisition opportunities that fit strategically within our existing business lines, provide us with a larger distribution presence and meet our stringent return objectives. For example, our recent acquisition of Medical Risk Managers has provided us with key benefits in our group medical stop-loss business. As part of the acquisition, we acquired a database of underwriting experience, which provides us with superior underwriting knowledge. We also gained an MGU that provides us with fee income in addition to access to an existing book of business, a portion of which we may be able to integrate with our existing book of group medical stop-loss business. We believe we have ample financial capacity to remain a prudent acquirer while maintaining a conservative balance sheet.

Group

Overview

We offer a full range of employment-based benefit products and services targeted primarily at employers, unions and public agencies with 50 to 1,000 employees, as well as select larger groups that meet our targeted pricing and underwriting parameters. Group's products include group medical stop-loss insurance sold to employer self-funded health plans; limited benefits medical insurance for employees not able to participate in a traditional health plan, such as part-time, seasonal and temporary workers; group life, accidental death and dismemberment insurance, and disability products. We purchase reinsurance coverage to limit our exposure to losses from our group medical stop-loss, life, short-term disability and long-term disability products. We retain group medical stop-loss risk up to $1.0 million and life risk up to $0.5 million, and reinsure the remainder. We reinsure 100% of our short-term and long-term disability risk, and, as of March 31, 2007, 50% of our Group life risk.

We sell through several types of distributors within the Group segment, including third-party administrators or TPAs, employee benefits brokers, consultants and Administrative Services Only, or ASO, arrangements. ASO's are fully insured networks that also offer our group medical stop-loss insurance.

We work closely with employee benefits brokers, consultants and the employer to design benefit plans to meet the employer's particular requirements. Our customers primarily are small and mid-size employers that require knowledgeable employee benefits brokers, consultants and insurance company representatives to

understand their individual financial needs and employee profiles, and to customize benefit plans that are appropriate for them. We believe our extensive experience and expertise in group medical stop-loss insurance, limited benefits medical insurance, group life, accidental death and dismemberment insurance and disability products provide us with opportunities to support close broker relationships and to provide employers innovative and customer-centric benefit plans.

Pricing in the medical stop-loss insurance market has proven to be cyclical. Over the past two years, we have experienced a cycle where the market had been offering this product at competitively low prices. However, we continued our disciplined medical stop-loss pricing strategy. More recently, we have seen evidence of the medical stop-loss insurance market firming, which may suggest a developing trend towards higher pricing for this product line, based on our experience with previous pricing cycles.

Products

Group Medical Stop-Loss

Our group medical stop-loss insurance is provided to employer self-funded health plans and covers the risk of higher than expected claims experience. The group medical stop-loss coverage reimburses for claims in excess of a predetermined amount.

Limited Medical Benefits

Our limited medical benefits insurance is provided to employers for health coverage to employees not otherwise eligible to participate in traditional plans, such as part-time, seasonal and temporary workers.

Life Insurance, Accidental Death and Dismemberment

Our group term life insurance product provides benefits in the event of an insured employee's death. The death benefit can be based upon an individual's earnings or occupation, or can be fixed at a set dollar amount. Our products also include optional accidental death and dismemberment coverage as a supplement to our term life insurance policies. This coverage provides benefits for an insured employee's loss of life, limb or sight as a result of accidental death or injury.

Disability Insurance

Our group long-term disability coverage is designed to cover the risk of employee loss of income during prolonged periods of disability. Our group short-term disability coverage provides partial replacement of an insured employee's weekly earnings in the event of disability resulting from an injury or illness. Benefits can be a set dollar amount or based upon a percentage of earnings.

Underwriting and Pricing

We face significant competition in the Group segment operations. Our competitors include large and highly rated insurance carriers. Some of these competitors have greater resources than we do, and many of them offer similar products and use similar distribution channels. We have consistently written or renewed business that meets our return requirements, and this discipline has recently had a slightly negative impact on our market share. However, this was by design with our focus on profitability. Competition is based primarily upon product pricing and features, compensation and benefits structure and support services offered.

Group insurance pricing reflects the employer group's claims experience, when appropriate. The risk characteristics of each employer group are reviewed at the time the policy is issued and each renewal year thereafter, resulting in ongoing adjustments to pricing. The key pricing and underwriting criteria are medical cost trends, the employer group's demographic composition, including the age, gender and family composition of the employer group's members, the industry, geographic location, regional economic trends, plan design and prior claims experience.

Retirement Services

Overview

Through our Retirement Services segment, we offer fixed and variable deferred annuities in both the qualified and non-qualified markets. Qualified contracts include tax-sheltered annuities (marketed to teachers and not-for-profit organizations), IRAs, Roth IRAs and Section 457 plans. We also issue group annuities to qualified retirement plans and provide record keeping services to qualified retirement plans invested in mutual funds. We offer these products and services to a broad range of individual consumers who want to accumulate tax-deferred assets for retirement, desire a reliable source of income during their retirement, or seek to protect against outliving their assets during retirement. We also target the small to mid-size employer market with cost effective products and services that provide a broad range of diverse investment options for employers that offer defined contribution plans.

Although the demand for fixed annuities has been negatively impacted by the low interest rate environment, we believe that higher interest rates will result in increased demand for fixed annuities and other investment products that help consumers supplement their social security benefits with reliable retirement income.

We have a variety of fixed annuity products and a broad range of distribution relationships that position us to increase sales to consumers looking for stable returns. With our new Focus variable product, we are positioned to increase sales to consumers that are looking to maximize earnings and have a tolerance for some volatility in their underlying investments.

Furthermore, we believe that the small to mid-sized employer market place will be an area of growth as more employers eliminate traditional pensions and offer defined contribution plans with lower administrative costs. As employers drive down employee costs, we believe they still want to offer competitive benefit retirement plans so long as the administrative costs are reasonable. We have partnered with a third party to offer employers a turnkey 401(k) package of plan administration and non-proprietary mutual fund investment options that is easy to sell through financial advisors. In addition, our products are designed to allow employers to provide their employees with attractive retirement investments for a relatively low cost. Furthermore, once those retirement plan customers decide to retire or rollover their funds, we offer a suite of IRAs, Roth IRAs, immediate annuities, and other retirement vehicles. It is our goal to capture and hold those customers by offering products that address their evolving needs and through excellent service to our distribution partners and customers.

We develop our annuity products through a rigorous pricing and underwriting process designed to achieve targeted returns based upon each product's risk profile and our expected rate of investment returns. We compete for sales of annuities through competitive pricing policies and innovative product design. For example, we have introduced a single premium bonus annuity with a choice of multi-year interest guarantee periods.

We offer our annuities and other investment products primarily through financial institutions, broker dealers, independent agents and financial advisors, and worksite employee benefits specialists.

Products

Fixed Annuities

We offer fixed single premium and flexible premium deferred annuities that provide for a premium payment at time of issue, an accumulation period and an annuity payout period at some future date. For example, our fixed deferred annuities include our Custom product, which has a seven-year surrender charge penalty period and a choice of one year, three year or five year interest rate lock periods. During the accumulation period, we credit the account value of the annuity with interest earned at an interest rate, called the crediting rate. The crediting rate is guaranteed generally for one year, or the guarantee period selected by the contract owner. After each guarantee period, the crediting rate is subject to change at our discretion (subject to the minimum guaranteed rate in the contract), based upon competitive factors, portfolio earnings

rate, prevailing market rates and product profitability. Our fixed annuity contracts are funded by our general account, and the accrual of interest during the accumulation period is generally on a tax-deferred basis to the owner. The majority of our fixed annuity contract owners retain their contracts through the surrender penalty period. After one year in the annuity contract, the contract owner may elect to take the accumulated value of the annuity and convert it to a series of payments that are received over a selected period of time of not less than five years.

Our fixed annuity contracts permit the contract owners at any time during the accumulation period to withdraw all or part of the premium paid, plus the amount credited to their accounts, subject to contract provisions such as surrender charges that vary depending upon the terms of the product. The contracts impose surrender charges that typically vary from 5.0% to 8.0% of the amount withdrawn, starting in the year of contract issue and decreasing to zero over a three to eight-year period. The contract owner also may withdraw annually up to 10% of the account value without any contractual penalty. Approximately $1.7 billion, or 35.8% of the total account value of our fixed annuities as of March 31, 2007, were subject to surrender charges.

As market conditions change, we change the initial crediting rate for newly issued fixed single premium deferred annuities, or SPDAs. We maintain the initial crediting rate for a minimum period of one year or the guarantee period, whichever is longer. Thereafter, we may adjust the crediting rate no more frequently than once every six months for any given deposit. Most of our recently issued annuity contracts have minimum guaranteed crediting rates between 1.0% and 3.0%.

Our earnings from fixed annuities are based upon the spread between the crediting rate on our fixed annuity contracts and the returns we earn in our general account on our investment of premiums.

Variable Annuities

We offer variable annuities that allow the contract owner to make payments into a guaranteed-rate account and separate accounts divided into subaccounts that invest in underlying investment portfolios. Like a deferred fixed annuity, a deferred variable annuity has an accumulation period and a payout period. Although the fixed-rate account is credited with interest in a manner similar to a fixed deferred annuity, there is no guaranteed minimum rate of return for investments in the subaccounts, and the contract owner bears the entire risk associated with the performance of these subaccounts, subject to the guaranteed minimum death benefit or any other benefit offered under the contract.

Similar to our fixed annuities, our variable annuity contracts permit the contract owner to withdraw all or part of the premiums paid, plus the amount credited to the contract owner's account, subject to contract terms such as surrender charges. The cash surrender value of a variable annuity contract depends upon the value of the assets that have been allocated to the contract, how long those assets have been in the contract and the investment performance of the subaccounts to which the contract owner has allocated assets.

Variable annuities provide us with fee revenue in the form of flat-fee charges, mortality and expense risk charges, and asset related administration charges. The mortality and expense risk charge and asset related administration charge equal a percentage of the contract owner's assets in the separate account and typically range from 0.95% to 1.55% per annum. In addition, some contracts may offer the option for contract owners to purchase additional features, such as guaranteed minimum death benefits, for additional fees that are paid for through charges equal to a percentage of the contract owner's assets. Substantially all of our guaranteed minimum death benefit risk on our individual variable annuities is reinsured. We continue to evaluate our pricing of such features and intend to change prices if appropriate.

We recently introduced the Symetra Focus Variable Annuity, which we believe is one of the most cost-effective such products on the market. Focus is one of the few variable annuities available featuring index investment options from Vanguard. The product's low-cost structure and well-respected investment options are designed to benefit the clients. The average total cost with Focus is 37% less than the industry average according to Variable Annuity Research and Data Service, a leading source of variable annuities data.

We continually review potential new fixed and variable annuity products and pursue only those where we believe we can achieve targeted returns in light of the risks involved. Unlike several of our competitors, we have not offered variable annuity products with guaranteed minimum withdrawal benefits, or GMWB, or with guaranteed minimum income benefits, or GMIB.

Corporate Retirement Plans

We offer a wide range of employer-sponsored retirement plans, which include 401(k) plans, including traditional, Safe Harbor and SIMPLE profit sharing plans, 403(b) plans and Section 457 plans.

Additional retirement plans can be purchased by individual business owners. These include one-person 401(k) plans designed for business owners with no employees, other than a spouse and defined benefit plans, commonly known as traditional retirement plans, designed to distribute a specific monthly benefit at retirement. The formula used to calculate this benefit can be based on many factors, but most commonly on salary and years of service. Contributions can only be made by the employer and are a federally tax-deductible business expense.

Underwriting and Pricing

We generally do not use an underwriting selection process for our annuity products. We price our products based upon our expected investment returns and our expectations for mortality, longevity and the probability that a policy or contract will remain in-force from one period to the next, or persistency, for the group of our contract owners as a whole, taking into account mortality improvements in the general population and our historical experience. We price deferred annuities by analyzing longevity and persistency risk, volatility of expected earnings on our assets under management, risk profile of the product, special reserving and capital requirements, and the expected expenses we will incur.

Income Annuities

Overview

We offer income annuities, which guarantee a series of payments that continue either for a certain number of years or for the remainder of an annuitant's life.

Also, we offer structured settlement contracts that provide an alternative to a lump sum settlement, generally in a personal injury lawsuit or worker's compensation claim, and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant. The structured settlements provide scheduled payments over a fixed period or, in the case of a life-contingent structured settlement, for the life of the claimant with a guaranteed minimum period of payments.

Products

Income Annuities

Our income annuities differ from deferred annuities in that they provide for contractually guaranteed payments that generally begin within one year of issue. Income annuities generally do not provide for surrender or policy loans by the contractholder, and therefore they provide us with the opportunity to match closely the underlying investment of the deposit received to the cash benefits to be paid under a policy and provide for an anticipated margin for expenses and profit, subject to credit, reinvestment and, in some cases, longevity risk. We have recently added a liquidity feature that allows the contractholder to withdraw portions of the future payments.

The most common types of income annuities are the life-contingent annuity, which makes payments for the life of an annuitant, the joint and survivor annuity, which continues to make payments to a second annuitant, such as a spouse, after the death of the contractholder, and period certain annuities, which generally make payments for a minimum period from five to 30 years even if the contractholder dies within the certain period. Income annuities typically are sold to people that are near, at, or in retirement. We anticipate higher

sales of income annuities with the demographic shift toward more people reaching retirement age and their need for dependable retirement income that lasts their entire life.

Structured Settlements

Structured settlement contracts provide an alternative to a lump sum settlement, generally in a personal injury lawsuit or worker's compensation claim, and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant. The structured settlements provide scheduled payments over a fixed period or, in the case of a life-contingent structured settlement, for the life of the claimant with a guaranteed minimum period of payments. Structured settlement contracts also may provide for irregularly scheduled payments to coincide with anticipated medical or other claimant needs. These settlements offer tax-advantaged, long-term financial security to the injured party and facilitate claim settlement for the property and casualty insurance carrier. Structured settlement contracts are long-term in nature, guarantee a fixed benefit stream and generally do not permit surrender or borrowing against the amounts outstanding under the contract. In 2005, we introduced funding services to clients with financial circumstances that may have changed from the time they originally received a structured settlement. Our funding service provides an immediate lump sum payment to replace future benefit payments and includes coordinating the court approval process.

Our current financial strength ratings limit our ability to offer structured settlement contracts. If our principal life insurance company subsidiary, Symetra Life Insurance Company, increases its financial strength ratings from "A" (Excellent) to "A+" (Excellent) from A.M. Best, courts will be more willing to approve structured settlement contract arrangements from us. Improving this key rating will allow us to participate fully in this market.

Underwriting and Pricing

In substandard cases, we maintain medical underwriting for these annuities. We price income annuities and structured settlements using industry produced annuity mortality information, our mortality experience and assumptions regarding continued improvement in annuitant longevity, as well as assumptions regarding investment yields at the time of issue and thereafter. Our structured settlement contracts and traditional income annuities can be underwritten in our medical department by medical doctors and other trained medical personnel.

Individual

Overview

Individual life insurance provides protection against financial hardship after the death of an insured by providing cash payments to the beneficiaries of the policyholder. Single premium life and universal life insurance products also provide an efficient way for assets to be transferred to heirs.

Our principal life insurance product is term life, which provides life insurance coverage with guaranteed level premiums for a specified period of time with little or no buildup of cash value that is payable upon lapse of the coverage. We have been a provider of term life insurance since 1957. In addition to term life insurance, we offer universal life insurance products, which are designed to provide protection for the entire life of the insured and may include a buildup of cash value that can be used to meet the policyholder's particular financial needs during the policyholder's lifetime.

We price our traditional insurance policies based primarily upon our own historical experience in the risk categories that we target. Our pricing strategy is geared toward individuals in preferred risk categories and offer them attractive products at competitive prices. Persons in preferred risk categories include healthier individuals who generally have family histories that do not present increased mortality risk. We also have significant expertise in evaluating people with health problems and offer appropriately priced coverage for people who meet our underwriting criteria.

We offer our life insurance products primarily through three distribution channels: independent agents and financial advisors, worksite benefit brokers and financial institutions, and we offer BOLI through specialty agents. We believe there are opportunities to expand our sales through each of these distribution channels.

Products

Term Life Insurance

Our term life insurance policies provide a death benefit if the insured dies while the coverage is in force. Term life policies have little to no cash value buildup and therefore rarely have a payment due if and when a policyholder decides to lapse the policy.

Our primary term life insurance products have guaranteed level premiums for initial terms of 10, 15, 20 or 30 years. After the guaranteed period expires, premiums increase annually and the policyholder has the option to continue under the current policy by paying the increased premiums without demonstrating insurability or qualifying for a new policy by submitting again to the underwriting process. Coverage continues until the insured reaches the policy expiration age or the policyholder ceases to make premium payments or otherwise terminates the policy, including potentially converting to a permanent plan of insurance. The termination of coverage is called a lapse. For newer policies, we seek to reduce lapses at the end of the guaranteed period by gradually grading premiums to the attained age scale of the insured over the five years following the guaranteed period. After this phase-in period, premiums continue to increase as the insured ages.

Because of how we design and price our term insurance, we have limited the impact from statutory reserves mandated by the valuation of life insurance policies model regulation, also known in the insurance industry as XXX deficiency reserves.

BOLI

Our life insurance business also includes BOLI. During the past few years, many of the nation’s largest financial institutions have purchased several billion dollars of BOLI as a means of generating the cash flow needed to fund benefit liabilities. A BOLI program can create significant assets and earnings gains that can closely match the emerging liabilities. BOLI is a highly stable, low-risk source of financing that can offer net annual after-tax returns that are generally higher than traditional bank investments.

Universal Life Insurance

Our universal life insurance policies provide policyholders with lifetime death benefit coverage, the ability to accumulate assets on a flexible, tax-deferred basis, and the option to access the cash value of the policy through a policy loan, partial withdrawal or full surrender. Our universal life products also allow policyholders to adjust the timing and amount of premium payments. We credit premiums paid, less certain expenses, to the policyholder’s account and from that account deduct regular expense charges and certain risk charges, known as COI, which generally increase from year to year as the insured ages. Our universal life insurance policies accumulate cash value that we pay to the insured when the policy lapses or is surrendered. Most of our universal life policies also include provisions for surrender charges for early termination and partial withdrawals.

We credit interest on policyholder account balances at a rate determined by us, but not less than a contractually guaranteed minimum. Our in-force universal life insurance policies generally have minimum guaranteed crediting rates ranging from 3.0% to 4.5% for the life of the policy.

Because of how we design and price our universal life insurance, we have limited the impact from AXXX deficiency reserves. We sell only two products with secondary guarantees and these are limited to the first 20 years of the policy.

Worksite Life

Our worksite life product is voluntary universal life insurance coverage that provides lifetime death benefit protection if minimum premium payments are made. The premiums are paid by payroll deduction while the employee remains with the employer and the product is portable after the policyowner leaves the employer. Policies are available for employees, their spouses, children and grandchildren.

The product has an Automatic Increase Option (AIO) that allows the policyowner to elect at issue to have the option of paying an incremental amount in future policy years to obtain additional coverage. We credit interest on policyholder account balances at a rate determined by us, subject to the guaranteed minimum interest rate of 2.0%.

Because of how we design and price our worksite life insurance, we have limited the impact from AXXX deficiency reserves.

Variable Life Insurance

Our variable life insurance policies provide policyholders with lifetime death benefit coverage, the ability to accumulate assets on a flexible, tax-deferred basis, and the option to access the cash value of the policy through a policy loan, partial withdrawal or full surrender. We offer a variable universal life insurance product with either a fixed or increasing death benefit for traditional life insurance needs and policyholders are allowed to adjust the timing and amount of premium payments. We also offer a variable life insurance product that is designed to maximize cash value accumulation by minimizing the COI charges. This product provides the minimum amount of insurance necessary to qualify as life insurance under the IRS tax code and has a variable death benefit that adjusts based on the investment performance of the underlying account value. This product is designed for the financial planning market, primarily for wealth transfer purposes for high net worth individuals.

Because of how we design and price our variable universal life insurance, we have limited the impact from AXXX deficiency reserves. We sell only one product with secondary guarantees that are limited to the first 20 years of the policy.

Underwriting and Pricing

We believe effective underwriting and pricing are significant drivers of the profitability of our life insurance business, and we have established rigorous underwriting and pricing practices designed to maximize our profitability. Our fully underwritten term life insurance is reinsured 50% to 85%, which limits retained mortality risk for the Company. We set pricing assumptions for expected claims, lapses, investment returns, expenses and customer demographics based on our own relevant experience and other factors. Our strategy is to price our products competitively for our target risk categories and not necessarily to be equally competitive in all categories.

Our fully underwritten policies place each insurable life insurance applicant in one of eight primary risk categories, depending upon current health, medical history and other factors. Each of these eight categories has specific health criteria, including the applicant’s history of using nicotine products. We consider each life insurance application individually and apply our guidelines to place each applicant in the appropriate risk category, regardless of face value or net amount at risk. We may decline an applicant’s request for coverage if the applicant’s health or other risk factor assessment is unacceptable to us. We do not delegate underwriting decisions to independent sales intermediaries. Instead, all underwriting decisions are made by our own underwriting personnel or by our automated underwriting system. We often share information with our reinsurers to gain their insights on potential mortality and underwriting risks and to benefit from their broad expertise. We use the information we obtain from the reinsurers to help us develop effective strategies to manage our underwriting risks. For specific markets where fully underwritten products are not preferred by the distributor, we have developed specially priced products to support a “simplified issue” process. This process enables us to reach applicants not called on by traditional insurance agents. “Simplified issue” contracts are

typically generated via worksite sales to employees and sales to retail bank customers. Insurance amounts are limited and separate underwriting guidelines are applied for simplified issue policies.

Other

Our Other segment consists primarily of unallocated surplus net investment income and unallocated operating expenses including interest expense on debt, the results of small, non-insurance businesses that are managed outside of our operating segments and inter segment elimination entries.

Operating Subsidiaries

Symetra Financial Corporation is a holding company, and we conduct business through our subsidiaries. Our primary operating subsidiaries are as follows:

Name	Operating Segment	Other Information
Symetra Life Insurance Company	All segments	Primary operating subsidiary
First Symetra National Life Insurance Company of New York	Primarily Retirement Services	
Clearscape Funding Corporation	Other	
Employee Benefit Consultants, Inc.	Group	Third party administrator
Symetra Assigned Benefits Service Company	Income Annuities	Structured settlements
Symetra Securities, Inc.	Retirement Services	Broker-dealer; distributor
Symetra Investment Services, Inc.	Other	Broker-dealer; distributor
Medical Risk Managers, Inc.	Group	Managing general underwriter

Distribution

We distribute our products through an extensive and diversified distribution network. We believe access to a variety of distribution channels enables us to respond effectively to changing consumer needs and distribution trends. We compete with other financial services companies to attract and retain relationships in each of these channels. Some of the factors that lead to our success in competing for sales through these channels include amount of sales commissions and fees we pay, breadth of our product offerings, our perceived stability and our financial strength ratings, marketing and training we provide and maintenance of key relationships with individuals at those firms. We believe we have a well diversified multi-channel distribution network to capture a broad share of the distributor and consumer markets for insurance and financial services products.

Our Group segment distributes their products through the following channels:

- employee benefits brokers and TPAs; and
- worksite specialists.

Our Individual, Retirement Services and Income Annuities segments distribute their products through the following channels:

- financial institutions;
- worksite specialists; and
- brokerage general agencies and independent agents.

The following table sets forth our annualized first-year premiums and deposits on new policies in our Group, Retirement Services, Income Annuities and Individual segments:

Sales for the Year Ended December 31, 2006
by Distribution Channel

Distribution Channel	Segment			
	Group(1)	Retirement Services(2)	Income Annuities(3)	Individual(4)
	(Unaudited) (Dollars in millions)			
Financial institutions	$ —	$ 374.8	$ 14.8	$ 1.4
Employee benefits brokers/TPAs	59.9	—	—	—
Worksite specialists	9.2	160.3	5.4	1.6
Independent agents/BGAs	—	38.1	65.3	6.2
Structured settlements/BOLI	—	—	11.1	—

(1) Includes medical stop-loss, health insurance and life and disability and limited medical benefits.

(2) Includes deferred and variable annuities and retirement programs.

(3) Includes immediate annuities and structured settlements.

(4) Includes term, universal, single premium, BOLI and variable life insurance.

Financial Institutions. We have agency agreements with approximately 22 major financial institutions, accounting for approximately 16,000 agents and registered representatives in 50 states. We use financial institutions to distribute a significant portion of our fixed and variable annuities, as well as a growing portion of our life insurance policies.

Two financial institutions, Washington Mutual Financial Services and U.S. Bank, accounted for a significant portion of our total sales in 2006, with each selling primarily fixed annuity products. Each of these two distributors operates under an agency agreement with us. Each agreement may be terminated at any time, for any reason, upon thirty days notice. We pay each distributor commissions and other compensation at various rates depending on the product sold. We retain the right to change compensation paid under these agreements with respect to future sales. Generally, if premiums are returned to the policyholder or withdrawals are made during the first contract year, the distributor is obligated to pay back all or a portion of the commissions and other compensation received for such product.

Employee Benefits Brokers, Third-Party Administrators. We distribute most of our Group segment products through approximately 2,500 agencies in the employee benefits broker/third-party administrator channel. This distribution channel is also supported by approximately 60 of our employees located strategically in a nationwide network of 24 regional offices.

Worksite Specialists. We distribute limited benefits medical insurance of our Group segment, retirement programs of our Retirement Services segment, and voluntary life insurance of our Individual segment through the worksite channel. Employer sponsored retirement plans are sold through more than 1,200 independent employee benefits brokers and registered representatives from approximately 800 agencies. Limited benefits medical insurance and voluntary life insurance are sold through approximately 340 independent retail brokers, agents and consultants in 49 states and the District of Columbia.

Independent Agents, Brokerage General Agencies. We distribute life insurance and fixed and deferred annuities through approximately 17,000 independent agents located throughout the U.S. from approximately 12,000 different agencies. These independent agents market our products and those of other insurance companies.

Structured Settlements. We distribute structured settlements through 551 settlement consultants representing 66 agencies in 49 states and the District of Columbia. We believe our ability to participate and compete effectively in the sales of structured settlements will depend on our ability to achieve upgrades from the ratings agencies.

Marketing

We promote and differentiate our products and services through the breadth of our product offerings, technology services, specialized support for our distributors and innovative marketing programs to help distributors grow their business with our products.

Since the completion of the Acquisition, we have customized our marketing approach to promote our new brand to distributors of our products whom we believe have the most influence in our customers' purchasing decisions. We chose to build our brand among this constituency in three phases: an outreach to our employees to understand and deliver on the new brand, an outreach to our independent producers in our sales channels and a prudent consumer outreach. These programs include advertising in trade and business periodicals, consumer advertising with a small, prudent budget leveraged by its ties to our producers, outreach from a media perspective to both trade and consumer periodicals and community outreach to include partnering with distributors.

At the product level, we simplify the sales process so that the recommendation to purchase our product is as easy and seamless as possible. This is accomplished through our product collateral, technology in the sales process and ease of service after the sale.

We seek to build recognition of our new brand and maintain strong relationships with leading distributors by providing a high level of specialized support, such as product training, sales solutions, and financial product design for targeted customers. In addition, we host several annual meetings with independent sales intermediaries to gather their feedback on industry trends, new product suggestions and ways to enhance our relationships with distributors.

Reserves

Overview

We calculate and maintain reserves for estimated future benefit payments to our policyholders and contractholders in accordance with U.S. GAAP. We establish reserves at amounts which we expect to be sufficient to satisfy our policy obligations. We release these reserves as those future obligations are extinguished. The reserves we establish necessarily reflect estimates and actuarial assumptions with regard to our future experience. These estimates and actuarial assumptions involve the exercise of significant judgment. Our future financial results depend significantly upon the extent to which our actual future experience is consistent with the assumptions we have used in pricing our products and determining our reserves. Many factors can affect future experience, including economic and social conditions, inflation, healthcare costs, changes in doctrines of legal liability and damage awards in litigation. Therefore, we cannot determine with complete precision the ultimate amounts we will pay for actual future benefits or the timing of those payments.

Individual and Group Life Insurance and Group Health Insurance

We establish reserves for life insurance policies based upon generally recognized actuarial methods. We use mortality tables in general use in the U.S., modified where appropriate to reflect relevant historical experience and our underwriting practices. Persistency, expense and interest rate assumptions are based upon relevant experience and expectations for future development.

The liability for policy benefits for universal life insurance and BOLI policies is equal to the balance that accrues to the benefit of policyholders, including credited interest, plus any amount needed to provide for additional benefits. We also establish reserves for amounts that we have deducted from the policyholder's balance to compensate us for services to be performed in future periods. The BOLI life reserves were reset to fair value on the date of acquisition, August 2, 2004.

Our reserves for unpaid group life and health insurance claims, including our stop-loss medical and other lines, are estimates of the ultimate net cost of both reported losses that have not yet been settled and incurred

but as yet unreported losses. Reserves for IBNR claims are based upon historic incidence rates, severity rates, reporting delays and any known events which we believe will materially affect claim levels.

Reserves for long-term disability claims are based upon factors including recovery, mortality, expenses, Social Security and other benefit offsets, and investment income. They represent the actuarial present value of benefits and associated expenses for current claims, reported claims that have not yet completed the applicable elimination period and for covered disabilities that have been incurred but have not yet been reported. Claims on long-term disability insurance policies consist of payments to be made periodically, generally monthly, in accordance with the contractual terms of the policy.

Retirement Services and Income Annuities

For our investment contracts, including annuities and guaranteed investment contracts, contractholder liabilities are equal to the accumulated contract account values, which generally consist of an accumulation of deposit payments, less withdrawals, plus investment earnings and interest credited to the account, less expense, mortality, and profit charges, if applicable. We also maintain a separate reserve for any expected future payments in excess of the account value due to the potential death of the contractholder. The reserves were reset to fair value on August 2, 2004.

Reserves for future policy benefits on our immediate fixed annuity contracts are calculated based upon actuarial assumptions regarding the interest to be earned on the assets underlying the reserves and, if applicable, the annuitant's life expectancy. The reserves were reset to fair value on August 2, 2004 with adjustments to future interest and mortality assumptions.

Investments

Overview

Our investment portfolios are currently managed under an agreement with White Mountains Advisors LLC, or WM Advisors, a registered investment adviser that is owned by White Mountains Insurance Group, Ltd. Prior to the completion of this transaction we will enter into an amended agreement with WM Advisors and a new agreement with Prospector Partners, LLC, or Prospector. See "Certain Relationships and Related Transactions." WM Advisors and Prospector are value-oriented investment managers whose overall investment objective is to consistently achieve positive results and to maximize long-term results with a focus on downside protection, all within client constraints. Among the keys to their success are an emphasis on capital preservation, a strong focus on fundamental, value-oriented security selection and quick action as a security's outlook changes. Their moderate size allows them to remain selective and opportunistic in implementing this approach. WM Advisors has entered into two sub-advisory agreements with Principal Global Investors, or Principal, Pioneer Investment Management, or Pioneer to perform the following:

- Principal's objective is to invest in investment grade private placements with target average lives of three to 30 years.
- Pioneer's investment objective is to provide a consistently high current yield, maintain preservation of principal and, provided the first two objectives are met, seek to achieve a competitive total rate of return relative to the Merrill Lynch U.S. High Yield BB/B combined index.

Prospector's investment strategy is to maximize absolute total return through investments in a variety of equity and equity-related instruments, including convertible preferred and convertible debt securities. Using a value orientation, Prospector invests in relatively concentrated positions in the United States and other developed markets. Prospector's philosophy is to invest for total risk-adjusted return using a bottom-up, value discipline. Preservation of capital is of the utmost importance.

In addition, we have a mortgage loan department that originates new commercial mortgages and manages our existing commercial mortgage loan portfolio. The commercial mortgage holdings are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial, and office building sectors.

We invest primarily in fixed maturities, including government, municipal and corporate bonds, mortgage-backed and other asset-backed securities and mortgage loans on commercial real estate. We also invest in short-term securities and other investments, including a position in equity securities. In all cases, investments for our insurance subsidiaries are required to comply with restrictions imposed by applicable laws and insurance regulatory authorities.

Our investment department includes accounting, reporting and analysis functions. We establish investment policies and strategies, as well as reviewing portfolio performance and asset-liability management allocations. We incurred expenses for investment management and related administrative services of $24.0 million for 2006 and $22.9 million for 2005.

Our primary investment objective is to meet our obligations to policyholders and contractholders while increasing value to our stockholders by investing in a diversified portfolio of high-quality, income producing securities and other assets. Our investment strategy for our non-equity portfolio seeks to optimize investment income without relying on realized investment gains. Our strategy for our equity portfolio is to maximize total return. We deliberately forego investment income to receive realized and unrealized investment gains from our equity investments.

We are exposed to two primary sources of investment risk. One of these investment risks is credit risk, and is associated with the uncertainty of the continued ability of a given issuer to make timely payments of principal and interest. Another investment risk is interest rate risk, where market price and cash flow variability are associated with changes in market interest rates.

We manage credit risk by analyzing issuers, transaction structures and real estate properties. We use analytic techniques to monitor credit risk. For example, we regularly measure the probability of credit default and estimated loss in the event of such a default, which provides us with early notification of worsening credit. If an issuer downgrade causes our holdings of that issuer to exceed our risk thresholds, we automatically undertake a detailed review of the issuer's credit. We also manage credit risk through industry and issuer diversification and asset allocation practices. For commercial real estate loans, we manage credit risk through geographic and product type diversification and asset allocation. We routinely review different issuers and sectors and conduct more formal quarterly portfolio reviews.

We mitigate interest rate risk through rigorous management of the relationship between the duration of our assets and the duration of our liabilities, seeking to minimize risk of loss in both rising and falling interest rate environments.

For a summary of the composition of our investment portfolio see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments."

Fixed Maturities

Fixed maturities consist principally of publicly traded and privately placed debt securities, and represented 93.0% and 92.7% of invested assets as of March 31, 2007 and December 31, 2006, respectively.

Based upon estimated fair value, public fixed maturities represented 96.2% of total fixed maturities as of March 31, 2007. Private fixed maturities represented 3.8% of total fixed maturities as of March 31, 2007. We invest in privately placed fixed maturities in an attempt to enhance the overall value of the portfolio, increase diversification and obtain higher yields than can ordinarily be obtained with comparable public market securities.

There are several credit ratings of the nationally recognized statistical rating organizations such as S&P, Moody's and Fitch and the Securities Valuation Office of the NAIC for marketable bonds. The following

tables present our public, private and aggregate fixed maturities by S&P credit ratings and the equivalent NAIC designation, as well as the percentage, based upon estimated fair value, that each designation comprises:

Fixed Maturities Credit Quality

S&P	NAIC	As of March 31, 2007 Amortized Cost	Fair Value	% of Total Fair Value	As of December 31, 2006 Amortized Cost	Fair Value	% of Total Fair Value
		(Dollars in millions)					
AAA	1	$ 5,248.0	$ 5,251.1	32.8%	$ 5,192.8	$ 5,160.5	32.2%
AA	1	1,244.7	1,254.0	7.9	1,112.3	1,122.8	7.0
A	1	3,481.8	3,495.3	21.9	3,639.2	3,653.4	22.8
BBB	2	4,694.9	4,653.7	29.1	4,838.3	4,782.3	29.8
BB	3	374.7	393.8	2.5	394.9	419.4	2.6
B	4	268.7	277.4	1.7	253.9	256.5	1.6
CCC	5	19.4	19.9	0.1	23.5	23.5	0.1
D	6	1.0	2.7	0.0	1.1	2.2	0.0
NR		644.0	642.7	4.0	630.6	629.3	3.9
Total		$ 15,977.2	$ 15,990.6	100.0%	$ 16,086.6	$ 16,049.9	100.0%

The following table sets forth the amortized cost and estimated fair value of our fixed maturities by contractual maturity dates as of the dates indicated:

Maturity Table

Years to Maturity	March 31, 2007 Amortized Cost	Estimated Fair Value	December 31, 2006 Amortized Cost	Estimated Fair Value
	(Unaudited)		(Dollars in millions)	
Due in one year or less	$ 391.8	$ 389.6	$ 377.1	$ 374.6
Due after one year through five years	2,636.4	2,611.2	2,655.7	2,613.7
Due after five years through ten years	2,546.9	2,526.9	2,746.5	2,701.7
Due after ten years	5,933.4	6,002.7	5,919.7	6,014.2
Mortgage-backed securities	4,468.7	4,460.2	4,387.6	4,345.7
Total	$ 15,977.2	$ 15,990.6	$ 16,086.6	$ 16,049.9

We diversify our fixed maturities by security sector. The following table sets forth the estimated fair value of our fixed maturities by sector, as well as the percentage of the total fixed maturities each sector comprises of the total as of the dates indicated:

Sector Table

Security Sector	March 31, 2007 Estimated Fair Value	% of Total	December 31, 2006 Estimated Fair Value	% of Total
	(Unaudited)		(Dollars in millions)	
U.S. Government and agencies	$ 188.5	1.2%	$ 157.9	1.0%
State and political subdivisions	515.1	3.2	670.9	4.2
Foreign governments	192.6	1.2	208.9	1.3
Corporate securities	10,634.2	66.5	10,666.5	66.4
Mortgage-backed securities	4,460.2	27.9	4,345.7	27.1
Total	$ 15,990.6	100.0%	$ 16,049.9	100.0%

The following table sets forth the estimated fair value by major industry types that comprise our fixed maturities holdings as of the dates indicated, based primarily on standard industrial codes:

Industry Table

Security Sector	March 31, 2007 Estimated Fair Value	March 31, 2007 % of Total	December 31, 2006 Estimated Fair Value	December 31, 2006 % of Total
	(Unaudited)		(Dollars in millions)	
Consumer discretionary	$ 970.3	6.1%	$ 1,012.4	6.3%
Consumer staples	1,264.8	7.9	1,247.7	7.8
Energy	590.5	3.7	650.4	4.0
Financials	4,011.9	25.1	3,882.2	24.2
Foreign governments	192.6	1.2	193.7	1.2
Health care	449.5	2.8	457.3	2.8
Industrials	1,360.6	8.5	1,325.1	8.3
Information technology	191.8	1.2	186.7	1.1
Internal/other	22.8	0.1	23.1	0.1
Materials	698.5	4.4	694.7	4.3
Supranationals	24.2	0.1	24.2	0.2
Telecommunication services	654.1	4.1	688.1	4.3
U.S. federal government	2,984.5	18.7	2,994.4	18.7
U.S. municipals	515.1	3.2	571.1	3.6
Utilities	2,059.4	12.9	2,098.8	13.1
Total	$ 15,990.6	100.0%	$ 16,049.9	100.0%

Our fixed maturities holdings are diversified by industry and issuer. The portfolio does not have significant exposure to any single issuer. As of March 31, 2007 our combined corporate bond holdings in the ten issuers in which we had the greatest exposure was $957.7 million, or approximately 5.6% of our total investments as of such date. Our exposure to the largest single issuer of corporate bonds held as of March 31, 2007 was $170.8 million, which was 1.0% of our total investments as of such date.

Mortgage-backed, Asset-backed Securities

We purchase mortgage-backed and asset-backed securities to diversify the portfolio risk from primarily corporate credit risk to a mix of credit and cash flow risk. We believe the inherent risks of prepayment and extension with the mortgage-backed securities will impact when cash flow is received, and the majority of our holdings have low variability in monthly cash flow. Our total mortgage-backed securities holdings estimated fair value was $4.5 billion and $4.3 billion as of March 31, 2007 and December 31, 2006, respectively. We held minimal investments in asset-backed securities which had an estimated fair value of $85.8 million and $92.2 million as of March 31, 2007 and December 31, 2006, respectively. The amount of mortgage-backed securities we hold involving the sub-prime mortgage market is de minimis.

Mortgage Loans

Our mortgage loans holdings are collateralized by commercial properties. These holdings are reported at carrying value composed of original cost net of prepayments and amortization. We diversify our mortgage loans by geographic region, loan size and scheduled maturities. We held total mortgage loans net of allowances of $786.9 million and $794.3 million as of March 31, 2007 and December 31, 2006, respectively. As of March 31, 2007, 83.5% of our total mortgage loans were under $5 million, and 91.7% of our total mortgage loans had scheduled maturities due after five years. Also, holdings in the top four states, California, Washington, Texas and Oregon, comprised 63.6% of our total mortgage loans as of March 31, 2007. We

monitor our mortgage loans on a continual basis for any that may be potentially delinquent. Our allowance for losses on mortgage loans was $4.0 million and $4.0 million as of March 31, 2007 and December 31, 2006, respectively.

Equity Securities

We purchase preferred and common stocks of publicly traded U.S. companies, and hold investments in other limited partnerships. The majority of our equity securities are held in our Income Annuities segment where we believe it is appropriate to match equity exposure against long-tailed structured settlement liabilities. Our equity holdings, which include investments in limited partnerships when the ownership percentage is less than 3%, are classified as available-for-sale and are carried at fair value. We held total equity securities of $206.0 million and $201.7 million as of March 31, 2007 and December 31, 2006, respectively.

Investments in Limited Partnerships

Our investments in limited partnerships are accounted for under the equity method when our ownership interest is 3% or greater. These investments are carried at fair value with the difference between fair value and cost recorded in investment income. We held total investments in limited partnerships of $111.0 million and $112.6 million as of March 31, 2007 and December 31, 2006, respectively.

Reinsurance

Through both treaty and facultative reinsurance agreements, we engage in the industry practice of reinsuring portions of our insurance risk with reinsurance companies. We use reinsurance to diversify our risks and manage loss exposures primarily in our Group and Individual segments. The use of reinsurance permits us to write policies in amounts larger than the risk we are willing to retain.

We cede insurance primarily on a treaty basis, under which risks are ceded to a reinsurer on specific books of business where the underlying risks meet certain predetermined criteria. To a lesser extent, we cede insurance risks on a facultative basis, under which the reinsurer's prior approval is required on each risk reinsured. The use of reinsurance does not discharge us, as the insurer, from liability on the insurance ceded. We, as the insurer, are required to pay the full amount of our insurance obligations even in circumstances where we are entitled or able to receive payments from our reinsurer. The principal reinsurers to which we cede risks have A.M. Best financial strength ratings ranging from "A+" to "B−." Historically, we have not had significant concentrations of reinsurance risk with any one reinsurer.

We had reinsurance recoverables of $242.8 million and $238.8 million as of March 31, 2007 and December 31, 2006, respectively. The following table sets forth our exposure to our principal reinsurers, including reinsurance recoverables as of December 31, 2006 and the A.M. Best ratings of those reinsurers as of that date:

	Reinsurance recoverable	A.M. Best rating
	(Dollars in millions)	
Reinsurance Group of America	$70.7	A+
Transamerica Life Insurance Company	$66.1	A+
UNUM Life Insurance Company of America	$64.9	A–
Lincoln National Life Insurance Company	$25.1	A+

The following is a brief summary of the agreements between us and the reinsurers referenced in the table above:

- Reinsurance Group of America — Our agreements with RGA are yearly renewable term agreements and coinsurance agreements on term life insurance and universal life insurance policies. A substantial majority of the policies currently in effect are term life policies with a coinsurance agreement where 50% or more of the liability is ceded to RGA.

- Transamerica Life Insurance Company — We have a coinsurance agreement with Transamerica, under which the assets are retained by the ceding company, and have assumed coverage of a Bank Owned Life Insurance policy with our quota share at 28.6%.
- UNUM Life Insurance Company of America — We cede nearly 100% of our Group long term disability and short term disability risk through a reinsurance pool. The pool of reinsurers may change each year for new claims. UNUM covers the substantial majority of this business.
- Lincoln National Life Insurance Company — The majority of the amount ceded to Lincoln is covered by an automatic coinsurance agreement applying to 10, 15, and 20, year term life insurance. We cede 50% or more of the liability to Lincoln.

Risk Management

Overview

Risk management is a critical part of our business and we have adopted risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management and technology development projects. The primary objective of these risk management processes is to reduce the variations we experience from our expected results.

We use a risk model that draws on the risk-based capital concepts. Risks are classified into four main categories:

- investment risks;
- pricing risks, including determination of adequate spreads or premiums, and estimation of claims, both expected and catastrophic;
- interest rate risk, including asset liability duration matching exposures; and
- other business risks, including business continuity, data security and other operational risks.

Operations and Technology

Service and Support

We have a dedicated team of service and support personnel, as well as Affiliated Computer Services, or ACS, based in Dallas, Texas, our outsourced provider, that deliver automation solutions to drive competitive advantage, to achieve earnings growth objectives, and to control the cost of doing business. We mainly follow a buy-versus-build approach in providing application and business processing services that accelerate delivery and responsiveness. We also develop proprietary software for competitive or economic benefits.

Operating Centers

In October 2004, we established a comprehensive five-year outsourcing agreement with ACS, with two one-year extensions. The scope of the contract with ACS includes the management of the following:

- Data center: mainframe, Wintel systems, storage, web services, disaster recovery;
- Distributed computing: field office services, desktop support, asset management;
- Data network: network infrastructure, carrier services, secured remote access;
- Voice communications: voice systems, wireless, contact center technologies;
- Help desk supporting: infrastructure, packaged software, password resets;
- Output processing: print and mail fulfillment, archive and online viewing; and
- Content management: imaging and content management system.

Competition

We face significant competition for customers and distributors from insurance and other financial services companies in each of our businesses. Our competitors include other large and highly rated insurance carriers. Some of these competitors have greater resources than we do, and many of them offer similar products and use similar distribution channels. Competition in our operating business segments is based on a number of factors, including:

- quality of service;
- product features;
- price;
- scope of distribution;
- financial strength ratings; and
- name recognition.

The relative importance of these factors depends on the particular product and market. We compete for customers and distributors with insurance companies and other financial services companies in our various businesses.

Financial Strength Ratings

Rating organizations continually review the financial performance and condition of most insurers and provide financial strength ratings based on a company's operating performance and ability to meet obligations to policyholders. Ratings provide both industry participants and insurance consumers meaningful information on specific insurance companies and are an important factor in establishing the competitive position of insurance companies. In addition, ratings are important to maintaining public confidence in us and our ability to market our products.

Symetra Life Insurance Company, our principal life insurance subsidiary, is rated by A.M. Best, S&P, Moody's and Fitch as follows as of June 29, 2007:

	Financial Strength Rating			
	A.M. Best	S&P	Moody's	Fitch
Symetra Life Insurance Company	A	A−	A2	A+

A.M. Best states that its "A" (Excellent) rating is assigned to those companies that have, in its opinion, an excellent ability to meet their ongoing obligations to policyholders. The "A" (Excellent) is the third highest of 15 ratings assigned by A.M. Best, which range from "A++" to "F."

Symetra Life Insurance Company's Financial Size Category, or FSC, ranking, as determined by A.M. Best is XII, the fourth highest of 15. A.M. Best indicates that the FSC is designed to provide an indicator of the size of a company in terms of its statutory surplus and related accounts.

Standard & Poor's states that an insurer rated "A" (Strong) has strong financial security characteristics, that outweigh any vulnerabilities, and is highly likely to have the ability to meet financial commitments, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. The "A" range is the third highest of the four ratings ranges that meet these criteria, and also is the third highest of nine financial strength ratings ranges assigned by S&P, which range from "AAA" to "R." A plus (+) or minus (−) shows relative standing in a rating category. Accordingly, the "A−" rating is the seventh highest of S&P's 22 ratings categories.

Moody's Investors Service states that insurance companies rated "A2" (Good) offer good financial security. However, elements may be present that suggest a susceptibility to impairment sometime in the future. The "A" range is the third highest of nine financial strength rating ranges assigned by Moody's which range from "Aaa" to "C." Numeric modifiers are used to refer to the ranking within the group, with "1" being the

highest and “3” being the lowest. Accordingly, the “A2” rating is the sixth highest of Moody’s 21 ratings categories.

Fitch states that insurance companies rated “A” (Strong) are viewed as possessing strong capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small. The “A” rating category is the third highest of eight financial strength categories, which range from “AAA” to “D.” The symbol (+) or (−) may be appended to a rating to indicate the relative position of a credit within a rating category. These suffixes are not added to ratings in the “AAA” category or to ratings below the “CCC” category. Accordingly, the “A+” rating is the fifth highest of Fitch’s 24 ratings categories.

A.M. Best, S&P, Moody’s and Fitch review their ratings periodically and we cannot assure you that we will maintain our current ratings in the future. Other agencies may rate Symetra or our insurance subsidiaries on a solicited or unsolicited basis.

The A.M. Best, S&P, Moody’s and Fitch ratings included are not designed to be, and do not serve as, measures of protection or valuation offered to investors in this offering. These financial strength ratings should not be relied on with respect to making an investment in our securities.

Employees

As of March 31, 2007, we had over 1,200 full-time and part-time employees. We believe our employee relations are satisfactory. To the best of our knowledge, none of our employees is subject to a collective bargaining agreement.

Facilities

We lease approximately 343,000 square feet of office space in various locations throughout the U.S. which consists primarily of 292,000 square feet of office space at our headquarters in Bellevue, Washington.

Most of our leases have lease terms ranging from one to ten years. Our aggregate annual rental expense under these leases was $8.2 million during 2006.

We believe our properties are adequate for our business as presently conducted.

Legal Proceedings

We are regularly a party to litigation, arbitration proceedings and governmental examinations in the ordinary course of our business. While we cannot predict the outcome of any pending or future litigation or examination, we do not believe that any pending matter, individually or in the aggregate, will have a material adverse effect on our business.

REGULATION

Our insurance operations are subject to a wide variety of laws and regulations. State insurance laws regulate most aspects of our insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and licensed. Our insurance products and thus our businesses also are affected by U.S. federal, state and local tax laws. Insurance products that constitute "securities," such as variable annuities and variable life insurance, also are subject to federal and state securities laws and regulations. The SEC, the National Association of Securities Dealers, or NASD, and state securities authorities regulate these products.

Our broker-dealers are subject to federal and state securities and related laws. The SEC, NASD and state securities authorities are the principal regulators of these operations.

The purpose of the laws and regulations affecting our insurance and securities businesses is primarily to protect our customers and not our noteholders or stockholders. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations.

In addition, insurance and securities regulatory authorities increasingly make inquiries regarding compliance by us and our subsidiaries with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted.

Many of our customers and agents also operate in regulated environments. Changes in the regulations that affect their operations also may affect our business relationships with them and their ability to purchase or to distribute our products.

Insurance Regulation

Our insurance subsidiaries are licensed and regulated in all states in which they conduct insurance business. The extent of this regulation varies, but most states have laws and regulations governing the financial condition of insurers, including standards of solvency, types and concentration of investments, establishment and maintenance of reserves, credit for reinsurance and requirements of capital adequacy, and the business conduct of insurers, including marketing and sales practices and claims handling. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and related materials and the approval of rates for certain lines of insurance. The types of insurance laws and regulations applicable to us or our insurance subsidiaries are described below.

Insurance Holding Company Regulation

All states in which our insurance subsidiaries conduct insurance business have enacted legislation that requires each insurance company in a holding company system, except captive insurance companies, to register with the insurance regulatory authority of its state of domicile and to furnish that regulatory authority financial and other information concerning the operations of, and the interrelationships and transactions among, companies within its holding company system that may materially affect the operations, management or financial condition of the insurers within the system. These laws and regulations also regulate transactions between insurance companies and their parents and affiliates. Generally, these laws and regulations require that all transactions within a holding company system between an insurer and its affiliates be fair and reasonable and that the insurer's statutory surplus following any transaction with an affiliate be both reasonable in relation to its outstanding liabilities and adequate to its financial needs. Statutory surplus is the excess of admitted assets over statutory liabilities. For certain types of agreements and transactions between an insurer and its affiliates, these laws and regulations require prior notification to, and non-disapproval or approval by, the insurance regulatory authority of the insurer's state of domicile.

Policy Forms

Our insurance subsidiaries' policy forms are subject to regulation in every state in which such subsidiaries are licensed to transact insurance business. In most states, policy forms must be filed prior to their use.

Dividend Limitations

As a holding company with no significant business operations of its own, Symetra depends on dividends or other distributions from its subsidiaries as the principal source of cash to meet its obligations, including the payment of interest on and repayment of principal of any debt obligations and payment of dividends to stockholders and stock repurchases. The payment of dividends or other distributions to Symetra by its insurance subsidiaries is regulated by the insurance laws and regulations of their respective states of domicile. In the state of Washington, the state of domicile of Symetra's principal insurance subsidiary, Symetra Life Insurance Company, an insurance company subsidiary may not pay an "extraordinary" dividend or distribution until 30 days after the insurance commissioner has received sufficient notice of the intended payment and has not objected or has approved the payment within the 30-day period. An "extraordinary" dividend or distribution is defined under Washington law as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months, exceeds the greater of:

- 10% of the insurer's statutory surplus as of the immediately prior year end; or
- the statutory net gain from the insurer's operations for the prior year.

State laws and regulations also prohibit an insurer from declaring or paying a dividend except out of its statutory surplus or require the insurer to obtain regulatory approval before it may do so. In addition, insurance regulators may prohibit the payment of ordinary dividends or other payments by our insurance subsidiaries to Symetra (such as a payment under a tax sharing agreement or for employee or other services) if they determine that such payment could be adverse to our policyholders or contractholders.

Market Conduct Regulation

The laws and regulations of U.S. jurisdictions include numerous provisions governing the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, product illustrations, advertising, product replacement, sales and underwriting practices, complaint handling and claims handling. State jurisdictions generally enforce these provisions through periodic market conduct examinations.

Statutory Examinations

As part of their regulatory oversight process, state insurance departments conduct periodic detailed examinations of the books, records, accounts and business practices of insurers domiciled in their jurisdictions. These examinations generally are conducted in cooperation with the insurance departments of several other states under guidelines promulgated by the NAIC.

In the three year period ended December 31, 2006, we have not received any material adverse findings resulting from any insurance department examinations of our insurance subsidiaries.

Guaranty Associations and Similar Arrangements

Most states require life insurers doing business within the state to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies of insurers who become impaired or insolvent. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets.

We had no assessments levied against our insurance subsidiaries for the three months ended March 31, 2007. Aggregate assessments levied against our insurance subsidiaries totaled $0.2 million and $1.0 million for

the years ended December 31, 2006 and 2005, respectively. Although the amount and timing of future assessments are not predictable, we have established reserves for guaranty fund assessments that we consider adequate for assessments with respect to insurers that currently are subject to insolvency proceedings.

Change of Control

The laws and regulations of the states in which our insurance subsidiaries are domiciled require that a person obtain the approval of the insurance commissioner of the insurance company's jurisdiction of domicile prior to acquiring control of the insurer. Generally, such laws provide that control over an insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of the insurer. In considering an application to acquire control of an insurer, the insurance commissioner generally will consider such factors as the experience, competence and financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquiror's plans for the management and operation of the insurer, and any anti-competitive results that may arise from the acquisition. In addition, a person seeking to acquire control of an insurance company is required in some states to make filings prior to completing an acquisition if the acquiror and the target insurance company and their affiliates have sufficiently large market shares in particular lines of insurance in those states. Approval of an acquisition may not be required in these states, but the state insurance departments could take action to impose conditions on an acquisition that could delay or prevent its consummation. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

Policy and Contract Reserve Sufficiency Analysis

Under the laws and regulations of their states of domicile, our life insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life and health insurance and annuity statutory reserves. In addition, other jurisdictions in which these subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus. Our life insurance subsidiaries submit these opinions annually to applicable insurance regulatory authorities.

Surplus and Capital Requirements

Insurance regulators have the discretionary authority, in connection with the ongoing licensing of our insurance subsidiaries, to limit or prohibit the ability of an insurer to issue new policies if, in the regulators' judgment, the insurer is not maintaining a minimum amount of surplus or is in hazardous financial condition. Insurance regulators may also limit the ability of an insurer to issue new life insurance policies and annuity contracts above an amount based upon the face amount and premiums of policies of a similar type issued in the prior year. We do not believe that the current or anticipated levels of statutory surplus of our insurance subsidiaries present a material risk that any such regulator would limit the amount of new policies that our insurance subsidiaries may issue.

Risk-based Capital

The NAIC has established risk-based capital standards for life insurance companies as well as a model act with the intention that these standards be applied at the state level. The model act provides that life insurance companies must submit an annual risk-based capital report to state regulators reporting their risk-based capital based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky

items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

If an insurer's risk-based capital falls below specified levels, the insurer would be subject to different degrees of regulatory action depending upon the level. These actions range from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control. As of December 31, 2006, the risk-based capital of each of our life insurance subsidiaries exceeded the level of risk-based capital that would require any of them to take or become subject to any corrective action.

Statutory Accounting Principles

Statutory accounting principles, or SAP, is a basis of accounting developed by state insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary state. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various states. These accounting principles and related regulations determine, among other things, the amounts our insurance subsidiaries may pay to us as dividends. The values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP may be different from those reflected in financial statements prepared under SAP.

Regulation of Investments

Each of our insurance subsidiaries is subject to laws and regulations that require diversification of its investment portfolio and limit the amount of investments in certain asset categories, such as below investment grade fixed maturities, real estate, equity investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring surplus, and, in some instances, would require divestiture of such non-complying investments. We believe the investments held by our insurance subsidiaries comply with these laws and regulations.

Federal Regulation

Our variable life insurance and variable annuity products generally are "securities" within the meaning of federal and state securities laws. As a result, they are registered under the Securities Act of 1933 and are subject to regulation by the SEC, the NASD and state securities authorities. Federal and state securities regulation similar to that discussed below under "— Other Laws and Regulations — Securities Regulation" affect investment advice, sales and related activities with respect to these products. In addition, although the federal government does not comprehensively regulate the business of insurance, federal legislation and administrative policies in several other areas, including taxation, privacy regulation, financial services regulation and pension and welfare benefits regulation, can also significantly affect the insurance industry. In addition, various forms of direct federal regulation of insurance have been proposed. These proposals include the "National Insurance Act," which would allow insurance companies to choose to be regulated by a federal regulator rather than by multiple state regulators, and "The State Modernization and Regulatory Transparency Act," which would maintain state-based regulation of insurance but would affect state regulation of certain aspects of the business of insurance, including rates, agent and company licensing and market conduct examinations.

Federal Initiatives

Although the federal government generally does not directly regulate the insurance business, federal initiatives often and increasingly have an impact on the business in a variety of ways. From time to time, federal measures are proposed that may significantly affect the insurance business, including limitations on antitrust immunity, tax incentives for lifetime annuity payouts, simplification bills affecting tax-advantaged or

tax-exempt savings and retirement vehicles, and proposals to modify or make permanent the estate tax repeal enacted in 2001. In addition, various forms of direct federal regulation of insurance have been proposed in recent years. We cannot predict whether these or other proposals will be adopted, or what impact, if any, such proposals may have on our business.

Changes in Tax Laws

Changes in tax laws could make some of our products less attractive to consumers. For example, in November 2004, the Treasury Department and the Internal Revenue Service, or IRS, issued proposed regulations relating to Section 403(b) plans that will impact the 403(b) marketplace, including tax sheltered annuities. While the terms of the proposed regulations are not final and the impact of the new regulations is uncertain, it is likely that employers offering Section 403(b) plans will be required to change how their plans operate. Those changes may include re-evaluation of their plan investment offerings, including annuities currently offered by us in those plans.

Furthermore, the federal estate tax, which has undergone a gradual repeal since 2001 that will continue to be phased in through 2010, is scheduled to revert to pre-2001 law as of January 1, 2011. The repeal of and continuing uncertainty regarding the federal estate tax may adversely affect sales and surrenders of some of our estate planning products.

Other Laws and Regulations

Securities Regulation

Certain of our U.S. subsidiaries and certain policies and contracts offered by them, are subject to various levels of regulation under the federal securities laws administered by the SEC. Certain of our U.S. subsidiaries are investment advisers registered under the Investment Advisers Act of 1940. Certain of their respective employees are licensed as investment advisory representatives in the states where those employees have clients. Some of our insurance company separate accounts are registered under the Investment Company Act of 1940. Some annuity contracts and insurance policies issued by some of our U.S. subsidiaries are funded by separate accounts, the interests in which are registered under the Securities Act of 1933. Certain of our subsidiaries are registered and regulated as broker-dealers under the Exchange Act and are members of, and subject to regulation by, the NASD, as well as by various state and local regulators. The registered representatives of our broker-dealers are also regulated by the SEC and NASD and are further subject to applicable state and local laws.

These laws and regulations are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include suspension of individual employees, limitations on the activities in which the investment adviser or broker/dealer may engage, suspension or revocation of the investment adviser or broker/dealer registration, censure or fines. We may also be subject to similar laws and regulations in the states and other countries in which we provide investment advisory services, offer the products described above or conduct other securities-related activities.

Certain of our U.S. subsidiaries also sponsor and manage investment vehicles that rely on certain exemptions from registration under the Investment Company Act of 1940 and the Securities Act of 1933. Nevertheless, certain provisions of the Investment Company Act of 1940 and the Securities Act of 1933 apply to these investment vehicles and the securities issued by such vehicles. The Investment Company Act of 1940, the Investment Advisers Act of 1940 and the Securities Act of 1933, including the rules promulgated thereunder, are subject to change which may affect our U.S. subsidiaries that sponsor and manage such investment vehicles.

ERISA Considerations

We provide certain products and services to certain employee benefits plans that are subject to ERISA or the Internal Revenue Code. As such, our activities are subject to the restrictions imposed by ERISA and the Internal Revenue Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries and the requirement under ERISA and the Internal Revenue Code that fiduciaries may not cause a covered plan to engage in certain prohibited transactions with persons who have certain relationships with respect to such plans. The applicable provisions of ERISA and the Internal Revenue Code are subject to enforcement by the U.S. Department of Labor, the IRS and the Pension Benefit Guaranty Corporation.

USA Patriot Act

The USA Patriot Act of 2001, or the Patriot Act, which was renewed for an additional four years in 2006, contains anti-money laundering and financial transparency laws and mandates the implementation of various new regulations applicable to broker/dealers and other financial services companies including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. The increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, require the implementation and maintenance of internal practices, procedures and controls. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the Patriot Act.

Privacy of Consumer Information

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and their policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations also govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others, the physical and procedural safeguards employed to protect the security of that information and the electronic transmission of such information. Congress and state legislatures are expected to consider additional legislation relating to privacy and other aspects of consumer information.

MANAGEMENT

Directors and Executive Officers

Set forth below is a list of the directors and principal executive officers of Symetra as of June 29, 2007. The positions listed are of Symetra unless otherwise indicated.

Name	Age	Positions
David T. Foy	40	Director, Chairman of the Board
Randall H. Talbot	53	Director, President and Chief Executive Officer
Roger F. Harbin	56	Executive Vice President and Chief Operating Officer
Margaret A. Meister	42	Executive Vice President and Chief Financial Officer
Allyn D. Close	45	Senior Vice President — Marketing, Symetra Life Insurance Company
Jennifer V. Davies	49	Senior Vice President — Enterprise Development
Richard J. Lindsay	50	Senior Vice President — Life & Annuities Division, Symetra Life Insurance Company
Patrick B. McCormick	50	Senior Vice President — Distribution, Symetra Life Insurance Company
M. Scott Taylor	64	Senior Vice President — Group Department, Symetra Life Insurance Company
Tommie D. Brooks	36	Vice President and Chief Actuary, Symetra Life Insurance Company
Christine A. Katzmar	48	Vice President — Human Resources
Troy J. Olson-Blair	51	Vice President — Information Technology
George C. Pagos	57	Vice President, General Counsel and Secretary
Lois W. Grady	62	Director
Sander M. Levy	45	Director
Robert R. Lusardi	50	Director
David I. Schamis	33	Director
Lowndes A. Smith	67	Director

David T. Foy has been Chairman of the Board of Symetra since 2004. He has been Executive Vice President and Chief Financial Officer of White Mountains Insurance Group, Ltd. since 2003. Previously, he was Senior Vice President and Chief Financial Officer of Hartford Life, Inc., which he joined in 1993. From 1989 to 1993, Mr. Foy was with Milliman and Robertson, an actuarial consulting firm. He is also a director of OneBeacon Insurance Group, Ltd. He received his B.S. degree from the Rochester Institute of Technology.

Randall H. Talbot has been a director, Chief Executive Officer and President of Symetra since 2004. Mr. Talbot joined Symetra Life Insurance Company in 1998, and from 1998 to 2004, he served as its President. He is also President and a director of various affiliates of Symetra. From 1988 to 1998, he was Chief Executive Officer and President of Talbot Financial Corporation. Mr. Talbot is a member of the board of directors of the American Council of Life Insurers. Mr. Talbot received his B.A. degree from Arizona State University.

Roger F. Harbin has been Executive Vice President and Chief Operating Officer of Symetra since 2004. Mr. Harbin joined Symetra Life Insurance Company in 1977, and served in a variety of positions, most recently Executive Vice President of Symetra Life Insurance Company, before he was promoted to his current positions. He is also an officer and director of various affiliates of Symetra. Mr. Harbin is a fellow of the Society of Actuaries and has served on the boards of several industry organizations. He is currently a member of the boards of state insurance guaranty associations in Washington, Virginia, North Carolina and Montana. Mr. Harbin received his B.A. and M.A. degrees from the University of Montana.

Margaret A. Meister has been Executive Vice President and Chief Financial Officer of Symetra since 2006. She is an officer and director of various affiliates of Symetra. Ms. Meister is a fellow of the Society of Actuaries. Ms. Meister joined Symetra Life Insurance Company in 1988, and served in a variety of positions, most recently Chief Actuary and Vice President prior to her promotion to her current position. Ms. Meister received her B.A. degree from Whitman College.

Allyn D. Close has been Senior Vice President of Symetra Life Insurance Company since 2001 and is responsible for Marketing. Mr. Close joined Symetra Life Insurance Company in 1998, and from 1999 to 2001, he served as President of Symetra Investment Services, Inc. He is also an officer and director of various affiliates of Symetra. Prior to joining Symetra, Mr. Close was President and Chief Executive Officer of Interpacific Investors Services, Inc., a regional brokerage company. Mr. Close received his B.A. degree from the University of Washington.

Jennifer V. Davies has been Senior Vice President of Symetra since June 2007 and is responsible for Enterprise Development. Ms. Davies joined Symetra Life Insurance Company in 1992, and served in a variety of positions, most recently Vice President, prior to being promoted to her current position. She is also an officer and director of various of our affiliates. Ms. Davies was employed by Sons of Norway from 1986 to 1992, and ITT/Hartford Life Insurance Company from 1982 to 1986. Ms. Davies received her B.A. degree from the University of Minnesota and her M.A. degree from the University of Virginia.

Richard J. Lindsay has been Senior Vice President of Symetra Life Insurance Company since 2006. He is responsible for the operations of the Life & Annuities division of Symetra Life Insurance Company. Prior to joining Symetra Life Insurance Company, Mr. Lindsay had worked for AIG VALIC since 1998, where his last position was as an executive vice president of AIG VALIC and as president of VALIC Financial Advisors, an affiliated broker-dealer. Prior to joining AIG VALIC, Mr. Lindsay spent 11 years with CoreStates Financial Corp. Mr. Lindsay received his B.A. degree from Brown University, his M.B.A. degree from Wharton School of the University of Pennsylvania, and his J.D. degree from Temple University.

Patrick B. McCormick has been Senior Vice President of Symetra Life Insurance Company since 1999 and is responsible for Distribution. Mr. McCormick joined Symetra Life Insurance Company in 1995, and served in a variety of positions, most recently Vice President, before he was promoted to his current position after the Acquisition. He is also an officer and director of various affiliates of Symetra.

M. Scott Taylor has been Senior Vice President of Symetra Life Insurance Company since 2000 and is responsible for Symetra Life Insurance Company's Group Department. Mr. Taylor joined Safeco Life Insurance Company in 1971, and served in a variety of positions, most recently Vice President, before he was promoted to his current position. He is also an officer and director of various affiliates of Symetra. Mr. Taylor served in the U.S. Air Force and received his B.A. degree from the University of Washington.

Tommie D. Brooks has been Vice President and Chief Actuary of Symetra since March 2007. Mr. Brooks joined Symetra Life Insurance Company in 1992, and served in a variety of managerial positions throughout the company. Mr. Brooks attained the Fellow of the Society of Actuaries in 1998 and earned his B.S. in math and actuarial sciences from Central Washington University.

Christine A. Katzmar has been Vice President of Symetra since 2004 and is responsible for Human Resources. Ms. Katzmar joined Symetra Life Insurance Company in 2001 as Vice President. From 1991 to 2001, she was with Safeco Insurance Company, where she held a variety of positions, most recently Human Resources Director. She is also an officer of various affiliates of Symetra. Ms. Katzmar received her B.A. degree from Miami University, Ohio.

Troy J. Olson-Blair has been Vice President of Symetra since June 2007 and is responsible for Information Technology. She has been Vice President of Symetra Life Insurance Company since 2000 and also served as Chief Information Officer since 2004. She has been responsible for Information Technology since joining the company. Prior to Symetra, Ms. Olson-Blair held a variety of technical and managerial positions with Safeco Insurance Company that span twenty years; her last position was AVP and director for IT Operations. Ms. Olson-Blair's background includes application development, voice and data communications, networking, web services and ITIL service level management.

George C. Pagos has been Vice President, General Counsel and Secretary of Symetra since 2004. Mr. Pagos joined Symetra Life Insurance Company in 1976, and served in a variety of positions prior to being promoted to his current position. He is also an officer and director of various affiliates of Symetra. Mr. Pagos received his B.A. degree from George Washington University and his J.D. degree from the University of Maryland.

Lois W. Grady has been a director of Symetra since 2004. Ms. Grady served as Executive Vice President and Director of Investment Products Services of Hartford Life, Inc. from 2002 through 2004 and as Senior Vice President and Director of Investment Products Services of Hartford Life, Inc. from 1998 through 2002. She began her career with Hartford Life in 1983. She is also a director of OneBeacon Insurance Group, Ltd. Ms. Grady received her B.S. degree from Southern Connecticut State University.

Sander M. Levy has been a director of Symetra since 2004. He has been Managing Director of Vestar Capital Partners, a private equity firm, since 1988. He was previously a member of the management buyout group of First Boston Corporation. He received his B.S. degree from The Wharton School, University of Pennsylvania, and his M.B.A. degree from Columbia Business School.

Robert R. Lusardi has been a director of Symetra since 2005. He has been Executive Vice President and Managing Director of White Mountains Capital, Inc. since 2005. From 1998 until 2005, Mr. Lusardi served at XL Capital Ltd., first as Chief Financial Officer and later as Chief Executive Officer — Financial Products and Services. Previously, Mr. Lusardi was a Managing Director at Lehman Brothers, which he joined in 1980. He is also a director of OneBeacon Insurance Group, Ltd. and Primus Guaranty, Ltd. He received his B.A. and M.A. degrees from Oxford University, and his M.B.A. from Harvard Business School.

David I. Schamis has been a director of Symetra since 2004. He has been Managing Director of J.C. Flowers & Co. LLC since 2000. He received his B.A. degree from Yale University.

Lowndes A. Smith has been a director of the Company since 2007. Mr. Smith serves as Managing Partner of Whittington Gray Associates. Mr. Smith formerly served as Vice Chairman of The Hartford Financial Services Group, Inc. and President and CEO of Hartford Life, Inc. He joined The Hartford in 1968. Mr. Smith also serves as Chairman of OneBeacon Insurance Group, Ltd. and is a director of 85 investment companies in the mutual funds of The Hartford. He received his B.S. degree from Babson College.

Composition of the Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of seven members, four of whom we believe are independent directors under currently applicable listing standards of the NYSE.

Committees of the Board of Directors

Upon completion of this offering, our board of directors will conduct its business through three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues. Our audit committee, our compensation committee and our nominating and corporate governance committee will be required to be composed of a majority of independent directors within 90 days following the completion of this offering and entirely of independent directors within one year following the completion of this offering.

Audit Committee

Upon completion of this offering, we will have an audit committee that will have responsibilities that meet all NYSE and SEC requirements.

The audit committee will have the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

Upon the completion of this offering, our audit committee will consist of Mr. Foy, Mr. Levy and Mr. Schamis. Within a year of the completion of this offering, all members of the audit committee will be independent directors according to the rules and regulations of the SEC and the NYSE and at least one member will be an "audit committee financial expert," as such term is defined in Item 407 of Regulation S-K.

Prior to the completion of this offering, our board of directors will adopt a written charter for the audit committee, which will be available on our website.

Compensation Committee

Upon completion of this offering, we will have a compensation committee that will have responsibilities that meet all NYSE requirements.

Upon the completion of this offering, our compensation committee will consist of Mr. Foy, Ms. Grady and Mr. Smith. Within a year of completion of this offering, all members of the compensation committee will be independent directors according to the rules and regulations of the NYSE.

Prior to the completion of this offering, our board of directors will adopt a written charter for the compensation committee, which will be available on our website.

Nominating and Corporate Governance Committee

Upon completion of this offering, we will have a nominating and corporate governance committee that will have responsibilities that meet all NYSE requirements.

Upon completion of the offering our nominating and corporate governance committee will consist of Mr. Foy, Mr. Levy and Mr. Smith. Within a year of completion of this offering, all members of the nominating and corporate governance committee will be independent directors according to the rules and regulations of the NYSE.

Prior to the completion of this offering, our board of directors will adopt a written charter for the corporate governance and nominating committee, which will be available on our website.

Compensation Committee Interlocks and Insider Participation

Upon completion of this offering, our board of directors will have a compensation committee as described above. None of our executive officers will serve as a member of our compensation committee, and none of them have served, or will be permitted to serve, on the compensation committee (or any other committee serving a similar function) of any entity of which an executive officer is expected to serve as a member of our compensation committee.

Code of Business and Financial Conduct and Corporate Governance Guidelines

Prior to the completion of this offering, our board of directors will adopt a Code of Business and Financial Conduct applicable to our directors, officers and employees and corporate governance guidelines, each in accordance with applicable rules and regulations of the SEC and the NYSE. Prior to completion of this offering, the Code of Business and Financial Conduct and the corporate governance guidelines will be available on our website.

Compensation Discussion and Analysis

Named Executive Officers

The following Compensation Discussion and Analysis describes the compensation earned by, awarded to or paid to our Chief Executive Officer, our Chief Financial Officer and our three other most highly paid executive officers as determined under the rules of the SEC, collectively referred to as the Named Executive Officers and listed below:

- Randall H. Talbot, President and Chief Executive Officer

- Roger F. Harbin, Executive Vice President and Chief Operating Officer
- Margaret A. Meister, Executive Vice President and Chief Financial Officer
- M. Scott Taylor, Senior Vice President, Group Department, Symetra Life Insurance Company
- Patrick B. McCormick, Senior Vice President, Distribution, Symetra Life Insurance Company
- Oscar C. Tengtio, Former Executive Vice President and Chief Financial Officer. Mr. Tengtio resigned as an executive officer and employee on February 17, 2006.

Compensation Philosophy

Our overall executive compensation program was redesigned after the Acquisition by the acquiring stockholder group to align the financial interests of our executives with those of our stockholders. We focus on pay-for-performance (both individual performance and our performance) by providing incentives that emphasize long-term value creation, therefore putting a large portion of our executives' pay at risk. Based on this philosophy, the compensation committee has maintained base salaries that may be lower than those paid by other financial services companies and life insurers and has chosen not to provide pensions or other perquisites, choosing instead to grant the largest portion of compensation as long-term incentive compensation which is based on the growth of intrinsic business value per share.

Pay-for-performance. A majority of our executive officers' compensation is directly linked to our short- and long-term financial goals, thereby providing incentives for both short- and long-term results. Our Annual Incentive Bonus Plan rewards performance relative to short-term results through a combination of meeting Company performance goals and individual performance goals. The Symetra Financial Corporation Performance Share Plan (the "Performance Share Plan") rewards long-term performance relative to financial goals set on three-year cycles.

Pay at risk. Pay at risk should align with the executive officer's impact on company performance over the short-and long-term. Our Chief Executive Officer receives the largest portion (approximately 90%) of his target total annual compensation as performance-based incentive compensation. All executive officers have a significant amount of their total annual compensation at risk through performance-based incentives.

Competitive. As we grow and strive to reach competitive financial goals, our need for experienced executive talent will continue. Our compensation opportunities must be competitive to allow us to attract and retain talented executives in our field.

Compensation Process

The compensation committee, according to its charter, is responsible for approving all compensation for our Named Executive Officers as well as our other executive officers and administering the Performance Share Plan with respect to all participants.

The compensation committee relies on Mr. Talbot and Ms. Katzmar for recommending compensation programs and awards for executive officers subject to committee approval and for administering approved programs for all employees. Mr. Talbot and Ms. Katzmar attend committee meetings and, at the committee's request, present management's analysis and recommendations regarding compensation actions to include base salary, Annual Incentive Bonus Plan and Performance Share Plan grants.

Compensation actions are usually presented at the first meeting of the compensation committee of each year after financial results for the prior year are available. In the meeting, Mr. Talbot also presents a self-evaluation outlining his performance to assist the compensation committee in determining his total compensation for the year. The compensation committee then holds a private session to discuss and determine Mr. Talbot's total compensation.

The compensation committee is comprised of experienced investors who have, based on their experience, set compensation levels and performance targets at what they believe to be appropriate levels. However, to test

its beliefs, the compensation committee may consider retaining a compensation consultant to assist in this assessment.

Elements of Compensation

We currently compensate our executives through a combination of base salary, annual incentive compensation or, in the case of our sales executive, sales incentive compensation and long-term incentive compensation.

Base salary. We do not pay our executives officers large base salaries. While executive performance is annually reviewed, base salaries for executives are not regularly adjusted. The base salaries for Messrs. Talbot, Harbin, Taylor and McCormick have not been increased since August 2004. Ms. Meister received an increase in her base salary in connection with her promotion to Chief Actuary in August 2004 and again in connection with her promotion to Chief Financial Officer in February 2006. Our practice of not adjusting base salaries based on performance is consistent with our philosophy that the majority of compensation should be variable based on our actual long-term and short-term performance and that of the executive.

Annual incentive compensation. We pay annual incentive cash awards to our Named Executive Officers, except Mr. McCormick, through the Annual Incentive Bonus Plan in March of each year for performance in the prior calendar year. The Annual Incentive Bonus Plan awards are based on our fulfillment of performance goals set at the beginning of the year and the executive's individual role in that goal fulfillment.

The compensation committee determines the performance goals and approves the target aggregate bonus pool for the Annual Incentive Bonus Plan each year. The actual aggregate bonus pool for the Annual Incentive Bonus Plan is determined by the sum of all participants' target awards and can range from 0% to 200% of this target, based on our fulfillment of performance goals. The metric currently used to determine the actual aggregate bonus pool for the Plan is the growth in our intrinsic business value per share, which is the average of the growth of both our GAAP book value per share and enterprise value per share during the plan year. Currently, the goal is 13% and if the average growth is 10% or lower, the Plan will not be funded and no bonus awards will be paid. If the average growth falls between 10% and 13%, the aggregate bonus pool will be less than 100% of the target. If the average growth meets or exceeds the 13% goal, the aggregate bonus pool will grow proportionately to a maximum of 200% of the target. The aggregate bonus pool for the Annual Incentive Bonus Plan for 2006 (for bonuses paid in 2007) was 92%.

After the aggregate bonus pool for the Annual Incentive Bonus Plan is established, each executive is allocated a portion of the pool based on his or her individual target and such executive's individual performance. The individual target bonus for each of the CEO, COO and CFO is equal to 50% of his or her base salary while the individual annual target bonus for Mr. Taylor is 35% of his base salary. After reviewing performance of the executive, Mr. Talbot recommends to the compensation committee a percentage of each executive's individual target to be paid out for the Plan year based on such executive's individual performance compared to goals or expectations set by such executive and Mr. Talbot. Mr. Talbot's recommended annual incentive bonus is subject to the total funding level for the Annual Incentive Bonus Plan and the average percentage of target bonuses paid to the executive team. The compensation committee then makes the final determination of the amount to be received by each executive. In 2006, Mr. Talbot, Mr. Harbin, Ms. Meister and Mr. Taylor received 100%, 85%, 112% and 112%, respectively, of their target bonuses under the Annual Incentive Bonus Plan.

Combining our overall performance and individual performance ensures the executive is aligned with our goals for financial success as well as rewarded for individual performance.

In 2006, the Annual Incentive Bonus was designed to comprise 5%, 8%, 10% and 10% of total target compensation for Mr. Talbot, Mr. Harbin, Ms. Meister and Mr. Taylor, respectively.

Sales incentive compensation. All sales employees, including Mr. McCormick, participate in a sales incentive program. The targets for Mr. McCormick's participation in the Plan are designed to motivate him to develop new distribution relationships and expand existing relationships. He is rewarded for new net sales

volumes in all product lines. In 2006, Mr. McCormick's sales incentive target was 24% of his target total compensation.

Long-Term Incentive Compensation. We provide long-term incentives to our Named Executive Officers and other officers through the Performance Share Plan. This long-term incentive compensation is in the form of unit-based performance awards. Awards are granted annually. Each award period is typically three years, therefore overlapping other award periods. At the time of grant, each target performance unit has the financial value of $100.00. Thereafter, the unit has the financial value of $100.00 x (1 + aggregate percentage growth in intrinsic business value per share) conditioned upon attainment of a pre-established performance goal over the award period. At the end of the award period, the compensation committee determines the level of attainment of the performance goal and assigns a harvest percentage based on that determination. The matured performance units are paid in cash in an amount equal to the then financial value of the shares multiplied by the harvest percentage.

For all currently running performance cycles, the performance goal is 13% compound annualized growth in our intrinsic business value per share. This growth in our intrinsic business value per share is measured by the average of the compound annualized growth rates during the award period of the GAAP book value per share and the enterprise value per share, excluding unrealized gains or losses other than unrealized gains or losses on equities held as investments.

The harvest percentage ranges from 0% to 200% for the currently running performance cycles. If the compound annualized growth is 10% or less, no award is made. If the compound annualized growth is 16% or higher, the harvest percentage is 200% for a maximum award. For annualized percentage growth between 10% and 16%, the harvest percentage is determined on the basis of straight line interpolation.

The performance share grants reflect the expected contribution of each participant based on Mr. Talbot's recommendation and the compensation committee's discretion. The participants are determined by the compensation committee and include all of the Named Executive Officers as well as members of the CEO's management team. See the "Grant of Plan-Based Awards" table for the grants of each Named Executive Officer for 2006.

The target grants for the 2006-2008 performance share award period were designed to comprise 85%, 75%, 70%, 61% and 52% of target total compensation for Mr. Talbot, Mr. Harbin, Ms. Meister, Mr. Taylor and Mr. McCormick, respectively.

Other Compensation Elements

Retirement benefits. All of our employees, including our Named Executive Officers, may participate in our qualified 401(k) plan, which includes a safe harbor employer match. The safe harbor employer match is equal to 100% of the employee contributions up to the first 6% of eligible compensation. We have no defined benefit pension plans, non-qualified deferred compensation plans or retiree medical plans.

Perquisites. Our executive officers receive the same benefits that are available to all employees. Benefits such as medical and dental insurance, life insurance, short- and long-term disability, vacation and sick leave, tuition reimbursement and professional education funding, charitable gift matching, employee referral program, and relocation assistance are available to all employees. All employees are also eligible for several discount programs including fitness club memberships, computers/software, wireless programs, office supplies, rental cars and hotels for personal use.

Employment agreements/severance agreements. We have no employment agreements with our executive officers. All of our executive officers are "at will" employees.

We have no formal severance policy for our executive officers. Our Named Executive Officers who participate in the Performance Share Plan may receive certain payments if they are terminated within 24 months following a change in control. The potential payments upon a change in control are described in more detail in the section below entitled "Potential Payments Upon Termination or Change-in-Control."

Tax and accounting implications of executive compensation programs. After the consummation of this offering, Section 162(m) of the Internal Revenue Code would limit the deductibility of the compensation of our Named Executive Officers to $1,000,000 per individual to the extent that such compensation is not "performance-based" as defined in Section 162(m). We intend to rely on an exemption from Internal Revenue Code Section 162(m) for compensation plans adopted prior to a company's initial public offering. This transition exemption for our compensation plans will no longer be available to us after the date of our annual meeting that occurs after the third calendar year following the year of our initial public offering, or if we materially modify the plan earlier. We will continue to consider the implications of Internal Revenue Code Section 162(m) and the limits of deductibility of compensation in excess of $1,000,000 as we design our compensation programs going forward.

Summary Compensation Table

The following table presents compensation earned during 2006 by the company's CEO, CFO and its three most highly compensated executive officers other than the chief executive officer and chief financial officer (the "Named Executive Officers"):

Name and Principal Position	Year	Base Salary ($)	Non-Equity Incentive Plan Compensation ($)(a)	All Other Compensation ($)(b)	Total Compensation ($)
Randall H. Talbot President and Chief Executive Officer	2006				
Roger F. Harbin Executive Vice President and COO	2006				
Margaret A. Meister (c) Executive Vice President and Chief Financial Officer	2006				
Oscar C. Tengtio (d) Executive Vice President and Chief Financial Officer	2006				
M. Scott Taylor Senior Vice President Group Division	2006				
Patrick B. McCormick Senior Vice President Sales and Distribution	2006				

(a) Represents (i) 2006 Annual Incentive Bonuses paid in March 2007 (other than with respect to Mr. McCormick), (ii) in the case of Mr. McCormick amounts paid under the 2006 Sales Incentive Plan and (iii) amounts earned under the 2004-2006 Performance Share Plan and paid in March 2007. Mr. Talbot earned $ for the 2006 Annual Incentive Bonus and $ for the 2004-2006 Performance Share Plan. Mr. Harbin earned $ for the 2006 Annual Incentive Bonus and $ for the 2004-2006 Performance Share Plan. Ms. Meister earned $ for the 2006 Annual Incentive Bonus and $ for the 2004-2006 Performance Share Plan. Mr. Taylor earned $ for the 2006 Annual Incentive Bonus and $ for the 2004-2006 Performance Share Plan. Mr. McCormick earned $ in his Sales Incentive Plan and $ for the 2004-2006 Performance Share Plan.

(b) Represents employer contributions to the Symetra Retirement Savings Plan and a grossed up employee referral bonus of $ in the case of Ms. Meister.

(c) Ms. Meister was promoted to Executive Vice President and Chief Financial Officer on February 17, 2006.

(d) Mr. Tengtio resigned as an executive officer and employee on February 17, 2006.

Grant of Plan-Based Awards

The following table summarizes the estimated future payouts under the Non-Equity Incentive Plans granted to the Named Executive Officers in 2006:

Executive	Non-Equity Incentive Plan(a)	Cycle	Number of Shares Granted	Threshold ($)	Target ($)(b)	Maximum ($)(c)
Randall H. Talbot	Annual Incentive Plan	2006				
	Performance Share Plan	2006 - 2008				
Roger F. Harbin	Annual Incentive Plan	2006				
	Performance Share Plan	2006 - 2008				
Margaret A. Meister	Annual Incentive Plan	2006				
	Performance Share Plan	2006 - 2008				
M. Scott Taylor	Annual Incentive Plan	2006				
	Performance Share Plan	2006 - 2008				
Patrick B. McCormick	Sales Incentive Plan	2006				
	Performance Share Plan	2006 - 2008				

(a) On May 17, 2006, the 2006 targets of the Annual Incentive Plan were approved for Messrs. Talbot, Harbin, Taylor and Ms. Meister. Mr. McCormick's 2006 Sales Incentive Plan was approved by Mr. Talbot on January 25, 2006. On May 17, 2006, all Named Executive Officers were granted shares in the 2006-2008 Performance Share Plan. Each share is initially valued at $100.00.

(b) Reflects an annual compounded growth rate of % resulting in the target harvest percentage of 100%.

(c) Reflects an annual compounded growth rate of % resulting in the maximum harvest percentage of 200%.

Potential Payments Upon Termination or Change in Control

We have no formal severance policy for our Named Executive Officers, and we have no employment agreements with our Named Executive Officers that would provide payments upon termination of employment. We have no change in control agreements with our Named Executive Officers, other than the change in control provision described in the section below entitled "Performance Share Plan."

Annual Incentive Plan

The Annual Incentive Plan requires that an executive be an active employee on December 31 of the plan year, and remain continuously employed by the Company through the award payout date in order to be eligible to receive a bonus award. Exceptions to this include death, disability, retirement at age 65 or older or position elimination. In these cases, the bonus will be based on eligible earnings paid through the executive's last day of work within the plan year.

Sales Incentive Plan

Mr. McCormick's Sales Plan provides that if he leaves his position for any reason, he will be paid for production earned through the end of the last full month of employment.

Performance Share Plan

The Performance Share Plan provides that except for the change of control provision described below, the executive would immediately forfeit all outstanding awards upon termination of employment prior to the end of the applicable award period. The board of directors, at its discretion, may provide that if an executive dies, retires, is disabled or is granted a leave of absence, or if the executive is otherwise terminated in a manner

reasonably judged to be not seriously detrimental to the Company, then all or a portion of the executive's award, as determined by the board, may be paid to the executive (or beneficiary).

The Performance Share Plan carries a "double trigger" change in control provision which provides that (a) if a termination event occurs within 24 months after a change in control, each award held by the participant prior to the change in control is cancelled and the participant is entitled to receive an award payment equal to the product of (i) the then financial value of 100% of the performance shares and (ii) the harvest percentage, which is based on the level of attainment of the performance goal as of the last day of the calendar quarter ending prior to the date of the termination event and (b) if following the change in control, the participant's employment remains continuous through the end of the award period then the participant will be paid those awards for which he/she would have been paid had there not been a change in control.

Potential Payments Upon Termination or Change in Control

The following table shows the potential payments that would be made by Symetra to each of the Named Executive Officers assuming that each executive's employment was terminated upon a change in control that occurred on December 31, 2006.

Executive	2006 Annual Incentive (or Sales) Plan ($)(a)	2004-2006 Performance Share Plan ($)(b)	2005-2007 Performance Share Plan ($)(c)	2006-2008 Performance Share Plan ($)(d)	Total ($)
Randall H. Talbot					
Roger F. Harbin					
Margaret A. Meister					
M. Scott Taylor					
Patrick B. McCormick					

(a) Messrs. Talbot, Harbin, Taylor and Ms. Meister would have received the target 2006 Annual Incentive Bonus. Mr. McCormick would have received what he had earned in his Sales Incentive Plan at December 31, 2006.

(b) Each Named Executive Officer would have received their 2004-2006 Performance Share Plan based on achieving a harvest percentage of 105.8%, which is the harvest percentage achieved for the 2004-2006 Performance Plan Cycle.

(c) Each Named Executive Officer would have received this amount based on a per share value of $126.99 and a harvest percentage of 89.59%.

(d) Each Named Executive Officer would have received this amount based on a per share value of $112.74 and a harvest percentage of 91.29%

Compensation of Directors

The following table presents compensation paid to our board of directors for the year ended December 31, 2006:

Name	Fees Earned or Paid in Cash ($)	Total ($)
David T. Foy, Chairman(a)	67,000	67,000
John D. Gillespie(b)	28,000	28,000
Lois W. Grady(c)	32,800	32,800
Sander M. Levy(d)	54,500	54,500
Robert R. Lusardi(e)	30,000	30,000
Ronald P. McIntosh(f)	30,700	30,700
David I. Schamis(g)	38,800	38,800
Randall H. Talbot(h)	—	—

(a) Includes Chairman of the Board retainer, annual retainer, and Board, Audit Committee and Compensation Committee meeting fees.

(b) Includes annual retainer and Board meeting fees. Mr. Gillespie retired as a member of the Board as of June 26, 2007.

(c) Includes annual retainer, and Board and Compensation Committee meeting fees. Ms. Grady also serves on the First Symetra National Life Insurance Company of New York Board of Directors and Audit Committee.

(d) Includes Chairman of the Audit Committee retainer, annual retainer and Board and Audit Committee meeting fees. Mr. Levy also serves on the First Symetra National Life Insurance Company of New York Board of Directors and Audit Committee. All compensation is paid to Vestar Capital Partners

(e) Includes annual retainer and Board meeting fees.

(f) Includes annual retainer and Board meeting fees. Mr. McIntosh also served on the First Symetra National Life Insurance Company of New York Board of Directors. Mr. McIntosh retired from the Board of Symetra Financial Corporation as of June 21, 2007 and from the board of directors of First Symetra National Life Insurance Company of New York as of June 25, 2007.

(g) Includes annual retainer, and Board and Audit Committee meeting fees. Mr. Schamis also serves on the First Symetra National Life Insurance Company of New York Board of Directors and Audit Committee. All compensation is paid to JC Flowers & Co. LLC

(h) Mr. Talbot is our employee and receives no additional retainer or fee for Board participation.

Our directors, who are not employees of the Company, are entitled to the following compensation for service on our board of directors and board committees:

- Board Annual Retainer: $20,000 ($500 for First Symetra National Life Insurance Co. of New York)
- Attendance at Board Meeting: $2,000 ($100 for First Symetra National Life Insurance Co. of New York)
- Attendance at Committee Meeting: $1,000 ($50 for First Symetra National Life Insurance Co. of New York)
- Board Chair retainer: $25,000
- Audit Committee Chair retainer: $15,000
- Compensation Committee Chair retainer: $10,000

We reimburse our directors for reasonable costs and expenses incurred in connection with attendance at board and committee meetings.

After this offering, director’s fees and retainers will be increased to be more appropriate for public company responsibilities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following is a summary of each transaction or series of similar transactions since August 2, 2004, to which we were or are a party in which the amount involved exceeded or exceeds $120,000 and in which any of our directors or executive officers, any holder of 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Investment Management Agreement with White Mountains Advisors LLC

Certain of our investments are managed by WM Advisors, a wholly owned subsidiary of White Mountains Insurance Group, Ltd. The total fees paid to WM Advisors under our existing investment management agreements, or IMAs, with them during 2006 were $20.2 million. Immediately prior to the effectiveness of this offering, we and certain of our subsidiaries will enter into an amended investment management agreement, or the WMA Agreement, with WM Advisors pursuant to which WM Advisors will continue to supervise and direct the fixed income and alternative investment portion of our investment portfolio in accordance with our investment philosophy described under "Business — Investments."

Under this agreement and consistent with the existing IMA, WM Advisors will have full discretion and authority to make all investment decisions in respect of the fixed income and alternative investment portion of our investment portfolio on our behalf and at our sole risk, and to do anything which WM Advisors deems is required, appropriate or advisable in connection with the foregoing.

The assets of our portfolio will be held in one or more separately identifiable accounts in the custody of a bank or similar entity designated by us and acceptable to WM Advisors. We will be responsible for custodial arrangements and the payment of all custodial charges and fees.

We will agree to pay annual investment management fees generally based on the month-end market / book values held under custody as set forth in the table below:

	Value	Annual Fee
Investment grade fixed income:		
Up to $1 billion	Book	10.0 basis points (0.1% or 0.001)
$1 billion — $2 billion	Book	8.5 basis points
$2 billion — $5 billion	Book	7.5 basis points
Greater than $5 billion	Book	2.5 basis points
High yield debt	Market	25.0 basis points
Fully funded hedge funds, limited partnerships & limited liability companies	Market	100.0 basis points
Private equities & other deferred fundings:		
First two years of fund's life	Committed	100.0 basis points
Thereafter	Market	100.0 basis points

We will pay WM Advisors a quarterly fee for Portfolio Management Services computed at the annual rate of one basis point (0.01%) of the aggregate value of the net assets of the Aggregate Investment Account, which includes equities and commercial mortgage loans in addition to the items managed by WM Advisors.

WM Advisors will provide reports containing a detailed listing of invested assets and transactions in our investment portfolio, as well as various other analytical reports as outlined by Symetra, at least quarterly. We will review periodically the performance of and the fees paid to WM Advisors under the WMA Agreement.

The WMA Agreement will provide for an initial fixed term of one year, which will be extendible by us for an additional year (a second year), and if so extended, for a second additional year (a third year). Following the end of the initial term and any extensions, the WMA Agreement may be terminated by either party on 60 days written notice.

WM Advisors also provides investment advisory services to White Mountains Insurance Group, Ltd., its subsidiaries and a number of its affiliates.

Investment Management Agreement with Prospector Partners, LLC

Prospector is a registered investment adviser managing approximately $3.6 billion in assets under management for corporations, foundations, endowments, and high net worth individuals. Mr. John D. Gillespie, the founder and Managing Member of Prospector, is a former director of the Company. Mr. Gillespie resigned his board seat on June 26, 2007. Historically, Prospector managed most of the publicly-traded common equity and convertible securities in our portfolio through a sub-advisory agreement with WM Advisors. As of March 31, 2007, Prospector served as a discretionary advisor to WM Advisors under the sub-advisory agreement with respect to approximately $0.2 billion of specified assets in our combined insurance and non-insurance portfolios. During 2006, we paid $1.6 million in fees with respect to our portfolio.

Immediately prior to the effectiveness of this offering, we will enter into a separate investment management agreement with Prospector, or the Prospector Agreement, pursuant to which Prospector will agree to supervise and direct the publicly-traded common equity and convertible securities portion of our investment portfolio in accordance with our investment guidelines described under "Business — Investments." Under the Prospector Agreement, Prospector will have discretion and authority with respect to the portfolio it manages for us that is substantially similar to WM Advisors' discretion and authority under the WMA Agreement. The assets of our portfolio will be held in one or more separately identifiable accounts in the custody of a bank or similar entity designated by us and acceptable to Prospector. We will be responsible for custodial arrangements and the payment of all custodial charges and fees.

We will agree to pay annual investment management fees based on aggregate net assets under management according to the following schedule:

Assets Under Management	Annual Fee
Up to $200 million	100.0 basis points
$200 million to $400 million	50.0 basis points
Greater than $400 million	25.0 basis points

The Prospector Agreement will have an initial fixed term of three years, which will be extendible by us for an additional year (a fourth year) at or prior to the end of the second year of the term, and if so extended, for a second additional year (a fifth year) at or prior to the end of the third year of the term. The Prospector Agreement will be terminable by us only (i) for cause (including material non-performance by Prospector), (ii) if either John D. Gillespie or Richard P. Howard are no longer affiliated with Prospector, or (iii) if there is a change in control of Prospector. Following the end of the initial term and any extensions, the Prospector Agreement may be terminated by either party on 60 days written notice. We will review periodically the performance of and the fees paid to Prospector under the Prospector Agreement.

Relationships and Transactions with White Mountains Insurance Group, Ltd. and its Affiliates

We are party to certain shareholders agreements, dated as of March 8, 2004, March 19, 2004 and April 16, 2004, with our stockholders. The shareholders agreements will terminate on the consummation of this offering other than certain provisions relating to registration rights, transfer restrictions, tag-along rights, competition and confidentiality. In addition, following an initial public offering and so long as White Mountains Insurance Group, Ltd. holds at least 20% of our outstanding common stock, assuming exercise of any outstanding warrants, each stockholder party to a shareholder's agreement is required to vote its shares for two board members designated by White Mountains Insurance Group, Ltd. which will be reduced to one nominee so long as White Mountains Insurance Group, Ltd. holds at least 10%, but less than 20%, of our outstanding common stock.

Relationships and Transactions with Others

We are parties to certain agency agreements with various insurance agencies affiliated with Talbot Financial Corporation, or TFC. Mr. Randall H. Talbot, our President, Chief Executive Officer and a director of Symetra, is a member of Talman, LLC which owned stock constituting a minority interest in Satellite Acquisition Corporation ("Satellite"), the parent company of TFC. Talman, LLC sold its interest in Satellite on April 2, 2007 and has no continuing interest in Satellite or TFC. We paid commissions of $0.1 million, $0.6 million and $2.4 million for 2006, 2005 and 2004, respectively, to agencies affiliated with TFC. Additionally, TFC provided training, consulting and other marketing services for which we paid fees of $0.6 million for 2005. The contractual relationship with the TFC agencies, including negotiations, establishment of contract terms, and setting of commission levels, was managed by members of our senior management other than Mr. Talbot. At the time the transactions occurred, Mr. Talbot had recused himself from all activities surrounding management of the relationship with the TFC agencies or any related administrative decisions. Mr. Talbot disclosed his indirect ownership interest in Satellite Acquisition Corporation to the audit committee, which ratified the relationship.

Another of our subsidiaries, Symetra Life Insurance Company, in the ordinary course of business, has issued medical stop-loss and group life insurance policies to related parties MidAmerican Energy Holdings Company, an affiliate of Berkshire Hathaway Inc., and Talbot Agency, Inc., an affiliated company of one of our directors and officers. Premiums received from MidAmerican Energy Holding Company were $2.7 million and $2.2 million during 2006 and 2005, respectively. Premiums received from Talbot Agency, Inc. were $0.5 million for 2005.

During 2005, Symetra Life Insurance Company, in the ordinary course of business, entered into a coinsurance agreement with Wilton Reassurance Company, or Wilton Re. We recorded ceded reinsurance premiums of $1.4 million and $0.7 million during 2006 and 2005, respectively. Vestar Capital Partners, which holds 700,000 shares of our common stock, has an investment interest in Wilton Re. Mr. Sander M. Levy, one of our directors and our audit committee chair, serves on the board of directors of Wilton Re. Mr. Levy is not directly involved in the business dealings between the two companies but disclosed the relationship to our audit committee, which ratified the relationship.

Procedures for Approval of Related Party Transactions

Prior to this offering, we did not have a written policy relating to the approval of related party transactions. Any such transactions were approved by our board of directors or audit committee in accordance with applicable law.

In connection with this offering, we will adopt a written policy relating to the approval of related party transactions. We will review all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our legal staff will be primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related party transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

In addition, our audit committee will review and approve or ratify any related party transaction reaching a certain threshold of significance. As will be set forth in the audit committee's charter upon completion of this offering, in the course of its review and approval or ratification of a related party transaction, the committee will consider:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;
- the importance of the transaction to us;

- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the company; and
- any other matters the audit committee deems appropriate.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the deliberations or vote respecting approval or ratification of the transaction. However, such director may be counted in determining the presence of a quorum at a meeting of the committee that considers the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of June 1, 2007, information regarding the beneficial ownership of our common stock by:

- each person known by us to beneficially own more than 5% of the outstanding shares of our common stock;
- each selling stockholder;
- each of our current directors;
- each of our named executive officers; and
- our directors and named executive officers as a group.

Beneficial ownership is determined in accordance with the SEC rules and includes voting or investment power with respect to the securities. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days are deemed to be outstanding and beneficially owned by the person holding such options. Such shares, however, are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person.

Percentage of beneficial ownership is based on 12,830,120 shares of our common stock (assuming exercise of all outstanding warrants) outstanding as of June 1, 2007, and shares of our common stock (assuming exercise of all outstanding warrants) to be outstanding after completion of the offering. Unless otherwise indicated, the address for all beneficial owners is c/o Symetra Financial Corporation, 777 108th Ave. NE, Suite 1200, Bellevue, WA 98004.

Beneficial Owner	Shares of Common Stock Beneficially Owned Prior to the Offering		Shares Offered Hereby		Shares Beneficially Owned After Offering			
			Assuming No Exercise of Over-Allotment Option	Assuming Full Exercise of Over-Allotment Option	Assuming No Exercise of Over-Allotment Option		Assuming Full Exercise of Over-Allotment Option	
	Number	%	Number	Number	Number	%	Number	%
Berkshire Hathaway Inc.	3,090,560(1)(2)	24.1%						
White Mountains Insurance Group, Ltd.	3,090,560(1)(3)	24.1						
Franklin Mutual Advisors	1,250,000(4)	9.7						
Highfields Capital Management LP	700,000(5)	5.5						
Caxton Associates, LLC	700,000(6)	5.5						
Och-Ziff Capital Management	700,000(7)	5.5						
Vestar Capital Partners	700,000(8)	5.5						
Prospector Partners, LLC	400,000(9)	3.1						
CSFB Private Equity- DLJ Growth Capital Partners	250,000(10)	1.9						
J.C. Flowers & Co. LLC	250,000(11)	1.9						
Fairholme Capital Management, LLC	200,000(12)	1.6						
Marshfield Associates	200,000(13)	1.6						
Scion Capital, LLC	200,000(14)	1.6						
Sayro Fund Investors III, LLC	112,000	*						
Wellington Management Company	100,000(15)	*						
Ulysses Management	85,000(16)	*						
Rho Capital Partners	74,750(17)	*						
The Sulam Trust	27,500	*						
Cho Associates Management, Inc.	20,000(18)	*						
James A. Stern	10,000	*						
Roger Taylor	10,000	*						
Terry Baxter	5,000	*						
Robert E. Snyder	2,000(19)	*						
Michael J. Batal III	750	*						
Gene Lee	500	*						
Directors and Executive Officers:								
David T. Foy	3,090,560(1)(20)	24.1%						
Randall H. Talbot	7,500	*	—	—	7,500	*	7,500	*
Roger F. Harbin	2,500	*	—	—	2,500	*	2,500	*
Patrick B. McCormick	—	—	—	—	—	—	—	—
Margaret A. Meister	—	—	—	—	—	—	—	—
M. Scott Taylor	—	—	—	—	—	—	—	—
Lois W. Grady	—	—	—	—	—	—	—	—
Sander M. Levy	700,000(21)	5.5						
Robert R. Lusardi	3,090,560(1)(22)	24.1						
David I. Schamis	250,000(23)	1.9						
Lowndes A. Smith	—	—	—	—	—	—	—	—
Directors and executive officers as a group (18 persons)	4,050,560	31.5%	—	—	—	—	—	—

* Represents ownership of less than 1%

(1) Includes 1,090,560 of exercisable warrants.

(2) Represents shares held by General Reinsurance Corporation.

(3) Represents shares held by White Mountains Holdings (NL) B.V.

(4) Represents 136,000 shares held by Franklin Mutual Beacon, 51,200 shares held by Franklin Mutual Recovery, 29,400 shares held by Mutual Beacon (Canada), 117,300 shares held by Mutual Financial Services, 394,800 shares held by Mutual Qualified Fund, 9,700 shares held by Mutual Recovery Fund and 511,600 shares held by Mutual Beacon Fund.

(5) Represents 63,664 shares held by Highfields Capital I LP, 150,164 shares held by Highfields Capital II LP and 486,172 shares held by Highfields Capital III LP.

(6) Represents shares held by CxLife, LLC.

(7) Represents shares held by OZ Master Fund, Ltd.

(8) Represents 14,761 shares held by Vestar Symetra LLC and 685,239 shares held by Vestar Capital Partners IV, LP.

(9) Represents 235,300 shares held by Prospector Partners Fund, LP, 112,200 shares held by Prospector Offshore Fund (Bermuda), Ltd., 28,000 shares held by Prospector Partners Small Cap Fund, LP, 10,000 shares held by National Grange Mutual Insurance Co., 10,000 shares held by Main Street American Assurance Co. and 4,500 shares held by Prospector Turtle Fund, LP.

(10) Represents 202,020 shares held by DLJ Growth Capital Partners, LP and 47,980 shares held by GCP Plan Investors, LP.

(11) Represents shares held by J.C. Flowers I LP.

(12) Represents 100,000 shares held by Fairholme Ventures II and 100,000 shares held by Fairholme Holdings, Ltd.

(13) Represents shares held by Marshfield Insurance II, LLC

(14) Represents 165,415 shares held by Scion Qualified Value Fund and 34,585 shares held by Scion Value Fund.

(15) Represents 75,000 shares held by Bay Pond Partners, LP and 25,000 shares held by Bay Pond Investors (Bermuda) LP.

(16) Represents shares held by Ulysses Partners, LP.

(17) Represents shares held by Rho Management Trust I.

(18) Represents shares held by Chou RRSP Fund.

(19) Represents shares held by R.E. Snyder Profit Sharing Plan.

(20) Represents shares owned by affiliates of White Mountains Insurance Group, Ltd. of which Mr. Foy is an executive officer. Mr. Foy disclaims beneficial ownership of all such shares.

(21) Represents shares owned by affiliates of Vestar Capital Partners of which Mr. Levy is a Managing Director. Mr. Levy disclaims beneficial ownership of all such shares.

(22) Represents shares owned by affiliates of White Mountains Insurance Group, Ltd. of which Mr. Lusardi is an executive officer. Mr. Lusardi disclaims beneficial ownership of all such shares.

(23) Represents shares owned by affiliates of J.C. Flowers & Co. LLC of which Mr. Schamis is a Managing Director. Mr. Schamis disclaims beneficial ownership of all such shares.

DESCRIPTION OF CAPITAL STOCK

The following information reflects our certificate of incorporation and restated bylaws as these documents will be in effect upon completion of this offering. Our certificate of incorporation and bylaws will be filed as exhibits to the registration statement of which this prospectus forms a part. The summaries of these documents are qualified in their entirety by reference to the full text of the documents.

General

Immediately following the completion of this offering, our authorized capital stock will consist of shares of common stock, $0.01 par value per share and shares of preferred stock, $0.01 par value per share. Immediately following this offering, shares of our common stock will be issued and outstanding and no shares of preferred stock will be outstanding.

Immediately prior to this offering, there was no public market for our common stock. Although we will apply to list our common stock on the NYSE, we cannot assure you that a market for our common stock will develop or if it develops that it will be sustained.

Common Stock

Voting Rights

Each share of common stock entitles the holder to one vote with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. Our common stock votes as a single class on all matters relating to the election and removal of directors on our board of directors and as provided by law, with each share of common stock entitling its holder to one vote. Holders of our common stock will not have cumulative voting rights.

Dividends

Holders of common stock and warrant holders will share equally in any dividend declared by our board of directors, subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distributions and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

Other Rights

Our stockholders have no preemptive or other rights to subscribe for additional shares. All holders of our common stock are entitled to share equally on a share-for-share basis in any assets available for distribution to common stockholders upon our liquidation, dissolution or winding up. All outstanding shares are, and all shares offered by this prospectus will be, when sold, validly issued, fully paid and nonassessable.

Warrants

We currently have outstanding warrants to purchase 2,181,120 shares of our common stock at an exercise price of $100 per share.

The exercise price and number of shares of common stock for each warrant are subject to anti-dilution adjustments in respect of certain events. If certain of these events occur, the warrant holders will receive the right to receive the full intrinsic value of the warrants instead of the stock acquirable and receivable upon exercise. In the event we pay cash or stock dividends or other distributions to our common stockholders, the warrant holders will also receive such dividends or distributions.

Preferred Stock

Following the offering, our board of directors will be authorized, subject to the limits imposed by the Delaware General Corporation Law, or DGCL, to issue to up shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the rights, preferences, privileges, qualifications, limitations and restrictions of the shares of each wholly unissued series. Our board of directors will also be authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of our common stockholders. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control, causing the market price of our common stock to decline, or impairing the voting and other rights of the holders of our common stock. We have no current plans to issue any shares of preferred stock.

Certain Anti-Takeover Provisions of our Charter and Bylaws and the Delaware Law

Upon completion of this offering, we will have the following provisions in our certificate of incorporation and bylaws that could deter, delay or prevent a third-party from acquiring us, even if doing so would benefit our stockholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our Company.

Classified Board of Directors

Our certificate of incorporation will provide that our board of directors is divided into three classes. Each class of directors will serve three-year terms except that the term of the first class of directors will expire at the first annual meeting after the consummation of this offering and the second and third classes of directors will expire at the second and third annual meetings, respectively, after the consummation of this offering.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our bylaws will provide that special meetings of the stockholders may be called only upon the request of the majority of the board of directors or upon request of the president. Our bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

Our bylaws will establish advance notice procedures with respect to stockholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be “properly brought” before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by the stockholders. Our bylaws will allow the chairman of a meeting of the stockholders to adopt rules and regulations for the conduct of meetings that may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror’s own slate of directors or otherwise attempting to obtain control of us.

No Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our certificate of incorporation provides otherwise. Our certificate of incorporation will provide that any action required or permitted to be taken by our stockholders may be effected at a duly called annual or special meeting of our stockholders and may not be effected by consent in writing by such stockholders.

Certain Other Provisions of our Charter and Bylaws and the Delaware Law

Board of Directors

Our certificate of incorporation will provide that the number of directors will be fixed in the manner provided in our bylaws. Our bylaws will provide that the number of directors will be fixed from time to time solely pursuant to a resolution adopted by the board of directors. Upon completion of this offering, our board of directors will have members who will serve staggered terms as described above.

Limitations of Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Our certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (unlawful dividends); or
- for transactions from which the director derived improper personal benefit.

Our certificate of incorporation and bylaws will provide that we shall indemnify our directors and officers to the fullest extent permitted by law. We are also expressly authorized to carry directors' and officers' insurance providing indemnification for our directors, officers and certain employees and agents for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar of our common stock is .

New York Stock Exchange Listing

We intend to apply to have our common stock quoted on the NYSE under the symbol "SYA."

DESCRIPTION OF CERTAIN INDEBTEDNESS

6.125% Senior Notes due 2016

In March 2006, we issued $300.0 million aggregate principal amount of 6.125% senior notes due 2016.

The senior notes pay interest semi-annually on April 1 and October 1 each year. The senior notes are redeemable at our option at any time, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the senior notes or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrues to the date of redemption), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the U.S. Treasury rate plus 25 basis points, plus, in each case accrued and unpaid interest thereon to the date of redemption.

The indenture for the senior notes contains covenants that, among other things, limit the ability of our subsidiaries to:

- create liens;
- enter into certain sale and leaseback transactions; and
- enter into certain mergers and acquisitions.

The indenture also provides for events of default that, if any of them occurs, would permit or require the principal of, premium, if any, interest and any other monetary obligations on the senior notes to become or to be declared to be immediately due and payable. These events of default include default in the payment of interest or principal, default in the performance of covenants under the indenture and default under the terms of any instrument evidencing or securing indebtedness of us that results in the acceleration of the payment of such indebtedness or constitutes the failure to pay the principal of such indebtedness when due, in each case where the total amount of such indebtedness has an outstanding aggregate principal amount greater than $25.0 million.

Revolving Credit Facilities

Long-term Facility

On June 14, 2004, we entered into a revolving credit agreement with several lending institutions, with Bank of America, N.A. acting as lead arranger for the lenders. The line is currently $70.0 million, and the facility matures on June 14, 2009. The following is a description of the material terms of our senior credit facilities.

Borrowings under the revolving credit agreement bear interest at a variable rate based upon, at our option, (1) the greater of (i) the federal funds rate plus $^1/_2$ of 1% and (ii) the prime rate as set by Bank of America, N.A.. and (2) the average British Bankers Association Interest Settlement Rate for deposits in dollars, in each case plus a margin based upon our leverage ratio that ranged between 0.40% and 1.25%.

The revolving credit agreement requires us to maintain certain financial ratios, including that we and our material insurance subsidiaries maintain (1) a total adjusted capital to company action level risk-based capital ratio, as determined at the end of the year and as the terms are defined by the NAIC, of at least 200% and (2) a debt to capitalization ratio of not more than 37.5%

The revolving credit agreement also contains a number of affirmative and negative covenants including limitations on indebtedness and issuance of preferred stock; limitation on liens; limitations on mergers, consolidations and dissolutions; limitations on the lines of business pursued; and restricted payments.

As of March 31, 2007, we had no borrowings outstanding on our revolving credit agreement with Bank of America, N.A. and we were in compliance with all covenants in the credit agreement.

Short-term Facilities

In addition on October 17, 2005, we entered into two $25.0 million revolving credit facilities with The Bank of New York to support our overnight repurchase agreements program which provides us with the liquidity to meet general funding requirements. Borrowings under the revolving credit agreement bear interest at the federal funds rate plus 0.2%.

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has been no public market for our common stock. We cannot predict the effect, if any, that market sales of shares or the availability of shares will have on the market price of our common stock. Sales of substantial amounts of common stock in the public market, or the perception that such sales could occur, could cause the prevailing market price to decrease or to be lower than it might be in the absence of those sales or perceptions.

Sales of Restricted Securities

Upon the closing of this offering, we will have outstanding approximately 10,649,000 shares of common stock. We have no shares of common stock held in treasury. All of the shares of our common stock sold in this offering will be freely tradeable without restriction under the Securities Act of 1933, as amended (the "Securities Act"), except for any shares that may be acquired by an affiliate of us, as the term "affiliate" is defined in Rule 144 under the Securities Act. Persons who may be deemed to be affiliates generally include individuals or entities that control, are controlled by, or are under common control with, us and may include our directors and officers as well as our significant stockholders. All remaining shares will be "restricted securities" as defined in Rule 144, and may not be sold other than through registration under the Securities Act or under an exemption from registration, such as the one provided by Rule 144.

Rule 144

Generally, Rule 144 provides that a person who has beneficially owned "restricted" shares for at least one year will be entitled to sell on the open market in brokers' transactions, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock, which will equal approximately shares of common stock immediately after this offering; and
- the average weekly trading volume of the common stock on the open market during the four calendar weeks preceding the filing of notice with respect to such sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and the availability of current public information about our Company.

In the event that any person who is deemed to be our affiliate purchases shares of our common stock in this offering or acquires shares of our common stock pursuant to one of our employee benefits plans, sales under Rule 144 of the shares held by that person are subject to the volume limitations and other restrictions (other than the one-year holding period requirement) described in the preceding two paragraphs.

Under Rule 144(k), a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the closing of this offering.

Lock-Up Arrangements

In connection with this offering, each of our executive officers and directors and all existing stockholders have agreed to enter into lock-up agreements described under "Underwriting" that restrict the sale of shares of our common stock and securities convertible into or exchangeable or exercisable for common stock for up to 180 days after the date of this prospectus, subject to an extension in certain circumstances. Following the expiration of the lock-up period, the selling stockholders will have the right, subject to certain conditions, to require us to register the sale of their remaining shares of our common stock under federal securities laws. By exercising their registration rights, and selling a large number of shares, the selling stockholders could cause the prevailing market price of our common stock to decline.

Following the lock-up periods, substantially all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

MATERIAL UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-U.S. STOCKHOLDERS

This is a general summary of material U.S. federal income and estate tax considerations with respect to your acquisition, ownership and disposition of common stock if you purchase your common stock in this offering, you will hold the common stock as a capital asset and you are a beneficial owner of shares other than:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in, or under the laws of, the United States or any political subdivision of the United States;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source;
- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or
- a trust that has a valid election in place to be treated as a U.S. person.

This summary does not address all of the U.S. federal income and estate tax considerations that may be relevant to you in light of your particular circumstances or if you are a beneficial owner subject to special treatment under U.S. income tax laws (such as a "controlled foreign corporation," "passive foreign investment company", a company that accumulates earnings to avoid U.S. federal income tax, foreign tax-exempt organization, financial institution, broker or dealer in securities, insurance company, regulated investment company, real estate investment trust, financial asset securitization investment trust, person who holds common stock as part of a hedging or conversion transaction or as part of a short-sale or straddle, or former U.S. citizen or resident). This summary does not discuss any aspect of U.S. federal alternative minimum tax, state, local or non-U.S. taxation. This summary is based on current provisions of the Internal Revenue Code ("Code"), Treasury regulations, judicial opinions, published positions of the United States Internal Revenue Service ("IRS") and all other applicable authorities, all of which are subject to change, possibly with retroactive effect.

If a partnership holds our common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisor.

WE URGE PROSPECTIVE NON-U.S. STOCKHOLDERS TO CONSULT THEIR TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND NON-UNITED STATES INCOME AND OTHER TAX CONSIDERATIONS OF ACQUIRING, HOLDING AND DISPOSING OF SHARES OF COMMON STOCK.

Dividends

In general, any distributions we make to you with respect to your shares of common stock that constitute dividends for U.S. federal income tax purposes will be subject to U.S. withholding tax at a rate of 30% of the gross amount, unless you are eligible for a reduced rate of withholding tax under an applicable income tax treaty and you provide proper certification of your eligibility for such reduced rate. A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under the Code. Any distribution not constituting a dividend will be treated first as reducing your basis in your shares of common stock and, to the extent it exceeds your basis, as capital gain.

Dividends we pay to you that are effectively connected with your conduct of a trade or business within the United States (and, if certain income tax treaties apply, are attributable to a U.S. permanent establishment maintained by you) generally will not be subject to U.S. withholding tax if you comply with applicable certification and disclosure requirements. Instead, such dividends generally will be subject to U.S. federal income tax, net of certain deductions, at the same graduated individual or corporate rates applicable to U.S. persons. If you are a corporation, effectively connected income may also be subject to a "branch profits

tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty). Dividends that are effectively connected with your conduct of a trade or business but that under an applicable income tax treaty are not attributable to a U.S. permanent establishment maintained by you may be eligible for a reduced rate of U.S. withholding tax under such treaty, provided you comply with certification and disclosure requirements necessary to obtain treaty benefits.

Sale or Other Disposition of Common Stock

You generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of your shares of common stock unless:

- the gain is effectively connected with your conduct of a trade or business within the United States (and, under certain income tax treaties, is attributable to a U.S. permanent establishment you maintain);
- you are an individual, you are present in the United States for 183 days or more in the taxable year of disposition and you meet other conditions, and you are not eligible for relief under an applicable income tax treaty; or
- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes (which we believe we are not and have never been, and do not anticipate we will become) and you hold or have held, directly or indirectly, at any time within the shorter of the five-year period preceding disposition or your holding period for your shares of common stock, more than 5% of our common stock.

Gain that is effectively connected with your conduct of a trade or business within the United States generally will be subject to U.S. federal income tax, net of certain deductions, at the same rates applicable to U.S. persons. If you are a corporation, the branch profits tax (described above) also may apply to such effectively connected gain. If the gain from the sale or disposition of your shares is effectively connected with your conduct of a trade or business in the United States but under an applicable income tax treaty is not attributable to a permanent establishment you maintain in the United States, your gain may be exempt from U.S. tax under the treaty. If you are described in the second bullet point above, you generally will be subject to U.S. tax at a rate of 30% on the gain realized, although the gain may be offset by some U.S. source capital losses realized during the same taxable year.

Information Reporting and Backup Withholding

We must report annually to the IRS the amount of dividends or other distributions we pay to you on your shares of common stock and the amount of tax we withhold on these distributions regardless of whether withholding is required. The IRS may make copies of the information returns reporting those distributions and amounts withheld available to the tax authorities in the country in which you reside pursuant to the provisions of an applicable income tax treaty or exchange of information treaty.

The United States imposes a backup withholding tax on dividends and certain other types of payments to U.S. persons. You will not be subject to backup withholding tax on dividends you receive on your shares of common stock if you provide proper certification of your status as a non-U.S. person or you are a corporation or one of several types of entities and organizations that qualify for exemption (an "exempt recipient").

Information reporting and backup withholding generally are not required with respect to the amount of any proceeds from the sale of your shares of common stock outside the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if you sell your shares of common stock through a U.S. broker or the U.S. office of a foreign broker, the broker will be required to report the amount of proceeds paid to you to the IRS and also perform backup withholding on that amount unless you provide appropriate certification to the broker of your status as a non-U.S. person or you are an exempt recipient. Information reporting will also apply if you sell your shares of common stock through a foreign broker deriving more than a specified percentage of its income from U.S. sources or having certain other connections to the United States, unless such broker has documenting evidence in its records that you are a non-U.S. person and certain other conditions are met or you are an exempt recipient.

Any amounts withheld with respect to your shares of common stock under the backup withholding rules will be refunded to you or credited against your U.S. federal income tax liability, if any, by the IRS if the required information is furnished in a timely manner.

Estate Tax

Common stock owned or treated as owned by an individual who is not a citizen or resident (as defined for U.S. federal estate tax purposes) of the United States at the time of his or her death will be included in the individual's gross estate for U.S. federal estate tax purposes and therefore may be subject to U.S. federal estate tax unless an applicable treaty provides otherwise.

UNDERWRITING

We intend to offer the shares in the U.S. and Canada through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Lehman Brothers Inc. are acting as representatives of the underwriters named below. Subject to the terms and conditions described in an underwriting agreement among us, the selling stockholders and the underwriters, the selling stockholders have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from the selling stockholders, the number of shares listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Goldman, Sachs & Co.	
J.P. Morgan Securities Inc.	
Lehman Brothers Inc.	
Total	

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised the selling stockholders that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their over-allotment options.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to the selling stockholders	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us.

Overallotment Option

The selling stockholders have granted options to the underwriters to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise these options for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise these options, each will be obligated, subject to conditions contained in the underwriting agreement, to

purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Indemnification

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act and liabilities incurred in connection with the directed share program referred to below, and to contribute to payments that the underwriters may be required to make for these liabilities.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to shares offered hereby for officers, employees and certain other persons associated with us. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby. Each person who purchases shares in the directed share program will agree, during the period ending 180 days after the date of this prospectus, not to sell or otherwise dispose of common shares purchased in the directed share program without the consent of the .

No Sales of Similar Securities

We and the selling stockholders and our executive officers and directors and all existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of the representatives. Specifically, we and these other individuals have agreed not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- lend or otherwise dispose of or transfer any common stock;
- request or demand that we file a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

New York Stock Exchange Listing

We expect the shares to be approved for listing on the NYSE under the symbol "SYA." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange. Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through

negotiations among the selling stockholders and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are as follows:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering (i.e., if they sell more shares than are listed on the cover of this prospectus), the representatives may reduce that short position by purchasing shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of such purchases.

The representatives may also impose a penalty bid on underwriters and selling group members. This means that if the representatives purchase shares in the open market to reduce the underwriter's short position or to stabilize the price of such shares, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those shares.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

J.P. Morgan Securities Inc. and Lehman Brothers Inc., were initial purchasers in connection with the offering of our 6.125% senior notes due 2016. JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities Inc., and Lehman Commercial Paper, Inc., an affiliate of Lehman Brothers Inc., were involved in the financing of the Acquisition, and are lenders under our revolving credit facility. We recently entered into an arm's length distribution relationship with Chase Insurance Agency, Inc. (an affiliate of J.P. Morgan Securities Inc.) in connection with the sale of our income annuity products. Howard L. Clark, Jr., Vice Chairman of Lehman Brothers Inc., is a director of White Mountains Insurance Group, Ltd.

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us, our affiliates, and White Mountains Insurance Group, Ltd. They have received customary fees and commissions for these transactions.

Offering Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the

meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

The validity of our common stock offered hereby will be passed upon for us by Cravath, Swaine & Moore LLP, New York, New York. The underwriters are being represented in connection with this offering by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The consolidated financial statements of Symetra Financial Corporation at December 31, 2006 and 2005 and for the years ended December 31, 2006 and 2005, and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004 (Predecessor), appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the common stock we propose to sell in this offering. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement. For further information about us and the common stock we propose to sell in this offering, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. Statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the registration statement are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed. The registration statement may be inspected without charge at the principal office of the SEC in Washington, D.C. and copies of all or any part of the registration statement may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates by mail from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC's toll-free number is 1-800-SEC-0330. In addition, the SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Prior to this offering, we were not required to file reports with the SEC.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act. The periodic reports and other information that we file with the SEC will be available for inspection and copying at the SEC's public reference facilities and on the website of the SEC referred to above.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Symetra Financial Corporation

We have audited the accompanying consolidated balance sheets of Symetra Financial Corporation (the Company) as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in stockholders' equity, comprehensive income (loss), and cash flows for the years ended December 31, 2006 and 2005, and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004 (Predecessor). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2006 and 2005, and the consolidated results of its operations and its cash flows for the years ended December 31, 2006 and 2005 and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004 (Predecessor), in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Seattle, Washington
February 20, 2007

CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 31, 2005
	(In thousands)	
ASSETS		
Investments: *(Note 3)*		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost:		
$16,086,596 and $16,987,097, respectively)	**$ 16,049,878**	$ 17,183,197
Marketable equity securities, at fair value (cost:		
$171,003 and $148,917, respectively)	**201,706**	162,301
Mortgage loans	**794,283**	776,923
Policy loans	**79,244**	80,463
Short-term investments	**48,882**	7,364
Investments in limited partnerships	**112,648**	93,400
Other invested assets	**18,705**	29,125
Total investments	**17,305,346**	18,332,773
Cash and cash equivalents	**253,210**	111,023
Accrued investment income	**206,717**	213,914
Accounts receivable and other receivables	**81,993**	50,909
Reinsurance recoverables *(Note 7)*	**238,764**	229,888
Deferred policy acquisition costs *(Note 8)*	**88,237**	49,017
Goodwill	**3,687**	3,687
Current income tax recoverable	**—**	26,281
Deferred income tax assets, net *(Note 12)*	**219,091**	137,347
Property, equipment, and leasehold improvements, net *(Note 9)*	**28,076**	30,522
Other assets	**16,275**	7,429
Securities lending collateral *(Note 5)*	**439,292**	598,451
Separate account assets	**1,233,929**	1,188,820
Total assets	**$ 20,114,617**	$ 20,980,061
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 15,986,198**	$ 16,697,903
Future policy benefits	**376,363**	371,457
Policy and contract claims *(Note 10)*	**119,514**	135,655
Unearned premiums	**11,721**	11,560
Other policyholders' funds	**46,369**	47,532
Notes payable *(Note 11)*	**298,737**	300,000
Current income taxes payable *(Note 12)*	**2,551**	—
Other liabilities	**272,630**	223,815
Securities lending payable *(Note 5)*	**439,292**	598,451
Separate account liabilities	**1,233,929**	1,188,820
Total liabilities	**18,787,304**	19,575,193
Commitments and contingencies *(Note 14)*		
Capital stock *(Note 1)*	**106**	106
Additional paid-in capital	**1,166,325**	1,166,325
Retained earnings	**161,432**	101,902
Accumulated other comprehensive income (loss), net of taxes *(Note 13)*	**(550)**	136,535
Total stockholders' equity	**1,327,313**	1,404,868
Total liabilities and stockholders' equity	**$ 20,114,617**	$ 20,980,061

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
			(In thousands)	
Revenues:				
Premiums *(Note 7)*	**$ 525,657**	$ 575,459	$ 263,195	$ 357,925
Net investment income *(Note 3)*	**984,927**	994,048	411,120	693,702
Other revenues	**56,172**	58,559	27,050	43,943
Net realized investment gains *(Note 3)*	**1,680**	14,140	7,003	34,892
Total revenues	**1,568,436**	1,642,206	708,368	1,130,462
Benefits and expenses:				
Policyholder benefits and claims	**264,252**	327,427	127,499	223,578
Interest credited	**765,871**	810,928	360,196	556,433
Other underwriting and operating expenses	**260,541**	273,247	123,242	182,334
Fair value of warrants issued to investors	**—**	—	101,531	—
Interest expense *(Note 11)*	**19,155**	12,388	3,466	—
Amortization of deferred policy acquisition costs *(Note 8)*	**14,589**	11,861	1,626	34,164
Intangible asset amortization	**—**	—	—	4,929
Total benefits and expenses	**1,324,408**	1,435,851	717,560	1,001,438
Income (loss) from continuing operations before income taxes	**244,028**	206,355	(9,192)	129,024
Provision (benefit) for income taxes *(Note 12)*:				
Current	**92,414**	22,193	21,299	916
Deferred	**(7,916)**	39,720	10,683	30,486
Total provision for income taxes	**84,498**	61,913	31,982	31,402
Income (loss) from continuing operations	**159,530**	144,442	(41,174)	97,622
Income (loss) from discontinued operations (net of taxes of $(0), $536, $(1,335), and $1,235, respectively) *(Note 15)*	**—**	1,045	(2,411)	2,296
Net income (loss)	**$ 159,530**	$ 145,487	$ (43,585)	$ 99,918

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
		(In thousands)		
Capital stock:				
Balance at beginning of period	**$ 106**	$ 106	$ 7,459	$ 7,459
Purchase method accounting adjustment	**—**	—	(7,459)	—
Capital contribution from stockholders	**—**	—	106	—
Balance at end of period	**106**	106	106	7,459
Additional paid-in capital:				
Balance at beginning of period	**1,166,325**	1,166,325	407,683	397,354
Purchase method accounting adjustment	**—**	—	(407,683)	—
Capital contribution from Safeco	**—**	—	—	8,834
Capital contributions from stockholders	**—**	—	1,064,794	—
Issuance of warrants to investors	**—**	—	101,531	—
Stock option expense allocation from Safeco	**—**	—	—	1,495
Balance at end of period	**1,166,325**	1,166,325	1,166,325	407,683
Retained earnings (deficit):				
Balance at beginning of period	**101,902**	(43,585)	1,367,690	1,332,072
Purchase method accounting adjustment	**—**	—	(1,367,690)	—
Net income (loss)	**159,530**	145,487	(43,585)	99,918
Dividend distributions	**(100,000)**	—	—	(64,300)
Balance at end of period	**161,432**	101,902	(43,585)	1,367,690
Accumulated other comprehensive income (loss), net of taxes *(Note 13)*:				
Balance at beginning of period	**136,535**	312,931	636,149	829,772
Purchase method accounting adjustment	**—**	—	(636,149)	—
Other comprehensive income (loss)	**(137,085)**	(176,396)	312,931	(193,623)
Balance at end of period	**(550)**	136,535	312,931	636,149
Total stockholders' equity	**$ 1,327,313**	$ 1,404,868	$ 1,435,777	$ 2,418,981

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
		(In thousands)		
Net income (loss)..	**$ 159,530**	$ 145,487	$ (43,585)	$ 99,918
Other comprehensive income (loss), net of taxes:				
Changes in unrealized gains and losses on available-for-sales securities (net of tax: $(75,838), $(91,878), $170,296, and $(103,157), respectively)	**(140,843)**	(170,629)	316,262	(191,578)
Reclassification adjustment for net realized investment (gains) losses included in net income (net of tax: $383, $(3,525), $(1,551), and $(12,395), respectively)	**712**	(6,547)	(2,879)	(23,018)
Derivatives qualifying as cash flow hedges — net change in fair value (net of tax: $1,601, $(0), $(0), and $(2,390), respectively)	**2,976**	—	—	(4,439)
Adjustment for deferred policy acquisition costs valuation allowance (net of tax: $38, $421, $(243), and $13,683, respectively)	**70**	780	(452)	25,412
Other comprehensive income (loss)	**(137,085)**	(176,396)	312,931	(193,623)
Comprehensive income (loss)	**$ 22,445**	$ (30,909)	$ 269,346	$ (93,705)

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
			(In thousands)	
Cash flows from operating activities				
Net income (loss)	**$ 159,530**	$ 145,487	$ (43,585)	$ 99,918
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
(Income) loss from discontinued operations, net of taxes	**—**	(1,045)	2,411	(2,296)
Net realized investment gains	**(1,680)**	(14,140)	(7,003)	(34,892)
Accretion of fixed maturity investments and mortgage loans	**72,474**	99,078	62,770	4,007
Accrued interest on accrual bonds	**(43,444)**	(45,383)	(19,502)	(27,504)
Amortization and depreciation	**12,077**	9,069	1,090	6,035
Deferred income tax provision (benefit)	**(7,916)**	39,720	10,683	30,486
Interest credited on deposit contracts	**765,871**	810,928	360,196	556,433
Mortality and expense charges and administrative fees	**(91,187)**	(89,185)	(35,825)	(50,718)
Fair value of warrants issued to investors	**—**		101,531	—
Changes in:				
Accrued investment income	**7,197**	15,459	9,331	(7,726)
Deferred policy acquisition costs	**(39,112)**	(33,438)	(13,816)	11,011
Other receivables	**(28,957)**	(6,537)	(6,450)	20,554
Policy and contract claims	**(16,141)**	(17,518)	(113)	14,061
Future policy benefits	**4,906**	16,545	(5,234)	5,710
Unearned premiums	**161**	2,157	(710)	275
Accrued income taxes	**28,832**	(27,944)	13,125	(38,416)
Other assets and liabilities	**17,793**	(33,221)	10,361	(60,298)
Other, net	**1,170**	(86)	247	780
Total adjustments	**682,044**	724,459	483,092	427,502
Net cash provided by operating activities	**841,574**	869,946	439,507	527,420
Cash flows from investing activities				
Purchases of:				
Fixed maturities	**(1,613,303)**	(2,928,632)	(1,229,884)	(1,677,343)
Equity securities	**(114,008)**	(121,143)	(42,992)	(3,375)
Other invested assets and investments in limited partnerships	**(12,457)**	(68,659)	(19,410)	(173)
Issuance of mortgage loans	**(121,987)**	(101,992)	(15,543)	(40,854)
Issuance of policy loans	**(19,574)**	(17,895)	(7,546)	(12,550)
Maturities and calls of fixed maturities available-for-sale	**840,885**	1,278,633	791,391	974,773
Sales of:				
Fixed maturities	**1,603,453**	2,364,806	363,859	713,652
Equity securities	**106,657**	59,782	41,573	4,491
Other invested assets and investments in limited partnerships	**13,235**	1,525	17,320	1,621
Repayment of mortgage loans	**99,085**	134,774	70,230	152,745
Repayment of policy loans	**20,663**	19,244	8,555	12,956

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
			(In thousands)	
Net (increase) decrease in short-term investments	**$ (41,518)**	$ 5,426	$ (1,635)	$ 18,306
Purchase of Safeco Life & Investments	**—**	—	(1,349,911)	—
Purchase of property, equipment, and leasehold improvements	**(3,164)**	(34,614)	—	—
Cash received from sale of discontinued operations	**—**	—	30,000	—
Other, net	**(10)**	(401)	(1,099)	281
Net cash provided by (used in) investing activities	**757,957**	590,854	(1,345,092)	144,530
Cash flows from financing activities				
Capital contributions received	**—**	—	—	1,131
Policyholder account balances:				
Deposit	**656,526**	444,638	179,250	211,851
Withdrawals	**(2,014,315)**	(1,972,483)	(675,351)	(757,495)
Repayment of notes payable	**(300,000)**	—	(15,000)	—
Proceeds from notes payable	**298,671**	—	315,000	—
Proceeds from sale of capital stock	**—**	—	1,064,900	—
Dividend distributions	**(100,000)**	—	—	(64,300)
Dividends from discontinued operations	**—**	29,236	20,001	—
Other, net	**1,774**	—	—	—
Net cash provided by (used in) financing activities	**(1,457,344)**	(1,498,609)	888,800	(608,813)
Net increase (decrease) in cash and cash equivalents from continuing operations	**142,187**	(37,809)	(16,785)	63,137
Cash and cash equivalents at beginning of period	**111,023**	148,832	165,617	102,480
Cash and cash equivalents at end of period	**$ 253,210**	$ 111,023	$ 148,832	$ 165,617
Supplemental disclosures of cash flow information				
Net cash paid during the year for:				
Interest	**$ 17,840**	$ 12,040	$ 3,312	$ —
Income taxes	**62,795**	60,016	8,079	39,489
Non-cash transactions during the year:				
Issuance of warrants to investors	**—**	—	101,531	—
Investments in limited partnerships and capital obligation incurred	**19,864**	31,599	—	—
Other capital contribution	**—**	—	—	7,703
Acquisitions:				
Purchase price adjustment to intangible assets	**—**	4,200	—	—
Fair value of assets acquired:	**—**	—	21,912,561	—
Cash paid in acquisition	**—**	—	1,349,910	—
Liabilities assumed in acquisition	**—**	—	20,562,651	—

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All Dollar Amounts in Thousands, Unless Otherwise Stated)

1. Organization and Description of Business

Symetra Financial Corporation is a Delaware corporation privately owned by an investor group led by White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc.

On March 15, 2004, Symetra Financial Corporation entered into a definitive agreement to purchase a group of life and investment companies from Safeco Corporation (Safeco).

The following companies which are wholly owned directly or indirectly by Symetra Financial Corporation were included in the transaction:

- Symetra Life Insurance Company (formerly Safeco Life Insurance Company)
- Symetra National Life Insurance Company (formerly Safeco National Life Insurance Company)
- American States Life Insurance Company
- First Symetra National Life Insurance Company of New York (formerly First Safeco National Life Insurance Company of New York)
- Symetra Administrative Services, Inc. (formerly Safeco Administrative Services, Inc.)
- Symetra Asset Management Company (formerly Safeco Asset Management Company)
- Symetra Securities, Inc. (formerly Safeco Securities, Inc.)
- Symetra Services Corporation (formerly Safeco Services Corporation)
- Symetra Investment Services, Inc. (formerly Safeco Investment Services, Inc.)
- Symetra Assigned Benefits Service Company (formerly Safeco Assigned Benefits Service Company)

The acquisition was completed effective August 2, 2004, at a purchase price of $1,349.9 million, representing the amount paid to Safeco at closing of $1,350 million, plus capitalized transaction costs of $11.0 million, and less a purchase price adjustment of $11.1 million. The acquisition was financed through investor capital contributions of $1,065 million and the issuance of a note payable of $300 million. On December 29, 2004, Symetra Financial Corporation received $22.8 million from Safeco in final settlement of its tax sharing agreement and purchase price related to the August 2, 2004 transaction.

The acquisition was accounted for using the purchase method under Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations.* Under SFAS No. 141, the purchase price is allocated to the estimated fair value of the tangible and identifiable assets acquired less liabilities assumed at the date of acquisition. Deferred policy acquisition costs (DAC), intangible assets, and goodwill were reset to zero on August 2, 2004.

During 2005, the Company adjusted the deferred tax asset valuation allowance that resulted from the realization of certain income tax benefits related to the acquisition. The adjustment increased the amount of deferred tax assets and decreased the amount of intangible assets by $4,200. See Note 12 for more information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following pro forma results for the seven months ended August 1, 2004, are based on the historical financial statements of the Predecessor, adjusted to include the effect of the acquisition as if the acquisition had occurred at the beginning of each period presented:

	Seven Months Ended August 1, 2004
Net income as reported in Consolidated Statements of Operations	$ 99,918
Add back: Amortization of DAC and intangibles	25,410
Pro forma net income	$ 125,328

Symetra Financial Corporation's subsidiaries offer group and individual insurance products and retirement products, including annuities marketed through professional agents and distributors in all states and the District of Columbia. The Company's principal products include stop-loss medical insurance, fixed deferred annuities, variable annuities, single premium immediate annuities, and individual life insurance.

The accompanying financial statements include on a consolidated basis the accounts of Symetra Financial Corporation and its subsidiaries which are referred to as "Symetra Financial" or "the Company," and the new names of the entities have been used as if those names were in effect prior to August 2, 2004. The discontinued mutual fund business, including the transfer agent business, is referred to as "discontinued operations." In addition, all references to affiliated companies in the periods prior to August 2, 2004, refer to former Safeco affiliates.

Capital Stock (in thousands, except par value and share amounts)

Capital stock for Symetra Financial is comprised of 15,000,000 shares authorized and 10,649,000 shares issued and outstanding at $.01 par value per share, for a total value of $106. In 2004, the Company issued warrant certificates to its two lead investors and incurred expense in connection with their issuance. The warrant holders have the option to purchase 2,181,120 common stock shares. The fair value of the warrants was calculated using the Black-Scholes model with the following assumptions: dividend yield of 0.0%; expected volatility of 25.0%; risk-free interest rate of 4.48%, and expected term of ten years.

On December 4, 2006, the Company declared a cash dividend of $7.794 per share to its stockholders. The dividend in the amount of $100,000 was paid on December 26, 2006.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that may affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

The most significant estimates include those used in determining reserves for future policy benefits, DAC, valuation of investments and evaluation of other-than-temporary impairments, income taxes, and contingencies. All significant intercompany transactions and balances have been eliminated in the Consolidated Financial Statements.

Certain reclassifications have been made to the prior year financial information for it to conform to the current period presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Recognition of Insurance Revenue and Related Benefits

Premiums from group life and health insurance products are recognized as revenue when earned over the life of the policy. The Company reports the portion of premiums unearned as a liability for unearned premiums on the Consolidated Balance Sheets. These policies are short-duration contracts.

Traditional individual life insurance products, primarily term and whole life insurance products, are long-duration contracts consisting principally of products with fixed and guaranteed premiums and benefits. Premiums from these products are recognized as revenue when due. Benefits and expenses are associated with earned premiums to result in the recognition of profits over the life of the policy. This association is accomplished by the provision for future policy benefits and the deferral and amortization of policy acquisition costs.

Deposits related to universal life-type, limited payment-type, and investment-type products are credited to policyholder account balances and reflected as liabilities rather than as premium income when received. Revenues from these contracts consist of investment income on the policyholders' fund balances and amounts assessed during the period against policyholders' account balances for cost of insurance charges, policy administration charges, and surrender charges. The Company includes these cost of insurance charges in premiums. Policy administration charges and surrender charges are included in other revenue in the Consolidated Statements of Operations. Amounts that are charged to operations include interest credited and benefit claims incurred in excess of related policyholder account balances.

Variable product fees are charged to variable annuity and variable life policyholders' accounts based upon the daily net assets of the policyholders' account values, and are recognized as other revenue when charged. Cost of insurance charges, policy administration charges, and surrender charges are included in other revenue in the Consolidated Statements of Operations.

Investments

In accordance with the provisions of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the Company classifies its investments into one of three categories: held-to-maturity, available-for-sale, or trading. Fixed maturities include bonds, mortgage-backed securities, and redeemable preferred stocks. The Company classifies all fixed maturities as available-for-sale and carries them at fair value. The Company reports net unrealized investment gains and losses related to available-for-sale securities in accumulated other comprehensive income (loss) (OCI) in Shareholders' Equity, net of related DAC and deferred income taxes.

For mortgage-backed securities, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. Quarterly, the Company compares actual prepayments to anticipated prepayments and recalculates the effective yield to reflect actual payments to date plus anticipated future payments. The Company includes any resulting adjustment in net investment income.

Marketable equity securities include common stocks, nonredeemable preferred stocks, and investments in other limited partnerships when the ownership percentage of such investment is less than 3%. The Company classifies marketable equity securities as available-for-sale and carries them at fair value. Changes in net unrealized investment gains and losses are recorded directly to OCI in Shareholders' Equity, net of related DAC and deferred income taxes.

When the collectibility of interest income for fixed maturities is considered doubtful, any accrued but uncollectible interest income is reversed against investment income in the current period. The Company then places the securities on nonaccrual status, and they are not restored to accrual status until all delinquent interest and principal are paid.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Company's review of investment securities includes both quantitative and qualitative criteria.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Quantitative criteria include the length of time and amount that each security is in an unrealized position, and for fixed maturities, whether the issuer is in compliance with the terms and covenants of the security.

The Company's review of its fixed maturities and marketable equity securities for impairments includes an analysis of the total gross unrealized losses by three categories of securities: (i) securities where the estimated fair value has declined and remained below cost or amortized cost by less than 20%, (ii) securities where the estimated fair value has declined and remained below cost or amortized cost by 20% or more for less than six months, and (iii) securities where the estimated fair value has declined and remained below cost or amortized cost by 20% or more for six months or greater. While all securities are monitored for impairment, the Company's experience indicates that the first two categories do not represent a significant risk of impairment and, often, fair values recover over time as the factors that caused the declines improve.

If the value of any of the Company's investments falls into the third category, the Company analyzes the decrease to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the Company considers:

- How long and by how much the fair value has been below its cost or amortized cost.
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential.
- The Company's intent and ability to hold the security long enough for it to recover its value, considering any long-range plans that may affect the Company's ability to hold securities.
- Any downgrades of the security by a rating agency.
- Any reduction or elimination of dividends, or nonpayment of scheduled interest payments.

Based on the analysis, the Company makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, the Company records an impairment charge within net realized investment gains in its Consolidated Statements of Operations in the period that the Company makes the determination. In addition, any impaired investments where the Company does not have the intent and ability to hold the security long enough for it to recover its value is recorded as an other-than-temporary impairment.

The Company uses public market pricing information to determine the fair value of its investments when such information is available. When such information is not available for investments, as in the case of securities that are not publicly traded, the Company uses other valuation techniques. Such techniques include using independent pricing sources, evaluating discounted cash flows, identifying comparable securities with quoted market prices, and using internally prepared valuations based on certain modeling and pricing methods. The Company's investment portfolio at December 31, 2006 and 2005, included $604,313 and $619,751, respectively, of fixed maturities and $25,770 and $23,967, respectively, of marketable equity securities that were not publicly traded, and values for these securities were determined using these other valuation techniques.

The cost of securities sold is determined by the specific-identification method.

The Company carries mortgage loans at outstanding principal balances, less a valuation allowance for mortgage loan losses. The Company considers a mortgage loan impaired when it is probable that the Company will be unable to collect principal and interest amounts due according to the contractual terms of the mortgage loan agreement. For mortgage loans that the Company determines to be impaired, the Company charges the difference between the amortized cost and fair value of the underlying collateral to the valuation allowance. Changes in the valuation allowance are recorded in net realized investment gains. The Company accrues interest income on impaired loans to the extent that it is deemed collectible and the loan continues to perform under its original or restructured terms. Interest income on nonperforming loans is generally recognized on a cash basis.

Policy loans are carried at unpaid principal balances, which approximate fair value.

Cash and cash equivalents consist of short-term highly liquid investments with original maturities of three months or less at the time of purchase. Short-term investments consist of highly liquid debt instruments with maturities of greater than three months and less than twelve months when purchased.

Investments in limited partnership interests are accounted for under the equity method when the Company has more than a minor interest of 3% or greater, has influence over the partnership's operating and financial policies, and does not have a controlling interest. The Company has identified certain investments in limited partnerships that meet the definition of a variable interest entity (VIE) under Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities*. Based on the analysis of these interests, the Company does not meet the FIN No. 46R definition of "primary beneficiary" of any of these partnerships and therefore has not consolidated these entities.

Derivative Financial Instruments

Derivative financial instruments are included in other invested assets on the Company's Consolidated Balance Sheets. The Company's financial statement recognition of the change in fair value of a derivative depends on the intended use of the derivative and the extent to which it is effective as part of a hedging transaction. Derivatives that are highly effective and designated as either fair value or cash flow hedges receive hedge accounting treatment.

Derivatives that hedge the change in fair value of recognized assets or liabilities are designated as fair value hedges. For such derivatives, the Company recognizes the changes in the fair value of both the derivative and the hedged items in net realized investment gains in the Consolidated Statements of Operations.

Derivatives that hedge variable rate assets or liabilities or forecasted transactions are designated as cash flow hedges. For such derivatives, the Company recognizes the changes in the fair value of the derivative as a component of OCI, net of deferred income taxes, until the hedged transaction affects current earnings. At the time current earnings are affected by the variability of cash flows, the related portion of deferred gains or losses on cash flow hedge derivatives are reclassified from OCI and recorded in the Consolidated Statements of Operations.

When the changes in the fair value of such derivatives do not perfectly offset the changes in the fair value of the hedged transaction, the Company recognizes the ineffective portion in the Consolidated Statements of Operations. For derivatives that do not qualify for hedge accounting treatment, the Company records the changes in the fair value of these derivatives in net realized investment gains in the Consolidated Statements of Operations.

The Company formally documents all relationships between the hedging instruments and hedged items, as well as risk-management objectives and strategies for undertaking various hedge transactions. The Company links all hedges that are designated as fair value hedges to specific assets or liabilities on the Consolidated Balance Sheets. The Company links all hedges that are designated as cash flow hedges to specific variable rate assets or liabilities or to forecasted transactions. The Company also assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge, the Company discontinues hedge accounting on a prospective basis.

Reinsurance

The Company utilizes reinsurance agreements to manage its exposure to potential losses. The Company reinsures all or a portion of its risk to reinsurers for certain types of directly written business. In addition, the Company reinsures through pools to cover catastrophic losses. Reinsurance does not affect the Company's liability to the policyholders. Accordingly, the policy and contract claims liabilities and future policy benefit reserves are reported gross of any related reinsurance recoverables. The Company reports premiums, benefits,

and settlement expenses net of reinsurance ceded on the Consolidated Statements of Operations. The Company accounts for reinsurance premiums, commissions, expense reimbursements, benefits, and reserves related to reinsured business on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. The Company remains liable to the policyholders to the extent that counterparties to reinsurance ceded contracts do not meet their contractual obligations.

Deferred Policy Acquisition Costs

The Company defers as assets certain costs, principally commissions, distribution costs, and other underwriting costs, that vary with and are primarily related to the production of business. The Company amortizes acquisition costs for deferred and immediate annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the present value of the estimated future gross profits of each of these product lines. In this estimation process, the Company makes assumptions as to surrender rates, mortality experience, maintenance expenses, and investment performance. Actual profits can vary from the estimates and can thereby result in increases or decreases to DAC amortization rates. For interest-sensitive life products, the Company regularly evaluates its assumptions and, when necessary, revises the estimated gross profits of these contracts, resulting in adjustments to DAC amortization which are recorded in earnings when such estimates are revised. The Company adjusts the unamortized balance of DAC for the impact on estimated future gross profits as if net unrealized investment gains and losses on securities had been realized as of the balance sheet date. The Company includes the impact of this adjustment, net of tax, in OCI in Stockholders' Equity.

The Company amortizes acquisition costs for traditional individual life insurance policies over the premium paying period of the related policies, using assumptions consistent with those used in computing policy benefit liabilities. The Company amortizes acquisition costs for group life and medical policies over the policy period of one year.

The Company conducts regular recoverability analyses for deferred and immediate annuity contract, universal life contract, and traditional life contract DAC balances. The Company compares the current DAC balance with the estimated present value of future profitability of the underlying business. The DAC balances are considered recoverable if the present value of future profits is greater than the current DAC balance. As of December 31, 2006, all of the DAC balances were considered recoverable.

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets. Goodwill is not amortized but is tested for impairment at least annually using a fair value approach, which requires the use of estimates and judgment.

In December 1999, Symetra Life Insurance Company purchased the assets of Sound Benefits Administration and Sound Benefits Marketing (collectively, referred to as Sound Benefits), the agency involved in selling and supporting the Company's Select Benefits group medical product. This transaction resulted in adjustments to goodwill in the amounts of $287 and $3,400 for the years ended December 31, 2005 and 2004, respectively. Such adjustments were based on the 2004 earnings performance of Sound Benefits. The Company paid the purchase price adjustment of $3,687 in January 2005.

During 2005, $4,200 of other identifiable intangible assets were written down to zero due to a purchase price allocation adjustment resulting from the realization of certain income tax benefits. See Note 12 for more information.

Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the

assets. Estimated useful lives generally range from one to ten years for leasehold improvements and three to ten years for all other property and equipment. Leasehold improvements are amortized over the shorter of their economic useful lives or the term of the lease.

Leases

Certain of the Company's operating leases provide for minimum annual payments that change over the life of the lease. The aggregate minimum annual payments are expensed on the straight-line basis over the minimum lease term. The Company recognizes a deferred rent liability for minimum step rents when the amount of rent expense exceeds the actual lease payments and it reduces the deferred rent liability when the actual lease payments exceed the amount of straight-line rent expense. Rent holidays, rent incentives, and tenant improvement allowances are amortized on the straight-line basis over the initial term of the lease and any option period that is reasonably assured.

Sales Inducements

The Company defers sales inducements to contract holders for bonus interest features on deferred annuities. The bonus interest entitles the contract holder to an incremental amount of interest to be credited to the account value over the twelve month period following the initial deposit. The incremental interest causes the first year credited rate to be higher than the contract's expected ongoing crediting rates for periods after the inducement. Deferred sales inducements to contract holders are reported as other assets and amortized into interest credited to policy holder account values using the same methodology and assumptions used to amortize DAC.

Separate Accounts

Separate account assets and liabilities reported on the accompanying Consolidated Balance Sheets consist of the fair value of variable annuity and variable universal life contracts and represent funds that the Company administers and invests to meet the specific fund allocations of the policyholder. The assets of each separate account are legally segregated and are not subject to claims that arise out of the Company's other business activities. Net investment income and net realized and unrealized investment gains and losses accrue directly to such policyholder who bears the investment risk, subject to guaranteed minimum death benefits (GMDB). For variable annuity contracts with GMDB, the Company contractually guarantees total deposits made to the contract, less any partial withdrawals, in the event of death. The Company offers three types of GMDB contracts consisting of return of premium and two versions of ratchet, which are evaluated every fifth and eighth year, respectively.

The Company reinsures nearly all of the GMDB risk on its individual variable annuity contracts. Therefore, the liability balance is not material. The Company does not include investment results accruing directly to the policyholder in its revenues. Fees charged to policyholders include mortality, policy administration, and surrender charges and are included in other revenues.

Funds Held Under Deposit Contracts

Liabilities for fixed deferred annuity contracts, guaranteed investment contracts, and universal life policies are computed as deposits net of withdrawals made by the policyholder, plus amounts credited based on contract specifications, less contract fees and charges assessed, plus any additional interest. For single premium immediate annuities (SPIAs), including structured settlements, future benefits are either fully guaranteed or are contingent on the survivorship of the annuitant. Liabilities are based on discounted amounts of estimated future benefits. Contingent future benefits are discounted with current pricing mortality assumptions, which include provisions for longer life spans over time. The interest rate pattern used to calculate the reserves for SPIAs is set at issue. The interest rates within the pattern vary over time and start

with interest rates that prevailed at the contract issue. The weighted-average implied interest rate on the existing block is currently 5.9% and will grade to an ultimate assumed level of 6.7% in about 20 years.

Future Policy Benefits

The Company computes liabilities for future policy benefits under traditional individual life and group life insurance policies on the level premium method, which uses a level premium assumption to fund reserves. The Company selects the level premiums so that the actuarial present value of future benefits equals the actuarial present value of future premiums. The Company sets the interest, mortality, and persistency assumptions in the year of issue and includes provisions for adverse deviations. These liabilities are contingent upon the death of the insured while the policy is in force. The Company derives mortality assumptions from both company-specific and industry statistics. The Company discounts future benefits at interest rates that vary by year of policy issue, are graded to the statutory valuation interest rate over time, and range from 6.0% to 4.0%.

Policy and Contract Claims

Liabilities for policy and contract claims primarily represent liabilities for claims under group medical coverages and are established on the basis of reported losses (case basis method). The Company also provides for claims incurred but not reported (IBNR), based on expected loss ratios, claims paying completion patterns, and historical experience. The Company periodically reviews estimates for reported but unpaid claims and IBNR. Any necessary adjustments are reflected in current operating results.

Income Taxes

Through the date of acquisition, the Company was included in a consolidated federal income tax return filed by Safeco. Tax payments (credits) were made to or received from Safeco in accordance with the tax allocation agreement on a separate company tax return filing basis. Subsequent to the acquisition, the Symetra Life insurance companies file a separate life consolidated tax return. The non-life insurance companies file a separate non-life consolidated tax return. Pursuant to Internal Revenue Code (IRC) § 1504(c), the life insurance companies will file a separate life consolidated tax return for five years subsequent to the acquisition.

Income taxes have been provided using the liability method in accordance with SFAS No. 109, *Accounting for Income Taxes.* The provision for income taxes has two components: amounts currently payable or receivable and deferred income taxes. The deferred income taxes are calculated as the difference between the book and tax basis of the appropriate assets and liabilities. Deferred tax assets are recognized only to the extent that it is probable that future tax profits will be available. A valuation allowance is established where deferred tax assets cannot be recognized.

Recently Issued Accounting Standards

SFAS No. 157, Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact the adoption of this Statement could have on its financial condition, results of operations, and cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, Accounting for Income Taxes*. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted FIN No. 48 as of January 1, 2007, as required. The adoption did not have a material impact on the Company's consolidated financial statements.

SFAS No. 155, Accounting for Certain Hybrid Financial Instruments

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*. SFAS No. 155 amends certain paragraphs of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 155 also resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, *Application of Statement 133 to Beneficial Interests in Securitized Financial Assets*. In summary, SFAS No. 155: (1) permits an entity to make an irrevocable election to measure any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation at fair value in its entirety, with changes in fair value recognized in earnings; (2) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133; (3) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (4) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and (5) amends SFAS No. 140 to eliminate the prohibition on a qualifying special purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. Provisions of SFAS No. 155 may be applied to instruments that an entity holds at the date of adoption on an instrument-by-instrument basis. The Company adopted SFAS No. 155 as of January 1, 2007, as required. The adoption did not have a material impact on the Company's consolidated financial statements.

American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts

In September 2005, the AICPA issued SOP 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*. SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and For Realized Gains and Losses from the Sale of Investments*. SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights, or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. Under SOP 05-1, modifications that result in a substantially unchanged contract will be accounted for as a continuation of the replaced contract. A replacement contract that is substantially changed will be accounted for as an extinguishment of the replaced contract, resulting in a release of unamortized DAC, unearned revenue, and deferred sales inducements associated with the replaced contract.

The provisions of SOP 05-1 are effective for fiscal years beginning after December 15, 2006. The Company adopted SOP 05-1 effective on January 1, 2007 as required. The adoption of SOP 05-1 did not have a material impact on the Company's consolidated financial statements.

3. Investments

The following tables summarize the Company's fixed maturities and marketable equity securities:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2006				
Fixed maturities:				
U.S. government and agencies	**$ 157,000**	**$ 1,775**	**$ (879)**	**$ 157,896**
State and political subdivisions	**666,101**	**9,329**	**(4,532)**	**670,898**
Foreign governments	**205,186**	**4,166**	**(477)**	**208,875**
Corporate securities	**10,670,752**	**164,266**	**(168,550)**	**10,666,468**
Mortgage-backed securities	**4,387,557**	**26,750**	**(68,566)**	**4,345,741**
Total fixed maturities	**16,086,596**	**206,286**	**(243,004)**	**16,049,878**
Marketable equity securities	**171,003**	**32,046**	**(1,343)**	**201,706**
Total	**$ 16,257,599**	**$ 238,332**	**$ (244,347)**	**$ 16,251,584**

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2005				
Fixed maturities:				
U.S. government and agencies	$ 652,304	$ 49,460	$ (799)	$ 700,965
State and political subdivisions	741,671	25,217	(1,636)	765,252
Foreign governments	353,333	13,119	(227)	366,225
Corporate securities	10,881,369	267,274	(137,063)	11,011,580
Mortgage-backed securities	4,358,420	42,290	(61,535)	4,339,175
Total fixed maturities	16,987,097	397,360	(201,260)	17,183,197
Marketable equity securities	148,917	15,234	(1,850)	162,301
Total	$ 17,136,014	$ 412,594	$ (203,110)	$ 17,345,498

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investments — (Continued)

The following table shows the Company's investments' gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2006						
Fixed maturities:						
U.S. government and agencies	**$ 52,723**	**$ (671)**	**$ 24,683**	**$ (208)**	**$ 77,406**	**$ (879)**
State and political subdivisions	**219,608**	**(2,922)**	**65,722**	**(1,610)**	**285,330**	**(4,532)**
Foreign governments	**14,404**	**(214)**	**11,103**	**(263)**	**25,507**	**(477)**
Corporate securities	**2,732,600**	**(55,864)**	**3,686,854**	**(112,686)**	**6,419,454**	**(168,550)**
Mortgage-backed securities	**1,501,485**	**(22,776)**	**1,888,331**	**(45,790)**	**3,389,816**	**(68,566)**
Total fixed maturities	**4,520,820**	**(82,447)**	**5,676,693**	**(160,557)**	**10,197,513**	**(243,004)**
Marketable equity securities	**9,829**	**(206)**	**2,926**	**(1,137)**	**12,755**	**(1,343)**
Total	**$ 4,530,649**	**$ (82,653)**	**$ 5,679,619**	**$ (161,694)**	**$ 10,210,268**	**$ (244,347)**

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2005						
Fixed maturities:						
U.S. government and agencies	$ 43,881	$ (642)	$ 10,547	$ (157)	$ 54,428	$ (799)
State and political subdivisions	87,574	(675)	51,278	(961)	138,852	(1,636)
Foreign governments	20,927	(225)	2,502	(2)	23,429	(227)
Corporate securities	4,956,275	(123,274)	697,497	(13,789)	5,653,772	(137,063)
Mortgage-backed securities	2,077,490	(36,639)	1,044,399	(24,896)	3,121,889	(61,535)
Total fixed maturities	7,186,147	(161,455)	1,806,223	(39,805)	8,992,370	(201,260)
Marketable equity securities	10,729	(1,759)	228	(91)	10,957	(1,850)
Total	$ 7,196,876	$ (163,214)	$ 1,806,451	$ (39,896)	$ 9,003,327	$ (203,110)

As of December 31, 2006 and 2005, $148,552 and $36,480, respectively, of unrealized losses for a period of twelve months or more relate to investment grade fixed income securities. Unrealized losses on investment grade securities are principally related to changes in interest rates or changes in the issuer and the sector related credit spreads since the securities were acquired. As of December 31, 2006 and 2005, the Company had the intent and ability to hold these investments for a period of time sufficient for them to recover in value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investments — (Continued)

The Company reviewed all its investments with unrealized losses at the end of 2006 and 2005 in accordance with the impairment policy described in Note 2. The Company's evaluation determined that these declines in fair value were temporary and it had the intent and ability to hold them until recovery.

At December 31, 2006 and 2005, the Company held below-investment-grade fixed maturities with a fair value of $1,332,000 and $1,387,000, respectively, and an amortized cost of $1,305,000 and $1,359,000, respectively. These holdings amounted to 8.3% and 8.1%, respectively, of the Company's investments in fixed maturities at fair value at December 31, 2006 and 2005.

The following table summarizes the cost or amortized cost and fair value of fixed maturities at December 31, 2006, by contractual years-to-maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

	Cost or Amortized Cost	Fair Value
One year or less	**$ 377,113**	**$ 374,632**
Over one year through five years	**2,655,755**	**2,613,674**
Over five years through ten years	**2,746,470**	**2,701,652**
Over ten years	**5,919,701**	**6,014,179**
Mortgage-backed securities	**4,387,557**	**4,345,741**
Total fixed maturities	**$ 16,086,596**	**$ 16,049,878**

The carrying value of certain securities and cash on deposit with state regulatory authorities was $8,302 and $14,103 at December 31, 2006 and 2005, respectively.

No industry represented more than 9.1% of the amortized cost of fixed maturities and equity securities at December 31, 2006 and 2005.

The following table summarizes the Company's consolidated pretax net investment income:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
Interest:				
Fixed maturities	**$ 926,678**	$ 945,737	$ 390,111	$ 633,756
Mortgage loans	**48,849**	46,052	21,943	44,233
Short-term investments and cash and cash equivalents	**9,851**	4,156	1,159	2,000
Dividends:				
Marketable equity securities	**6,759**	3,967	2,671	3,302
Redeemable preferred stock	**3,640**	3,387	492	2,965
Policy loans	**4,870**	5,112	2,241	3,067
Income from equity method investments	**4,658**	2,514	—	—
Other	**3,612**	6,058	3,208	9,287
Total investment income	**1,008,917**	1,016,983	421,825	698,610
Investment expenses	**(23,990)**	(22,935)	(10,705)	(4,908)
Net investment income	**$ 984,927**	$ 994,048	$ 411,120	$ 693,702

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investments — (Continued)

The carrying value of investments in fixed maturities that have not produced income for the last 12 months was $30,453 and $10,354 at December 31, 2006 and 2005, respectively. All of the Company's mortgage loans produced income during 2006 and 2005.

The following table summarizes the Company's consolidated net realized investment gains before income taxes:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
Fixed maturities	**$ (16,089)**	$ 1,840	$ 4,117	$ 34,345
Marketable equity securities	**14,842**	8,221	291	972
Other invested assets	**1,737**	3,992	2,584	92
Deferred policy acquisition costs adjustment	**1,190**	87	11	(517)
Net realized investment gains	**$ 1,680**	$ 14,140	$ 7,003	$ 34,892

During 2006, the Company recorded impairment charges of fixed maturity investments and equity securities totaling $25,719. These write-downs were primarily from investments in the paper-related industry totaling $15,655, or 60.9%. The additional write-downs represent securities that the Company does not intend to hold until recovery. The following tables summarize the proceeds from sales of investment securities and related net realized investment gains before income taxes for 2006, 2005 and 2004.

	Year Ended December 31, 2006			
	Fixed Maturities	Marketable Equity Securities	Other	Total
Proceeds from sales	**$ 1,603,453**	**$ 106,657**	**$ 13,235**	**$ 1,723,345**
Gross realized investment gains	**$ 26,847**	**$ 18,274**	**$ 2,497**	**$ 47,618**
Gross realized investment losses	**(18,373)**	**(1,437)**	**(112)**	**(19,922)**
Net realized investment gains	**8,474**	**16,837**	**2,385**	**27,696**
Impairments	**(24,608)**	**(1,111)**	—	**(25,719)**
Other, including gains (losses) on calls and redemptions	**45**	**(884)**	**542**	**(297)**
Net realized investment gains (losses)	**$ (16,089)**	**$ 14,842**	**$ 2,927**	**$ 1,680**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investments — (Continued)

	Year Ended December 31, 2005			
	Fixed Maturities	Marketable Equity Securities	Other	Total
Proceeds from sales	$ 2,364,806	$ 59,782	$ 1,525	$ 2,426,113
Gross realized investment gains	$ 30,782	$ 9,626	$ —	$ 40,408
Gross realized investment losses	(27,027)	(1,184)	—	(28,211)
Net realized investment gains	3,755	8,442	—	12,197
Impairments	(7,664)	—	—	(7,664)
Other, including gains (losses) on calls and redemptions	5,749	(221)	4,079	9,607
Net realized investment gains	$ 1,840	$ 8,221	$ 4,079	$ 14,140

	Period from August 2, 2004 through December 31, 2004			
	Fixed Maturities	Marketable Equity Securities	Other	Total
Proceeds from sales	$ 363,859	$ 41,573	$ 17,320	$ 422,752
Gross realized investment gains	$ 8,379	$ 978	$ 6,345	$ 15,702
Gross realized investment losses	(7,862)	(224)	(5,747)	(13,833)
Net realized investment gains	517	754	598	1,869
Impairments	(27)	(87)	—	(114)
Other, including gains (losses) on calls and redemptions	3,627	(376)	1,997	5,248
Net realized investment gains	$ 4,117	$ 291	$ 2,595	$ 7,003

	Period from January 1, 2004 through August 1, 2004 — Predecessor			
	Fixed Maturities	Marketable Equity Securities	Other	Total
Proceeds from sales	$ 713,652	$ 4,491	$ 1,621	$ 719,764
Gross realized investment gains	$ 45,705	$ 1,137	$ 17,846	$ 64,688
Gross realized investment losses	(17,163)	(165)	(15,467)	(32,795)
Net realized investment gains	28,542	972	2,379	31,893
Impairments	(10,272)	—	—	(10,272)
Other, including gains (losses) on calls and redemptions	16,075	—	(2,804)	13,271
Net realized investment gains (losses)	$ 34,345	$ 972	$ (425)	$ 34,892

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investments — (Continued)

The following table summarizes the Company's allowance for mortgage loan losses:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
Allowance at beginning of period	**$ 3,903**	$ 10,172	$ 10,172	$ 10,172
Provision	**109**	—	—	—
Adjustment	—	(6,269)	—	—
Allowance at end of period	**$ 4,012**	$ 3,903	$ 10,172	$ 10,172

This allowance relates to mortgage loan investments of $798,295 and $780,826 at December 31, 2006 and 2005, respectively. All of the Company's mortgage loan investments were in good standing at December 31, 2006.

At December 31, 2006, mortgage loans constituted approximately 3.9% of total assets and are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial, and office building sectors. The majority of the properties are located in the western United States, with 27% of the total in California and 22% in Washington. Individual loans generally do not exceed $15,000.

The carrying value of other invested assets approximates fair value. The following table summarizes the Company's other invested assets:

	December 31, 2006	2005
Options	**$ 2,053**	$ 3,331
Note receivable — agency	**7,823**	7,930
Embedded derivatives	**8,257**	17,164
Other	**572**	700
Total other invested assets	**$ 18,705**	$ 29,125

4. Derivative Financial Instruments

Derivatives are instruments whose values are derived from underlying instruments, indices, or rates, have a notional amount, and can be net settled. This may include derivatives that are "embedded" in financial instruments or in certain existing assets or liabilities. The Company uses derivative financial instruments, including interest rate swaps and options, as a means of hedging exposure to equity price changes and/or interest rate risk on anticipated transactions or on existing assets and liabilities.

Interest rate risk is the risk of economic loss due to changes in the level of interest rates. The Company manages interest rate risk through active portfolio management and selective use of interest rate swaps as hedges to change the characteristics of certain assets and liabilities. With interest rate swap agreements, the Company exchanges with a counterparty, at specified intervals, interest rate payments of differing character (e.g., fixed-rate payments exchanged for variable-rate payments), based on an underlying principal balance (notional amount). No cash is exchanged at the outset of the contract, and no principal payments are made by either party. The net interest accrued and the net interest payments made at each interest payment due date are recorded to interest income or expense, depending on the hedged item.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair Value Hedges

In August 2004, all fair value hedges, totaling $330,409 of notional amount outstanding, were terminated resulting in a realized investment loss of $3,491. Prior to August 2004, the Company used interest rate swaps to hedge the change in fair value of certain fixed-rate assets. As discussed in Note 2, derivatives that were determined to be highly effective were given hedge accounting treatment and changes in their fair values and the fair values of the related assets that they hedged were recognized in net realized investment gains (losses) in the Consolidated Statements of Operations.

Cash Flow Hedges

In January 2006, the Company's Board of Directors authorized a private offering to qualified institutional buyers of $300,000 fixed rate senior subordinated notes due in ten years (the Notes). The Company was exposed to interest rate risk as it expected to issue the Notes on or about March 31, 2006 at or near par at the then current market interest rate. To manage this risk, the Company bought a $300,000 forward-starting interest rate swap at 5.0575%, maturing on March 31, 2006, and designated the derivative as a hedge of a forecasted transaction carried at fair value with changes recorded in OCI. Since the critical terms of the derivative were the same as the forecasted transaction, the Company did not record any ineffectiveness.

On March 30, 2006, the Company issued $300,000 of 6.125% senior notes due on April 1, 2016 (Note 11). As a result, the Company recorded a $4,814 gain in OCI related to the swap which will be reclassified into income concurrent with the interest expense over the life of the Notes. For the year ended December 31, 2006, $237 was reclassified from OCI to interest expense.

In August 2004, all cash flow interest rate swaps were terminated, resulting in a net realized investment gain of $393. Prior to August 2004, the Company used interest rate swaps to hedge the variability of future cash flows arising from changes in interest rates associated with certain variable rate assets and forecasted transactions. Amounts recorded in OCI related to derivatives qualifying as cash flow hedges resulted in a decrease in OCI of $4,439 after tax for the seven month period ended August 1, 2004.

In August 2004, interest rate swaps related to the forecasted transactions were terminated resulting in a realized investment gain of $3,640.

Prior to August 2004, the interest rate swaps related to forecasted transactions that were considered probable of occurring were considered to be highly effective and qualified for hedge treatment under SFAS No. 133. SFAS No. 133 requires that amounts deferred in OCI be reclassified into earnings either when the forecasted transaction occurs or when it is considered not probable of occurring, whichever happens sooner. In the seven month period ended August 1, 2004, $7,442 after tax was reclassified from OCI to net realized investment gains and losses relating to forecasted transactions that were no longer probable of occurring.

Other Derivatives

The Company has a closed block of fixed indexed annuity (FIA) product that credits the policyholders' account based on a percentage of the gain in the S&P 500 Index. In connection with this product, the Company has a hedging program with the objective to hedge the exposure to changes in the S&P 500 Index. This program consists of buying S&P 500 Index options. Although the Company uses index options to hedge the equity return component of the FIA, the options do not qualify as hedging instruments or for hedge accounting treatment pursuant to SFAS No. 133. Accordingly, the assets are recorded as a free-standing derivative asset or options in other invested assets, and mark-to-market gains or losses to record the options at fair value are recognized in net realized investment gains. The Company recognized pretax gains (losses) on these options of $2,227, $(4,413), $2,007, and $(2,611) for the years ended December 31, 2006 and 2005, the five month period ended December 31, 2004, and the seven month period ended August 1, 2004, respectively.

The Company has convertible bonds that contain embedded options. The values of these options are bifurcated from the host value of the respective bonds and are accounted for as derivatives. During 2006 and

2005, the embedded derivatives are recorded in other invested assets, and mark-to-market gains or losses to record the embedded derivatives at fair value are recognized in net realized investment gains. The value of these options is $8,257 and $17,164 at December 31, 2006 and 2005, respectively.

Counterparty credit risk is the risk that a counterparty to a derivative contract will be unable to perform its obligations. The Company manages counterparty credit risk on an individual counterparty basis, and gains and losses are netted by counterparty. The Company mitigates counterparty credit risk through credit reviews, approval controls, and by only entering into agreements with credit-worthy counterparties. The Company performs ongoing monitoring of counterparty credit exposure risk against credit limits. The contract or notional amounts of these instruments reflect the extent of involvement the Company has in a particular class of derivative financial instrument. However, the maximum loss of cash flow associated with these instruments can be less than these amounts. For interest rate swaps, credit risk is limited to the amount that it would cost the Company to replace the contract.

5. Securities Lending Program

The Company participates in a securities lending program whereby blocks of securities included in investments are loaned to third parties, primarily major brokerage firms. The Company requires a minimum of 102% of the fair value of the loaned securities to be separately maintained as collateral for the loans. Securities with a cost or amortized cost of $395,942 and $577,877 and an estimated fair value of $427,660 and $574,824 were on loan under the program at December 31, 2006 and 2005, respectively. The Company was liable for cash collateral under its control of $439,292 and $598,451 at December 31, 2006 and 2005, respectively.

6. Fair Value of Financial Instruments

The Company estimates the fair values for mortgage loans by discounting the projected cash flows using the current rate at which the loans would be made to borrowers with similar credit ratings and for the same maturities.

For cash and cash equivalents, policy loans, short-term investments, accounts receivable, and other liabilities the carrying value is a reasonable estimate of fair value.

The fair value of investments in limited partnerships is provided by the general partner or manager of each investment. Included in investments in limited partnerships are investments in tax-sheltered affordable housing projects for which the fair values are calculated as the sum of cash contributions and the present value of future commitments.

The carrying amount of the note receivable approximates fair value.

All derivatives are carried at fair value on the Consolidated Balance Sheets. The fair values of the derivative financial instruments generally represent the estimated amounts that the Company would expect to receive or pay upon termination of the contracts as of the reporting date. Quoted fair values are available for certain derivatives. For derivative instruments not actively traded, the Company estimates fair value using values obtained from independent pricing services, internal modeling, or quoted market prices of comparable instruments.

The carrying value of securities lending collateral and securities lending payable approximates fair value.

Separate account assets and the related liabilities are reported at fair value using quoted market prices.

The Company estimates the fair values of investment contracts (funds held under deposit contracts) with defined maturities by discounting projected cash flows using rates that would be offered for similar contracts with the same remaining maturities. For investment contracts with no defined maturities, the Company estimates fair values to be the present surrender value.

The following table summarizes the carrying or reported values and corresponding fair values of financial instruments:

	December 31, 2006		December 31, 2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Fixed maturities	**$ 16,049,878**	**$ 16,049,878**	$ 17,183,197	$ 17,183,197
Marketable equity securities	**201,706**	**201,706**	162,301	162,301
Mortgage loans	**794,283**	**796,078**	776,923	798,430
Investment in limited partnerships	**112,648**	**112,648**	93,400	93,400
Other invested assets:				
Options	**2,053**	**2,053**	3,331	3,331
Embedded derivatives	**8,257**	**8,257**	17,164	17,164
Note receivable — agency	**7,823**	**7,823**	7,930	7,930
Other	**572**	**572**	—	—
Securities lending collateral	**439,292**	**439,292**	598,451	598,451
Separate account assets	**1,233,929**	**1,233,929**	1,188,820	1,188,820
Financial liabilities:				
Funds held under deposit contracts	**15,986,198**	**15,954,265**	16,697,903	16,960,272
Other liabilities:				
Limited partnership contributions payable	**44,646**	**44,646**	31,599	31,599
Securities lending payable	**439,292**	**439,292**	598,451	598,451
Separate account liabilities	**1,233,929**	**1,233,929**	1,188,820	1,188,820

7. Reinsurance

The Company evaluates the financial condition of its reinsurers to minimize the exposure to losses from reinsurer insolvencies. Management of the Company is not aware of any of the Company's major reinsurers currently experiencing material financial difficulties. The Company analyzes reinsurance recoverables according to the credit ratings of its reinsurers. Of the total amount due from reinsurers at December 31, 2006, 99.7% was with reinsurers rated A− or higher by A.M. Best. The Company had no reserve for uncollectible reinsurance in 2006 or 2005. None of the Company's reinsurance contracts exclude certified terrorist acts.

For the individual life business, the Company has coinsurance agreements on policies exceeding $500,000 and other miscellaneous policies where the reinsurer reimburses the Company based on the percentage in the contract, which ranges from 50% to 80% based upon the year that the policy was written.

The Company reinsures 100% of its group long-term disability and group short-term disability business. The reinsurer is responsible for paying all claims.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reinsurance recoverables are comprised of the following amounts:

	December 31, 2006	2005
Life insurance		
Reinsurance recoverables on:		
Policy and contract claims	**$ 5,861**	$ 6,694
Paid claims	**10**	77
Future policy benefits	**166,621**	149,853
Total life insurance	**172,492**	156,624
Accident and health insurance		
Reinsurance recoverables on:		
Policy and contract claims	**725**	338
Paid claims	**79**	295
Future policy benefits	**65,468**	72,631
Total accident and health insurance	**66,272**	73,264
Total reinsurance recoverables	**$ 238,764**	$ 229,888

The following table sets forth net life insurance in-force as of December 31:

	2006	2005	2004
Direct life insurance in-force	**$ 55,656,360**	$ 56,928,623	$ 69,610,844
Amounts assumed from other companies	**211,656**	219,626	228,006
Amounts ceded to other companies	**(21,944,907)**	(20,266,656)	(19,081,945)
Net life insurance in-force.	**$ 33,923,109**	$ 36,881,593	$ 50,756,905
Percentage of amount assumed to net	**0.62%**	0.59%	0.44%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The effects of reinsurance on earned premiums are as follows:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
Direct:				
Accident and health premiums	**$ 390,873**	$ 430,821	$ 185,464	$ 264,032
Life insurance premiums	**191,881**	192,854	84,743	118,226
Total	**582,754**	623,675	270,207	382,258
Assumed:				
Accident and health premiums	**(1)**	15,277	18,753	23,220
Life insurance premiums	**209**	240	165	229
Total	**208**	15,517	18,918	23,449
Ceded:				
Accident and health premiums	**(10,215)**	(22,529)	(8,544)	(11,804)
Life insurance premiums	**(47,090)**	(41,204)	(17,386)	(35,978)
Total	**(57,305)**	(63,733)	(25,930)	(47,782)
Total premiums	**$ 525,657**	$ 575,459	$ 263,195	$ 357,925
Percentage of amount assumed to net	**0.04%**	2.70%	7.19%	6.55%

Ceded reinsurance reduced policy benefits by $45,533, $39,253, $11,529, and $23,722 for the years ended December 31, 2006 and 2005, the five months ended December 31, 2004, and the seven months ended August 1, 2004, respectively.

8. Deferred Policy Acquisition Costs and Deferred Sales Inducements

Activities impacting deferred policy acquisition costs are as follows:

	December 31, 2006	2005
Unamortized balance at beginning of period	**$ 48,511**	$ 15,073
Deferral of acquisition costs	**52,511**	45,213
Amortization related to investment gains	**1,190**	86
Amortization related to other expenses	**(14,589)**	(11,861)
Unamortized balance at end of period	**87,623**	48,511
Accumulated effect of net unrealized investment gains	**614**	506
Balance at end of period	**$ 88,237**	$ 49,017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides a reconciliation of the beginning and ending balance for sales inducements, which are included in other assets:

	December 31, 2006	December 31, 2005
Unamortized balance at beginning of period	**$ 2,905**	$ 293
Capitalizations	**6,113**	2,612
Amortization	**(8)**	—
Unamortized balance at end of period	**$ 9,010**	$ 2,905

9. Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements are comprised of the following amounts:

	December 31, 2006	December 31, 2005
Computer equipment and software	**$ 6,151**	$ 4,060
Office equipment, furniture, and fixtures	**8,977**	8,785
Equipment and software under capital leases	**13,825**	13,586
Leasehold improvements	**13,728**	13,598
	42,681	40,029
Less accumulated depreciation and amortization	**14,605**	9,507
Total property, equipment, and leasehold improvements, net	**$ 28,076**	$ 30,522

Depreciation and amortization expenses associated with property, equipment, and leasehold improvements, including equipment and software under capital leases, amounted to $5,610, $4,554, $159, and $367, for the years ended December 31, 2006 and 2005, the five months ended December 31, 2004, and the seven months ended August 1, 2004, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Policy and Contract Claims

The following table provides a reconciliation of the beginning and ending reserve balances for policy and contract claims for 2006, 2005 and 2004:

	2006	2005	2004
Balance as of January 1	**$ 135,655**	$ 153,173	$ 139,113
Less: reinsurance recoverable	**7,032**	4,176	5,571
Net balance as of January 1	**128,623**	148,997	133,542
Incurred related to insured events of:			
The current year	**298,269**	364,832	369,948
Prior years	**(1,445)**	1,807	12,158
Total incurred	**296,824**	366,639	382,106
Paid related to insured events of:			
The current year	**231,890**	292,482	290,857
Prior years	**80,629**	94,531	75,794
Total paid	**312,519**	387,013	366,651
Net balance as of December 31	**112,928**	128,623	148,997
Add: reinsurance recoverable	**6,586**	7,032	4,176
Balance as of December 31	**$ 119,514**	$ 135,655	$ 153,173

The Company uses estimates for determining its liability for policy and contract claims, which are based on historical claim payment patterns, and expected loss ratios to provide for the inherent variability in claim patterns and severity. For the year ended December 31, 2006, the change in prior year incurred liabilities primarily relates to a favorable development in contract claims. For the years ended December 31, 2005 and 2004, the change in incurred liabilities was primarily from higher-than-expected loss and claims experience, and a change in estimates.

11. Notes Payable

Revolving Credit Facilities

On June 14, 2004, the Company entered into a $370,000 revolving credit agreement with several lending institutions, with Bank of America, N.A. acting as administrative agent for the lenders. On August 2, 2004, the Company borrowed $300,000 against the revolving credit facility, which was used to purchase the life and investment companies, and $15,000, which was used to purchase a loan from Safeco. On August 31, 2004, $15,025 was repaid, which included $25 of interest expense.

During the year ended December 31, 2006, the Company repaid the $300,000 outstanding revolving credit line, and the line of credit was subsequently reduced to $70,000. The credit agreement contains restrictive covenants, which include maintaining certain financial ratios. The interest rate is currently three months at LIBOR, plus a margin of 0.60%. The margin is adjusted based on the Company's debt-to-capitalization ratio. There was no borrowing activity on this facility in 2006. At December 31, 2005, the balance outstanding was $300,000 and the rate was 4.52%. Interest expense for 2006 and 2005 was $3,851 and $12,388, respectively.

In 2005, the Company entered into two $25,000 revolving credit facilities with Bank of New York to support the Company's overnight repurchase agreement program, which provides the Company liquidity to meet its general funding requirements. There was no borrowing activity on these facilities in 2006 and 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Senior Notes Payable

On March 30, 2006, the Company issued $300,000 of 6.125% senior notes due on April 1, 2016, which were issued at a discount yielding $298,671. As a result of this transaction, the Company paid $3,040 in debt issuance costs which have been capitalized and included in other assets and realized $4,814 of deferred gains related to a hedging transaction (Note 4). Both amounts are being amortized using the effective-interest method over the term of the Notes, yielding to an effective interest rate of 6.11%.

These senior notes are unsecured senior obligations and will be equal in right of payment to all existing and future unsecured senior indebtedness. These notes are redeemable, in whole or in part, at the option of the Company at any time or from time to time at a redemption price equal to the greater of: (1) 100% of the aggregate principal amount of the notes to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Notes, discounted to the redemption date on a semi-annual basis at a prevailing U.S. Treasury rate plus 25 basis points, together in each case with accrued interest payments to the redemption date.

Proceeds from the Notes were used to pay down the outstanding principal on the revolving line of credit. Interest on the notes is payable semi-annually in arrears, beginning on October 2, 2006. The Company made interest payments on the senior notes of $9,239 in 2006.

The terms of the senior notes contain various business and financial covenants, including limitations on the disposition of subsidiaries. As of December 31, 2006, the Company was in compliance with all such covenants.

12. Income Taxes

The Company uses the liability method of accounting for income taxes in accordance with SFAS No. 109, under which deferred income tax assets and liabilities are determined based on the differences between their financial reporting and tax bases and are measured using the enacted tax rates.

Differences between income taxes computed by applying the U.S. federal income tax rate of 35% to income from continuing operations before income taxes and the provision for income taxes were as follows:

							Predecessor	
	Year Ended December 31, 2006		Year Ended December 31, 2005		Period from August 2, 2004 through December 31, 2004		Period from January 1, 2004 through August 1, 2004	
Income (loss) from continuing operations before income taxes	**$ 244,028**		$ 206,355		$ (9,192)		$ 129,024	
Computed “expected” tax expense	**85,410**	**35.00%**	72,224	35.00%	(3,217)	35.00%	45,158	35.00%
Separate account dividend received deduction	**(1,981)**	**(0.81)**	(3,960)	(1.92)	(1,103)	12.00	(1,461)	(1.13)
Purchase transaction costs	**(402)**	**(0.17)**	(413)	(0.20)	(455)	4.95	—	—
Miscellaneous permanent differences	**(308)**	**(0.13)**	(158)	(0.08)	(237)	2.58	117	0.09
IRS audit adjustments	—	—	—	—	—	—	(8,749)	(6.78)
Warrants	—	—	—	—	35,536	(386.60)	—	—
Valuation allowance	—	—	(5,440)	(2.64)	—	—	—	—
Low income housing credits	**(838)**	**(0.34)**	—	—	—	—	—	—
Other true-up adjustments	**2,617**	**1.08**	(340)	(0.16)	1,458	(15.86)	(3,663)	(2.84)
Provision for income taxes	**$ 84,498**	**34.63%**	$ 61,913	30.00%	$ 31,982	(347.93)%	$ 31,402	24.34%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The warrant adjustment for the period from August 2, 2004 through December 31, 2004, reflects the reduction of current income from continuing operations related to warrants issued to investors for certain services provided. For tax purposes, warrants for services are not deductible until the time of exercise. As of December 31, 2006, $2,720 of the warrant expense is accounted for as a temporary difference for which a deferred tax asset has been established. For tax-basis, the remaining portion of $32,816 has been allocated to non-amortizable capital expenditures.

The tax effects of temporary differences which give rise to the deferred income tax assets and deferred income tax liabilities were as follows:

	December 31,	
	2006	2005
Deferred income tax assets:		
Goodwill	**$ 3,453**	$ 5,289
Intangibles	**18,408**	19,036
Adjustment to life policy liabilities	**343,120**	369,329
Capitalization of policy acquisition costs	**50,150**	57,785
Long-term incentive plan	**4,451**	4,266
Warrants	**2,720**	35,536
Investment impairments	**9,002**	8,927
Uncollected premium adjustment	**194**	—
Guaranty fund assessments	**502**	522
Furniture and fixtures	**510**	2,262
Bond discount accrual	**504**	—
Unrealized depreciation of investment securities (net of deferred policy acquisition costs adjustment: $(215) and $(0), respectively)	**296**	—
Other	**6,442**	11,019
Total deferred income tax assets	**439,752**	513,971
Deferred income tax liabilities:		
Unrealized appreciation of investment securities (net of deferred policy acquisition costs adjustment: $(0) and $(177), respectively)	**—**	73,520
Securities — basis adjustment	**185,164**	242,909
Mortgage loans	**1,234**	3,170
Warrants	**2,720**	35,536
Deferred policy acquisition costs	**30,668**	16,641
Bond discount accrual	**—**	4,546
Other	**875**	302
Total deferred income tax liabilities	**220,661**	376,624
Net deferred income tax asset	**$ 219,091**	$ 137,347

On August 2, 2004, the Company established a valuation allowance related to capital loss carryforwards of $27,392 ($9,587 at the effective tax rate). The Company determined the need for a valuation allowance due to the fact that the capital losses generated in 2002 and 2003 continued to be available for carryback purposes by the Company's former parent, Safeco. During 2005, the valuation allowance was reduced in its entirety as a result of a change in the anticipated realizability of deferred tax assets. The adjustment resulted in a write-down of other intangible assets in the amount of $4,200.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Prior to 1984, as provided for under the Life Insurance Company Tax Act of 1959, a portion of statutory income was not subject to current taxation, but was accumulated for income tax purposes in a memorandum account referred to as the "policyholders' surplus account" (PSA). In any taxable year beginning after 2004 and before 2007, direct and indirect distributions from the PSA will be treated as zero (no tax due). At December 31, 2005 the balance in the Company's PSA account was $7,448. During 2006, direct dividends from the insurance companies of $123,030 were distributed, which reduced the balance in the Company's PSA account to zero.

13. Comprehensive Income

Comprehensive income is defined as all changes in Stockholders' Equity, except those arising from transactions with stockholders. Comprehensive income includes net income and OCI, which consists of changes in unrealized gains or losses of investments and derivatives carried at fair value and the DAC valuation allowance.

The components of OCI are as follows:

	December 31,	
	2006	**2005**
Net unrealized gains (losses) on available-for-sale securities	**$ (6,037)**	$ 209,549
Net unrealized gains on derivative financial instruments	**4,577**	—
Adjustment for deferred policy acquisition costs	**614**	506
Deferred income taxes	**296**	(73,520)
Accumulated other comprehensive income (loss)	**$ (550)**	$ 136,535

The following summarizes the net changes in OCI:

				Predecessor
	Year Ended December 31, 2006	**Year Ended December 31, 2005**	**Period from August 2, 2004 through December 31, 2004**	**Period from January 1, 2004 through August 1, 2004**
Increase (decrease) in unrealized appreciation/depreciation of:				
Available-for-sale securities	**$ (215,586)**	$ (272,579)	$ 482,128	$ (330,148)
Derivative financial instruments	**4,577**	—	—	(6,829)
Adjustment for deferred policy acquisition costs	**108**	1,201	(695)	39,095
Deferred income taxes	**73,816**	94,982	(168,502)	104,259
Net change in accumulated OCI	**$ (137,085)**	$ (176,396)	$ 312,931	$ (193,623)

14. Commitments and Contingencies

Under state insolvency and guaranty laws, insurers licensed to do business in a state can be assessed or required to contribute to state guaranty funds to cover policyholder losses resulting from insurer insolvencies. Liabilities for guaranty funds are not discounted or recorded net of premium taxes and are included in other liabilities in the Consolidated Balance Sheets. At December 31, 2006, the Company had liabilities of $7,278 for estimated guaranty fund assessments. The Company has a related asset for premium tax offsets of $5,843, which are available for a period of five to twenty years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2006 the Company was invested in six limited partnership interests related to tax sheltered affordable housing projects and state tax credit funds, four of which were entered into during 2006. The Company unconditionally committed to provide capital contributions of approximately $64,298 over a period of four years. These investments were accounted for under the equity method and are recorded at present value in investments in limited partnerships with the corresponding amount in other liabilities. Capital contributions of $10,584 were paid as of December 31, 2006, with the remaining expected cash capital contributions payable as follows:

2007	$ 9,262
2008	7,867
2009	21,439
2010	15,146
Total capital contributions payable	$ 53,714

The Company has committed to invest $17,500 in two private equity limited partnerships. The Company will provide capital contributions to the partnerships up to the committed amount at the discretion of the general partners, subject to certain incremental contribution limits. The term of the capital commitment ranges from five to ten years ending in 2015. Investments in both partnerships amounted to $2,495 for the year ended December 31, 2006.

Because of the nature of the business, the Company is subject to legal actions filed or threatened in the ordinary course of its business operations. The Company does not believe that such litigation will have a material adverse effect on its consolidated financial condition, future operating results, or liquidity.

The Company leases office space, commercial real estate, and certain equipment under leases that expire at various dates through 2015. The Company accounts for these leases as operating leases. Certain leases include renewal options.

Future minimum lease commitments, including cost escalation clauses, for the next five years and thereafter, are as follows:

	Operating Leases
2007	$ 6,853
2008	6,692
2009	6,747
2010	6,550
2011	6,192
Thereafter	23,072
Total	$ 56,106

The amount of rent expense was $8,244, $9,592, $4,500, and $5,867 for the years ended December 31, 2006 and 2005, the five months ended December 31, 2004, and the seven months ended August 1, 2004, respectively.

In October 2004, the Company entered into a service agreement with a third-party service provider to outsource the majority of its information technology infrastructure. The term of the service agreement is for five years, subject to certain renewal options and early termination provisions. Under the terms of the service agreement, the Company agreed to pay an annual service fee ranging from $13,194 to $14,664 for five years. The remaining annual service fee is $13,224 for 2007, $13,269 for 2008, $13,928 for 2009, and $8,362 for 2010, subject to certain annual service fee adjustments based on actual benchmarks and production utilization.

During 2005, the Company entered into an agreement and paid the service provider a fixed transition fee in the amount of $15,488 related to the acquisition of the initial equipment and software used by the service provider to fulfill and perform its services. The ownership of these assets will be conveyed to the Company upon the termination of the service agreement. The Company recorded the equipment and software as a capital lease with no related future minimum lease payment. Additional equipment and software may be purchased by the service provider based on capacity and demand. Equipment and software costs under the capital lease were $13,825 and $13,586, respectively, at December 31, 2006 and 2005 with accumulated amortization of $5,885 and $3,057, respectively. There were no capitalized leases at December 31, 2004.

At December 31, 2006 and 2005, unfunded mortgage loan commitments were $14,465 and $35,175, respectively. The Company had no other material commitments or contingencies at December 31, 2006 and 2005.

15. Discontinued Operations

On August 2, 2004, the Company announced it would exit the mutual fund business through a sale agreement with Pioneer Investment Management Inc. (Pioneer) for $30,000, subject to adjustment based on the value of the assets under management at closing and stockholder and trustee approval. Symetra Asset Management (SAM), manager of the Safeco mutual funds, was replaced with Pioneer. On December 10, 2004, $3.1 billion in assets from Safeco's 22 mutual funds merged into the Pioneer family of funds and the Company received $30,000. No realized investment gain or loss was recorded. Accordingly, the Company has presented the asset management segment, which is primarily composed of activity related to the mutual fund business, as discontinued operations in the Consolidated Financial Statements in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.*

During 2005, the Company received a dividend as a result of the sale of the net assets of the discontinued operations. These net assets were sold by the discontinued operations in 2005.

Included in discontinued operations are the operations of SAM and the majority of the business component of Symetra Services Corporation. SAM provided fund accounting and other administrative services to the funds through the sale date. The other asset management entity, Symetra Services Corporation, functioned as the transfer agent for the Safeco mutual funds.

Results of discontinued operations were as follows:

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004	Predecessor Period from January 1, 2004 through August 1, 2004
Revenues	$ —	$ 2,426	$ 932	$ 14,608
Benefits and expenses:				
Other underwriting and operating expenses	—	845	4,678	11,077
Income (loss) before income taxes:	—	1,581	(3,746)	3,531
Provision (benefit) for income taxes:				
Current	—	262	8,764	1,166
Deferred	—	274	(10,099)	69
Total	—	536	(1,335)	1,235
Net income (loss)	$ —	$ 1,045	$ (2,411)	$ 2,296

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

16. Employee Benefit Plans

The Company sponsors a defined contribution plan for all eligible employees. Prior to 2006, the Symetra Financial Retirement Plan was a 401(k)/profit-sharing retirement plan that included a matching contribution of 66.6% of a participant's contributions up to 6% of eligible compensation, a profit-sharing feature comprised of a minimum contribution of 3% of each eligible participant's compensation, and a variable component based on the Board of Directors' discretion. No variable profit-sharing contributions were made for the year ended December 31, 2005 and the five month period ended December 31, 2004. Effective on January 1, 2006, the plan was amended to include only an immediate safe harbor contribution of 100% of a participant's contributions up to 6% of eligible compensation. The expense related to this plan was $2,155, $5,141, and $2,526 for the years ended December 31, 2006 and 2005, and the five months ended December 31, 2004, respectively.

The Company also sponsors a performance share plan (the Performance Share Plan) that provides incentives to selected executives based on the long-term success of the Company. The Board of Directors of the Company may grant to an executive an award of performance shares. Each performance share reflects the financial value of the growth in both the book value and the enterprise value, conditional upon attainment of a stated performance goal over the award period specified in the grant. The performance shares are exchanged for a cash payment at the end of the award period. The amount expensed for the years ended December 31, 2006 and 2005 and the five months ended December 31, 2004, related to the Performance Share Plan, was $11,801, $10,262, and $1,928, respectively. The Company does not offer any healthcare, life insurance, or other post-retirement benefits to retired employees.

Predecessor Plans

Through the date of acquisition, Safeco sponsored defined contribution and defined benefit plans covering substantially all employees of the Company and its subsidiaries and provided a postretirement benefit program for certain retired employees. Eligibility for participation in the various plans was generally based on completion of a specified period of continuous service or date of hire. Employer contributions to these plans were made in cash. Costs allocated to the Company for these plans were $2,363 for the seven months ended August 1, 2004.

The Safeco 401(k)/Profit-Sharing Retirement Plan was a defined contribution plan. It included a minimum contribution of 3% of each eligible participant's compensation, a matching contribution of 66.6% of participant's contributions up to 6% of eligible compensation, and a profit-sharing component based on Safeco's income. No profit-sharing contributions were made for the seven month period ended August 1, 2004.

The Safeco Employee's Cash Balance Plan (CBP) was a noncontributory defined benefit plan that provided benefits for each year of service after 1988, based on the participant's eligible compensation, plus a stipulated rate of return on the benefit balance. Safeco made contributions to the CBP based on the funding requirements set by the Employee Retirement Income Security Act of 1974. Costs allocated to the Company for the CBP were 1% or less of income before income taxes for the seven months ended August 1, 2004.

The Company participated in Safeco's Long-Term Incentive Plan of 1997 (the Plan), as amended. Incentive stock options, non-qualified stock options, restricted stock rights, performance stock rights, and stock appreciation rights were authorized under the Plan. Stock-based compensation expense allocated to the Company was $1,873 for the seven months ended August 1, 2004.

17. Dividend Restrictions

Insurance companies are restricted by state regulations as to the aggregate amount of dividends they may pay in any consecutive 12-month period without regulatory approval. Generally, dividends may be paid out of earned surplus without approval with 30 days' prior written notice, within certain limits. The limits are generally based on the greater of 10% of the prior year statutory surplus or the prior year statutory net gain

from operations. Dividends in excess of the prescribed limits or earned surplus require formal state insurance commission approval. Based on statutory limits as of December 31, 2006, the amount of surplus available for the payment of dividends without prior regulatory approval is $166,415.

18. Statutory-Basis Information

State insurance regulatory authorities require insurance companies to file annual statements prepared on an accounting basis prescribed or permitted by their respective states of domicile. Prescribed statutory accounting practices include state laws, regulations, and general administrative rules, as well as a variety of publications of the National Association of Insurance Commissioners (NAIC), including the revised *Accounting Practices and Procedures Manual*. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

During 2005, American States Life Insurance Company (ASL) was statutorily merged into Symetra Life Insurance Company. Statutory net income and surplus of ASL for the years ended December 31, 2006 and 2005, are included in Symetra Life Insurance Company. Statutory net income (loss) and capital and surplus, by company, are as follows:

	Year Ended December 31,		
	2006	**2005**	**2004**
Statutory net income (loss):			
Symetra Life Insurance Company	**$ 145,020**	$ 162,210	$ 222,104
Symetra National Life Insurance Company	**1,107**	(936)	119
First Symetra National Life Insurance Company of New York	**35**	(3,016)	857
American States Life Insurance Company	—	—	23,237
Total	**$ 146,162**	$ 158,258	$ 246,317

	December 31	
	2006	**2005**
Statutory capital and surplus:		
Symetra Life Insurance Company	**$1,266,222**	$1,260,136

Statutory net income differs from income reported in accordance with GAAP primarily because policy acquisition costs are expensed when incurred, reserves are based on different assumptions, and income tax expense reflects only taxes paid or currently payable.

Statutory capital and surplus differs from amounts reported in accordance with GAAP primarily because of the effect of GAAP purchase price accounting adjustments, policy acquisition costs are expensed when incurred, reserves are based on different assumptions, and fixed maturities are carried at amortized cost.

Life and health insurance companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life and health insurance company is to be determined based on various risk factors related to it. At December 31, 2006, Symetra Life Insurance Company and its subsidiaries met the RBC requirements.

19. Related Parties

The Company entered into an Investment Management Agreement on March 14, 2004 with White Mountains Advisors, LLC. This agreement provides for investment advisory services related to the Company's invested assets and portfolio management services. Fees are paid quarterly and amounted to $20,187, $18,533, and $7,768 for the years ended December 31, 2006 and 2005, and the five months ended December 31, 2004.

On August 2, 2004, the Company issued warrants to two lead investors. At December 31, 2006, 2,181,120 shares of warrants to purchase the Company's common stock remain outstanding at an exercise price of $100 per share.

Predecessor

During 2005, the Company relocated its main office location to Bellevue, Washington. Prior to August 2, 2004, the Company was obligated under a real estate lease with General America Corporation, a subsidiary of Safeco, through July 31, 2005. The current minimum aggregate rental commitment under this lease obligation was $5,281 at December 31, 2004. Total related-party rent expense for all facilities charged to operations was $5,408 for the seven months ended August 1, 2004.

Prior to August 2, 2004, Safeco and its affiliates provided the Company with personnel, property, and facilities in carrying out certain of its corporate functions. Safeco annually determined allocation factors based on headcount, time studies, actual usage, or other relevant allocation bases in order to allocate expenses for these services and facilities. These expenses were included in net investment income and other operating expenses within the Company's Consolidated Statements of Operations. Safeco charged the Company expenses of $25,167 for the seven months ended August 1, 2004. These expenses included charges for corporate overhead, data processing systems, payroll, and other miscellaneous charges.

On July 30, 2004, as part of the purchase of Safeco's Life & Investment companies, $7,703 of fixed assets and software were transferred to the Company and reflected as a capital contribution. The remaining $1,131 of the total $8,834 was a cash contribution.

20. Segment Information

The Company provides a broad range of products and services that include group and individual insurance products, pension products, annuities, and investment advisory services. These operations are managed separately as five reportable segments based on product groupings: Group, Income Annuities, Retirement Services, Individual, and Other:

- Group's principal product is stop-loss medical insurance sold to employers with self-insured medical plans. Also included in this segment are group life, accidental death and dismemberment insurance, and disability products.
- Retirement Services' products are primarily fixed and variable deferred annuities (both qualified and non-qualified), tax-sheltered annuities (marketed to teachers and not-for-profit organizations), and corporate retirement funds.
- Income Annuities' principal products are the structured settlement annuities that are sold to fund third-party personal injury settlements, providing a reliable income stream to the injured party and immediate annuities purchased to fund income after retirement.
- Individual's products include term, universal and variable universal life, and bank-owned life insurance.
- Other includes Symetra Financial Corporation (the holding company), inter-segment elimination entries, and various non-insurance companies.
- Discontinued operations are comprised of the discontinued mutual fund businesses (see Notes 1 and 15).

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies (Note 2).

The Company allocates capital and related investment income to each segment using a risk-based capital formula. The Company evaluates its results based upon segment operating income, GAAP and non-GAAP financial measure that excludes net realized investment gains (losses). Management believes the presentation

of segment pretax operating income enhances the understanding of its results of operations by highlighting earnings attributable to the normal recurring operations of the business.

The following tables present selected financial information by segment and reconciles to segment income before income taxes operating earnings to amounts reported in the Consolidated Statements of Operations:

	Year Ended December 31, 2006					
	Group	Retirement Services	Income Annuities	Individual	Other	Total
Revenues:						
Premiums	$ 387,231	$ 130	$ —	$ 138,296	$ —	$ 525,657
Net investment income	18,030	269,821	439,001	232,759	25,316	984,927
Other revenue	10,195	22,831	797	12,939	9,410	56,172
Net realized investment gains (losses)	(66)	(17,061)	16,798	(3,807)	5,816	1,680
Total revenues	415,390	275,721	456,596	380,187	40,542	1,568,436
Benefits and expenses:						
Policyholder benefits and claims	230,753	(16,501)	—	50,000	—	264,252
Interest credited	—	186,232	371,786	208,180	(327)	765,871
Other underwriting and operating expenses	105,742	61,738	21,591	57,370	14,100	260,541
Interest expense	—	—	—	—	19,155	19,155
Amortization of deferred policy acquisition costs	10,882	1,081	580	2,046	—	14,589
Total benefits and expenses	347,377	232,550	393,957	317,596	32,928	1,324,408
Segment pre-tax income	68,013	43,171	62,639	62,591	7,614	244,028
Less: Net realized investment gains (losses)	(66)	(17,061)	16,798	(3,807)	5,816	1,680
Segment pre-tax operating income	$ 68,079	$ 60,232	$ 45,841	$ 66,398	$ 1,798	$ 242,348
Assets:						
Total investments	$ 168,743	$ 4,443,302	$ 6,967,906	$ 4,074,927	$ 1,650,468	$ 17,305,346
Separate account assets	—	1,115,519	—	118,410	—	1,233,929
Total assets	300,084	5,904,981	7,273,385	4,601,697	2,034,470	20,114,617

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2005							
	Group	Retirement Services	Income Annuities	Individual	Other	Continuing Operations	Discontinued Operations	Total
Revenues:								
Premiums	$ 438,276	$ 121	$ —	$ 137,062	$ —	$ 575,459	$ —	$ 575,459
Net investment income	19,270	292,801	441,438	222,613	17,926	994,048	172	994,220
Other revenue	11,801	23,223	515	13,968	9,052	58,559	—	58,559
Net realized investment gains (losses)	(74)	(17,122)	17,382	1,344	12,610	14,140	2,254	16,394
Total revenues	469,273	299,023	459,335	374,987	39,588	1,642,206	2,426	1,644,632
Benefits and expenses:								
Policyholder benefits and claims	296,036	(25,697)	—	57,088	—	327,427	—	327,427
Interest credited	—	211,538	392,534	206,856	—	810,928	—	810,928
Other underwriting and operating expenses	115,342	62,636	19,383	61,374	14,512	273,247	845	274,092
Interest expense	—	—	—	—	12,388	12,388	—	12,388
Amortization of deferred policy acquisition costs	10,478	94	272	1,017	—	11,861	—	11,861
Total benefits and expenses	421,856	248,571	412,189	326,335	26,900	1,435,851	845	1,436,696
Segment pre-tax income	47,417	50,452	47,146	48,652	12,688	206,355	1,581	207,936
Less: Net realized investment gains (losses)	(74)	(17,122)	17,382	1,344	12,610	14,140	2,254	16,394
Segment pre-tax operating income (loss)	$ 47,491	$ 67,574	$ 29,764	$ 47,308	$ 78	$ 192,215	$ (673)	$ 191,542
Assets:								
Total investments	$ 137,826	$ 5,096,016	$ 7,276,295	$ 4,130,472	$ 1,692,164	$ 18,332,773	$ —	$ 18,332,773
Separate account assets	—	1,074,463	—	114,357	—	1,188,820	—	1,188,820
Total assets	242,751	6,526,179	$ 7,451,961	4,638,575	2,120,595	20,980,061	—	20,980,061

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Period from August 2, 2004 through December 31, 2004							
	Group	Retirement Services	Income Annuities	Individual	Other	Continuing Operations	Discontinued Operations	Total
Revenues:								
Premiums	$ 207,396	$ 105	$ —	$ 55,694	$ —	$ 263,195	$ —	$ 263,195
Net investment income	8,764	124,188	184,074	89,229	4,865	411,120	393	411,513
Other revenue	5,621	11,480	207	6,224	3,518	27,050	413	27,463
Net realized investment gains (losses)	(1)	4,166	(3,277)	2,809	3,306	7,003	126	7,129
Total revenues	221,780	139,939	181,004	153,956	11,689	708,368	932	709,300
Benefits and expenses:								
Policyholder benefits and claims	124,008	(15,849)	—	19,340	—	127,499	—	127,499
Interest credited	—	109,211	164,100	86,885	—	360,196	—	360,196
Other underwriting and operating expenses	54,410	26,682	7,226	28,566	6,358	123,242	4,678	127,920
Fair Value of warrants issued to investors	—	—	—	—	101,531	101,531	—	101,531
Interest expense	—	—	—	—	3,466	3,466	—	3,466
Amortization of deferred policy acquisition costs	1,352	236	—	38	—	1,626	—	1,626
Total benefits and expenses	179,770	120,280	171,326	134,829	111,355	717,560	4,678	722,238
Segment pre-tax income	42,010	19,659	9,678	19,127	(99,666)	(9,192)	(3,746)	(12,938)
Less: Net realized investment gains (losses)	(1)	4,166	(3,277)	2,809	3,306	7,003	126	7,129
Segment pre-tax operating income (loss)	$ 42,011	$ 15,493	$ 12,955	$ 16,318	$ (102,972)	$ (16,195)	$ (3,872)	$ (20,067)
Assets:								
Total investments	$ 534,402	$ 6,724,045	$ 7,752,785	$ 4,271,000	$ (37,471)	$ 19,244,761	$ 32,290	$ 19,277,051
Separate account assets	—	1,114,843	—	113,517	—	1,228,360	—	1,228,360
Total assets	639,582	8,247,675	7,885,813	4,737,864	606,492	22,117,426	64,556	22,181,982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Period from January 1, 2004 through August 1, 2004 — Predecessor							
	Group	Retirement Services	Income Annuities	Individual	Other	Continuing Operations	Discontinued Operations	Total
Revenues:								
Premiums	$ 293,213	$ 92	$ —	$ 64,620	$ —	$ 357,925	$ —	$ 357,925
Net investment income	13,632	225,008	290,328	139,063	25,671	693,702	754	694,456
Other revenue	8,323	15,755	276	14,774	4,815	43,943	13,729	57,672
Net realized investment gains	143	2,372	12,751	5,225	14,401	34,892	125	35,017
Total revenues	315,311	243,227	303,355	223,682	44,887	1,130,462	14,608	1,145,070
Benefits and expenses:								
Policyholder benefits and claims	196,468	172	—	26,938	—	223,578	—	223,578
Interest credited	—	155,403	274,800	126,230	—	556,433	—	556,433
Other underwriting and operating expenses	78,727	36,789	9,522	36,059	21,237	182,334	11,077	193,411
Amortization of deferred policy acquisition costs	10,537	16,313	—	7,314	—	34,164	—	34,164
Intangibles and goodwill amortization	794	801	—	1,746	1,588	4,929	—	4,929
Total benefits and expenses	286,526	209,478	284,322	198,287	22,825	1,001,438	11,077	1,012,515
Segment pre-tax income	28,785	33,749	19,033	25,395	22,062	129,024	3,531	132,555
Less: Net realized investment gains	143	2,372	12,751	5,225	14,401	34,892	125	35,017
Segment pre-tax operating income	$ 28,642	$ 31,377	$ 6,282	$ 20,170	$ 7,661	$ 94,132	$ 3,406	$ 97,538

CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (Unaudited)	December 31, 2006
	(In millions)	
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value	**$ 15,990.6**	$ 16,049.9
Marketable equity securities, at fair value	**206.0**	201.7
Mortgage loans	**786.9**	794.3
Policy loans	**78.9**	79.2
Short-term investments	**5.2**	48.9
Investments in limited partnerships	**111.0**	112.6
Other invested assets	**10.4**	18.7
Total investments	**17,189.0**	17,305.3
Cash and cash equivalents	**225.7**	253.2
Accrued investment income	**218.4**	206.7
Accounts receivable and other receivables	**112.8**	82.0
Reinsurance recoverables	**242.8**	238.8
Deferred policy acquisition costs	**97.1**	88.2
Goodwill	**3.7**	3.7
Deferred income tax assets, net	**192.9**	219.1
Property, equipment, and leasehold improvements, net	**27.3**	28.1
Other assets	**17.8**	16.3
Securities lending collateral	**373.3**	439.3
Separate account assets	**1,231.3**	1,233.9
Total assets	**$ 19,932.1**	$ 20,114.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 15,827.8**	$ 15,986.2
Future policy benefits	**378.8**	376.4
Policy and contract claims	**119.3**	119.5
Unearned premiums	**12.5**	11.7
Other policyholders' funds	**46.6**	46.4
Notes payable	**298.8**	298.7
Current income taxes payable	**13.9**	2.6
Other liabilities	**214.1**	272.6
Securities lending payable	**373.3**	439.3
Separate account liabilities	**1,231.3**	1,233.9
Total liabilities	**18,516.4**	18,787.3
Commitments and Contingencies		
Capital stock	**0.1**	0.1
Additional paid-in capital	**1,166.3**	1,166.3
Retained earnings	**214.6**	161.4
Accumulated other comprehensive income (loss), net of taxes	**34.7**	(0.5)
Total stockholders' equity	**1,415.7**	1,327.3
Total liabilities and stockholders' equity	**$ 19,932.1**	$ 20,114.6

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2007	2006
	(Unaudited)	(Unaudited)
	(In millions, except for per share data)	
Revenues:		
Premiums	**$ 133.7**	$ 136.6
Net investment income	**244.4**	246.5
Other revenues	**15.3**	15.6
Net realized investment gains	**13.9**	4.8
Total revenues	**407.3**	403.5
Benefits and expenses:		
Policyholder benefits and claims	**66.8**	84.2
Interest credited	**185.0**	192.1
Other underwriting and operating expenses	**70.6**	64.2
Interest expense	**4.7**	5.2
Amortization of deferred policy acquisition costs	**4.4**	3.5
Total benefits and expenses	**331.5**	349.2
Income before taxes	**75.8**	54.3
Provision for income taxes:		
Current	**19.2**	(8.6)
Deferred	**5.9**	26.5
Total provision for income taxes	**25.1**	17.9
Net income	**$ 50.7**	$ 36.4
Net income per common share:		
Basic	**$ 3.95**	$ 2.84
Diluted	**$ 3.95**	$ 2.84
Weighted average number of common shares outstanding:		
Basic	**12.8**	12.8
Diluted	**12.8**	12.8

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss), Net of Taxes	Total Stockholders' Equity
			(In millions)		
Balances at January 1, 2006	$ 0.1	$ 1,166.3	$ 101.9	$ 136.6	$ 1,404.9
Net income	—	—	36.4	—	36.4
Other comprehensive income (loss), after tax	—	—	—	(292.8)	(292.8)
Balances at March 31, 2006	$ 0.1	$ 1,166.3	$ 138.3	$ (156.2)	$ 1,148.5
Balances at January 1, 2007	**$ 0.1**	**$ 1,166.3**	**$ 161.4**	**$ (0.5)**	**$ 1,327.3**
Net income	**—**	**—**	**50.7**	**—**	**50.7**
Other comprehensive income, after tax	**—**	**—**	**—**	**37.7**	**37.7**
Cumulative effect adjustment upon adoption of SFAS No. 155	**—**	**—**	**2.5**	**(2.5)**	**—**
Balances at March 31, 2007	**$ 0.1**	**$ 1,166.3**	**$ 214.6**	**$ 34.7**	**$ 1,415.7**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31,	
	2007 (Unaudited)	2006 (Unaudited)
	(In millions)	
Net income	**$ 50.7**	$ 36.4
Other comprehensive income (loss), net of taxes:		
Changes in unrealized gains and losses on available-for-sales securities	**43.7**	(294.3)
Reclassification adjustment for net realized investment gains included in net income	**(9.6)**	(1.9)
Derivatives qualifying as cash flow hedges — net change in fair value	**(0.1)**	3.1
Adjustment for deferred policy acquisition costs valuation allowance	**1.2**	0.3
Other comprehensive income (loss)	**35.2**	(292.8)
Comprehensive income (loss)	**$ 85.9**	(256.4)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2007 (Unaudited)	2006 (Unaudited)
	(In millions)	
Cash flows from operating activities:		
Net income	**$ 50.7**	$ 36.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized investment gains	**(13.9)**	(4.8)
Accretion of fixed maturity investments and mortgage loans	**17.9**	17.6
Accrued interest on accrual bonds	**(10.5)**	(7.3)
Amortization and depreciation	**2.9**	3.3
Deferred income tax provision	**5.9**	26.5
Interest credited on deposit contracts	**185.0**	192.1
Mortality and expense charges and administrative fees	**(23.3)**	(22.6)
Other	**0.1**	—
Changes in:		
Accrued investment income	**(11.7)**	(13.2)
Deferred policy acquisition costs	**(7.1)**	(7.9)
Other receivables	**13.6**	4.8
Policy and contract claims	**(0.2)**	(2.7)
Future policy benefits	**2.5**	2.0
Unearned premiums	**0.8**	0.9
Accrued income taxes	**11.3**	25.9
Other assets and liabilities	**(71.6)**	(19.4)
Other policyholder funds	**3.5**	(3.0)
Total adjustments	**105.2**	192.2
Net cash provided by operating activities	**155.9**	228.6
Cash flows from investing activities:		
Purchases of:		
Fixed maturities	**(573.4)**	(447.0)
Equity securities	**(33.2)**	(16.3)
Other invested assets and investments in limited partnerships	**(1.1)**	(0.7)
Issuance of mortgage loans	**(19.2)**	(35.5)
Issuance of policy loans	**(4.6)**	(4.8)
Maturities and calls of fixed maturities, available for sale	**284.0**	211.9
Other assets	**(0.1)**	(0.1)
Sales of:		
Fixed maturities	**370.1**	369.3
Equity securities	**39.3**	5.6
Other invested assets and investments in limited partnerships	**3.1**	1.3
Repayment of mortgage loans	**25.1**	29.0
Repayment of policy loans	**4.6**	3.4
Purchase of property, equipment and leasehold improvements	**(0.9)**	(1.6)
Net decrease in short-term investments	**43.7**	0.4
Net cash provided by investing activities	**137.4**	114.9
Cash flows from financing activities:		
Policyholder account balances:		
Deposits	**127.1**	119.8
Withdrawals	**(447.9)**	(490.0)
Repayments of notes payable	**—**	(300.0)
Proceeds from notes payable	**—**	298.7
Other, net	**—**	2.8
Net cash used in financing activities	**(320.8)**	(368.7)
Net decrease in cash and cash equivalents	**(27.5)**	(25.2)
Cash and cash equivalents at the beginning of the period	**253.2**	111.0
Cash and cash equivalents at the end of the period	**$ 225.7**	$ 85.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

1. Nature of Operations and Summary of Significant Accounting Policies

Organization and Description of Business

The accompanying interim financial statements include on a consolidated basis the accounts of Symetra Financial Corporation and its subsidiaries which are referred to as "Symetra Financial" or "the Company". Symetra Financial Corporation is a Delaware corporation privately owned by an investor group led by White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc.

Symetra Financial Corporation's subsidiaries offer group and individual insurance products and retirement products, including annuities marketed through professional agents and distributors in all states and the District of Columbia. The Company's principal products include medical stop-loss insurance, fixed deferred annuities, variable annuities, single premium immediate annuities, and individual life insurance.

Basis of presentation

The Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). These interim financial statements include all adjustments considered necessary by management to fairly present the financial position, results of operations and cash flows of Symetra Financial and are of a normal recurring nature. The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that may affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

The most significant estimates include those used in determining reserves for future policy benefits, deferred policy acquisition costs (DAC), valuation of investments and evaluation of other-than-temporary impairments, income taxes, and contingencies. All significant intercompany transactions and balances have been eliminated in the Consolidated Financial Statements.

Recently Adopted Changes in Accounting Principles

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, Accounting for Income Taxes*. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted FIN No. 48 as of January 1, 2007, as required.

Upon adoption of FIN No. 48, the Company did not recognize an increase in the liability for unrecognized tax benefits or an adjustment to retained earnings. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Amounts in millions	
Balance at January 1, 2007	$ 0.6
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	—
Reductions due to settlements with tax authorities	—
Reductions due to lapse of statute of limitations	—
Balance at March 31, 2007	$ 0.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The total balance of the unrecognized tax benefits above would affect the effective tax rate if recognized. The Company does not expect the total amount of unrecognized tax benefits for any tax position to change significantly within the next twelve months.

The Company includes penalties and interest accrued related to unrecognized tax benefits in the calculation of income tax expense. During the quarter ended March 31, 2007 and 2006, amounts recognized for interest and penalties and amounts accrued for the payment of interest and penalties were not material.

The Company files income tax returns in the U.S. Federal and various state jurisdictions. The Company's Federal income tax returns have been examined and closing agreements have been executed with the Internal Revenue Service through the tax period ended December 31, 2000. The Internal Revenue Service has commenced an audit of our returns for tax years ending 2002 and 2003. To date, no significant tax issues or proposed adjustments have been raised by the examiners. The audit is expected to be complete in the second quarter of 2007 and the close would follow during the third quarter of 2007. The Company is not currently subject to any state income tax examinations.

SFAS No. 155, Accounting for Certain Hybrid Financial Instruments

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*. SFAS No. 155 amends certain paragraphs of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 155 also resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, *Application of Statement 133 to Beneficial Interests in Securitized Financial Assets*. In summary, SFAS No. 155 eliminates the requirement to bifurcate financial instruments with embedded derivatives if the holder of the instrument elects to account for the entire instrument on a fair value basis. Changes in fair value are recorded as realized gains. The fair value election may be applied upon adoption of the statement for hybrid instruments that had been bifurcated under SFAS 133 prior to adoption. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. Provisions of SFAS No. 155 may be applied to instruments that an entity holds at the date of adoption on an instrument-by-instrument basis.

The Company adopted SFAS No. 155 as of January 1, 2007, as required. Prior to adoption, the Company bifurcated the equity conversion option in its investment in convertible bonds. Changes in fair value of the host instrument, the convertible bonds, were recorded as unrealized gains (losses) on investments while changes in the fair value of the equity conversion option were recorded as realized investment gains (losses). At December 31, 2006, the Company recorded $68.3 million related to the fair value of host instrument in fixed maturity investments and $8.3 million related to the fair value of the equity conversion options in other investments. Upon adoption of SFAS No. 155, the Company recorded an adjustment of $2.5 million, net of tax, to reclassify net unrealized gains on investments to beginning retained earnings to reflect the cumulative effective of adoption. At March 31, 2007 the Company recorded $84.4 million of convertible bonds recorded in fixed maturities, and at December 31, 2006, the Company had $76.6 million.

American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts

In September 2005, the AICPA issued SOP 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*. SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and For Realized Gains and Losses from the Sale of Investments*. SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights, or coverages that occurs by the exchange of a contract for a new contract, or by amendment,

endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. Under SOP 05-1, modifications that result in a substantially unchanged contract will be accounted for as a continuation of the replaced contract. A replacement contract that is substantially changed will be accounted for as an extinguishment of the replaced contract, resulting in a release of unamortized DAC, unearned revenue, and deferred sales inducements associated with the replaced contract.

The provisions of SOP 05-1 are effective for fiscal years beginning after December 15, 2006. The Company adopted SOP 05-1 effective on January 1, 2007 as required. The adoption of SOP 05-1 did not have a material impact on the Company's financial position.

Recent Accounting Pronouncements

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact the adoption of this Statement could have on its financial condition, results of operations, and cash flows.

Fair Value Option

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. The Statement allows companies to make an election, on an individual instrument basis, to report financial assets and liabilities at fair value. The election must be made at the inception of a transaction and may not be reversed. The election may also be made for existing financial assets and liabilities at the time of adoption. Unrealized gains and losses on assets or liabilities for which the fair value option has been elected are to be reported in earnings. The Statement requires additional disclosures for instruments for which the election has been made, including a description of management's reasons for making the election. SFAS 159 is effective as of fiscal years beginning after November 15, 2007 and is to be adopted prospectively and concurrent with the adoption of SFAS 157. The Company has not yet determined the effect of adoption on its financial condition of results of operations.

2. Investments

The following tables summarize the Company's fixed maturities and marketable equity securities:

	As of March 31, 2007			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Amounts in millions)			
Fixed maturities:				
U.S. government and agencies	$ 188.7	$ 1.7	$ (1.9)	$ 188.5
State and political subdivisions	509.8	8.8	(3.5)	515.1
Foreign government	190.0	3.0	(0.4)	192.6
Corporate securities	10,620.0	151.9	(137.7)	10,634.2
Mortgage-backed securities	4,468.7	38.6	(47.1)	4,460.2
Total fixed maturities	15,977.2	204.0	(190.6)	15,990.6
Marketable equity securities	168.9	38.1	(1.0)	206.0
Total	$ 16,146.1	$ 242.1	$ (191.6)	$ 16,196.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of December 31, 2006			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Amounts in millions)			
Fixed maturities:				
U.S. government and agencies	$ 157.0	$ 1.8	$ (0.9)	$ 157.9
State and political subdivisions	666.1	9.3	(4.5)	670.9
Foreign government	205.2	4.2	(0.5)	208.9
Corporate securities	10,670.7	164.3	(168.5)	10,666.5
Mortgage-backed securities	4,387.6	26.7	(68.6)	4,345.7
Total fixed maturities	16,086.6	206.3	(243.0)	16,049.9
Marketable equity securities	171.0	32.0	(1.3)	201.7
Total	$ 16,257.6	$ 238.3	$ (244.3)	$ 16,251.6

The following table shows the Company's investments' gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(Amounts in millions)					
March 31, 2007						
Fixed maturities:						
U.S. government and agencies	$ 7.2	$ (0.1)	$ 108.7	$ (1.8)	$ 115.9	$ (1.9)
State and political subdivisions	28.9	(0.8)	156.1	(2.7)	185.0	(3.5)
Foreign government	4.5	(0.1)	17.4	(0.3)	21.9	(0.4)
Corporate securities	1,304.9	(32.3)	4,837.5	(105.4)	6,142.4	(137.7)
Mortgage-backed securities	497.6	(7.5)	2,423.5	(39.6)	2,921.1	(47.1)
Total fixed maturities	$ 1,843.1	$ (40.8)	$ 7,543.2	$ (149.8)	$ 9,386.3	$ (190.6)
Marketable equity securities	8.9	(0.6)	4.6	(0.4)	13.5	(1.0)
Total	$ 1,852.0	$ (41.4)	$ 7,547.8	$ (150.2)	$ 9,399.8	$ (191.6)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(Amounts in millions)					
December 31, 2006						
Fixed maturities:						
U.S. government and agencies	$ 52.7	(0.7)	$ 24.7	$ (0.2)	$ 77.4	$ (0.9)
State and political subdivisions	219.6	(2.9)	65.7	(1.6)	285.3	(4.5)
Foreign government	14.4	(0.2)	11.1	(0.3)	25.5	(0.5)
Corporate securities	2,732.6	(55.8)	3,686.9	(112.7)	6,419.5	(168.5)
Mortgage-backed securities	1,501.5	(22.8)	1,888.3	(45.8)	3,389.8	(68.6)
Total fixed maturities	$ 4,520.8	$ (82.4)	$ 5,676.7	$ (160.6)	$ 10,197.5	$ (243.0)
Marketable equity securities	9.8	(0.2)	2.9	(1.1)	12.7	(1.3)
Total	$ 4,530.6	$ (82.6)	$ 5,679.6	$ (161.7)	$ 10,210.2	$ (244.3)

The Company recorded impairment charges of fixed maturity investments and equity securities totaling $1.9 million and $4.5 million for the three months ended March 31, 2007 and 2006, respectively. The following tables summarize the proceeds from sales of investment securities and related net realized investment gains before income taxes for the three months ended March 31, 2007 and 2006.

	Three Months Ended March 31, 2007			
	Fixed Maturities Available-for-Sale	Marketable Equity Securities	Other	Total
	(Amounts in millions)			
Proceeds from sales	$ 370.1	$ 39.3	$ 3.1	$ 412.5
Gross realized investment gains	$ 15.1	$ 4.5	—	$ 19.6
Gross realized investment losses	(3.6)	(0.1)	—	(3.7)
Net realized investment gains	11.5	4.4	—	15.9
Impairments	(1.5)	(0.4)	—	(1.9)
Other, including gains (losses) on calls and redemptions	0.8	—	(0.9)	(0.1)
Net realized investment gains (losses)	$ 10.8	$ 4.0	$ (0.9)	$ 13.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended March 31, 2006			
	Fixed Maturities Available-for-Sale	Marketable Equity Securities	Other	Total
	(Amounts in millions)			
Proceeds from sales	$ 369.3	$ 5.6	$ 1.3	$ 376.2
Gross realized investment gains	$ 10.8	$ 1.6	$ —	$ 12.4
Gross realized investment losses	(4.2)	—	—	(4.2)
Net realized investment gains	6.6	1.6	—	8.2
Impairments	(3.4)	(1.1)	—	(4.5)
Other, including gains (losses) on calls and redemptions	(0.8)	—	1.9	1.1
Net realized investment gains	$ 2.4	$ 0.5	$ 1.9	$ 4.8

The following table summarizes the Company's consolidated pretax net investment income:

	For the Three Months Ending March 31,	
	2007	2006
	(Amounts in millions)	
Net investment income		
Fixed maturities	$ 228.9	$ 233.5
Marketable equity securities	1.6	2.2
Mortgage loans	12.0	11.3
Policy loans	1.2	1.2
Short-term investments	3.7	1.2
Other invested assets(1)	1.8	3.1
Total investment income	$ 249.2	$ 252.5
Less investment expense	(4.8)	(6.0)
Net investment income	$ 244.4	$ 246.5

(1) Includes investments such as embedded derivatives, a note receivable and options.

3. Deferred Policy Acquisitions Costs

Activities impacting deferred policy acquisition costs were as follows:

	March 31, 2007	December 31, 2006
	(Amounts in millions)	
Unamortized balance at beginning of period	$ 87.6	$ 48.5
Deferral of acquisition costs	11.3	52.5
Amortization related to investment gains	0.2	1.2
Amortization related to other expenses	(4.4)	(14.6)
	94.7	87.6
Accumulated effect of net unrealized gains	2.4	0.6
Balance at end of period	$ 97.1	$ 88.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Segment Information

The Company provides a broad range of products and services that include group and individual insurance products, pension products, annuities, and investment advisory services. These operations are managed separately as five reportable segments based on product groupings: Group, Income Annuities, Retirement Services, Individual, and Other:

- Group's principal product is stop-loss medical insurance sold to employers with self-insured medical plans. Also included in this segment are group life, accidental death and dismemberment insurance, and disability products.
- Retirement Services' products are primarily fixed and variable deferred annuities (both qualified and non-qualified), tax-sheltered annuities (marketed to teachers and not-for-profit organizations), and section 457 plans, and group variable annuities for qualified structured retirement plans. We also provide record keeping services for qualified retirement plans invested in mutual funds.
- Income Annuities' principal products are the structured settlement annuities that are sold to fund third-party personal injury settlements and single premium immediate annuities purchased to fund income after retirement.
- Individual's products include a wide array of term, universal and variable universal life, and bank-owned life insurance.
- Other includes Symetra Financial Corporation (the holding company), inter-segment elimination entries, various non-insurance businesses managed outside of our operating segments and unallocated income and expenses.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables present selected financial information by segment, and reconciles pretax operating earnings to amounts reported in the Consolidated Statements of Operations.

	Three Months Ended March 31, 2007					
	Group	Retirement Services	Income Annuities	Individual	Other	Total
	(Amounts in millions)					
Revenues:						
Premiums	$ 98.6	$ —	$ —	$ 35.1	$ —	$ 133.7
Net investment income	4.4	63.0	110.6	59.6	6.8	244.4
Other revenues	2.5	6.2	0.2	3.1	3.3	15.3
Net realized investment gains (losses)	(0.1)	(2.9)	14.8	0.4	1.7	13.9
Total revenues	105.4	66.3	125.6	98.2	11.8	407.3
Benefits and expenses:						
Policyholder benefits and claims	54.9	(2.0)	—	13.9	—	66.8
Interest credited	—	41.4	91.6	52.1	(0.1)	185.0
Other underwriting and operating expenses	28.1	17.7	6.0	14.9	3.9	70.6
Interest expense	—	—	—	—	4.7	4.7
Amortization of deferred policy acquisition costs	2.5	1.9	0.2	(0.2)	—	4.4
Total benefits and expenses	85.5	59.0	97.8	80.7	8.5	331.5
Segment income before income taxes	19.9	7.3	27.8	17.5	3.3	75.8
Less: Net realized investment gains (losses)	(0.1)	(2.9)	14.8	0.4	1.7	13.9
Segment operating income before income taxes	$ 20.0	$ 10.2	$ 13.0	$ 17.1	$ 1.6	$ 61.9
As of March 31, 2007						
Total investments	$ 171.6	$ 4,281.9	$ 6,979.7	$ 4,122.0	$ 1,633.8	$ 17,189.0
Separate account assets	—	1,111.7	—	119.6	—	1,231.3
Total assets	295.6	5,719.4	7,305.3	4,606.5	2,005.3	19,932.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended March 31, 2006					
	Group	Retirement Services	Income Annuities	Individual	Other	Total
	(Amounts in millions)					
Revenues:						
Premiums	$ 101.7	$ —	$ —	$ 34.9	$ —	$ 136.6
Net investment income	4.6	69.8	109.2	57.2	5.7	246.5
Other revenues	3.1	6.5	0.2	3.3	2.5	15.6
Net realized investment gains	—	(4.7)	9.3	(0.3)	0.5	4.8
Total revenues	109.4	71.6	118.7	95.1	8.7	403.5
Benefits and expenses:						
Policyholder benefits and claims	72.5	(4.6)	—	16.3	—	84.2
Interest credited	—	47.2	95.3	49.6	—	192.1
Other underwriting and operating expenses	28.0	14.2	5.2	13.9	2.9	64.2
Interest expense	—	—	—	—	5.2	5.2
Amortization of deferred policy acquisition costs	2.9	0.1	0.1	0.4	—	3.5
Total benefits and expenses	103.4	56.9	100.6	80.2	8.1	349.2
Segment income before income taxes	6.0	14.7	18.1	14.9	0.6	54.3
Less: Net realized investment gains (losses)	—	(4.7)	9.3	(0.3)	0.5	4.8
Segment operating income before income taxes	$ 6.0	$ 19.4	$ 8.8	$ 15.2	$ 0.1	$ 49.5
As of March 31, 2006						
Total investments	$ 124.4	$ 4,884.7	$ 7,037.2	$ 4,067.6	$ 1,670.2	$ 17,784.1
Separate account assets	—	1,111.1	—	118.4	—	1,229.5
Total assets	235.7	6,304.0	$ 7,363.9	4,592.6	2,080.0	20,576.2

5. Subsequent Events

On May 1, 2007, we acquired Medical Risk Managers Holding, Inc., or MRM. In connection with our acquisition of MRM, we paid $22.0 million in cash to obtain a 100% ownership of the Company's common stock. In addition, we may be obligated to pay the selling stockholder an additional $10.2 million over the next five years if certain pre-determined sales and profitability targets are met. These contingent purchase price payments will be determined annually on the May 1 anniversary date of the acquisition.

GLOSSARY OF SELECTED INSURANCE AND DEFINED TERMS

Contract values	The amounts held for the benefit of policyholders or contract holders within investment products. For variable products, account value is equal to fair value.
Accumulation period	The period during which deferred annuity accumulate interest or investment gains (losses). The period ends when the income payments begin.
Annualized first-year premiums (AFYP)	This term applies to our Group and Individual segments. For recurring premium products it represents the total expected premium payments over the first 12 months on new sales. The entire 12 months of expected premium is reported AFYP in the period during which the policy is issued. For single-premium products, the AFYP is 10% of the single premium.
Annuity	A contract sold by insurance companies that offers tax-deferred savings and a choice of payout options to meet the owner's income needs in retirement.
Bank-owned life insurance (BOLI)	A life insurance policy purchased to insure the life of certain bank employees, usually officers and other highly compensated employees. The policies are commonly used to fund employee pension and benefit plans.
Brokerage general agent	An independent contractor of the insurance company who has the authority to appoint brokers on behalf of the insurance company.
Cash value	The amount of cash available to a policyholder on the surrender of or withdrawal from a life insurance policy or annuity contract.
Cede	Reinsuring with another insurance company all or a portion of the risk we insure.
Deferred annuities	Annuity contracts that delay income payments until the holder chooses to receive them. These contracts might also be surrendered for cash, exchanged for another contract, or rolled over to another contract.
Defined benefit plan	A pension plan that promises to pay a specified amount to each eligible plan member who retires.
Defined contribution plan	A plan established under Section 401(a), 401(k), 403(b) or 457(b) of the Internal Revenue Code, under which the benefits to a participant depend on contributions made to, and the investment return on, the participant's account.
Earned premiums	The portion of a premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.
Fixed indexed annuity (FIA)	Modifications of the single premium deferred annuity, which usually guarantees at a minimum a return of the premium. Additional interest can be earned that is linked to a specified stock index. Thus, this insurance product usually guarantees the principal of the investment, while at the same time providing the opportunity for increasing values tied to the equities market.

Expense risk	The measure of the sensitivity of the insurance company's liability for the resultant higher expense rates than charged for in the premium, expense charge or margin.
Experience rating	The statistical procedure used to calculate a premium rate based on the loss experience of an insured group.
Fixed annuity	An annuity that guarantees that a specific sum of money will be paid in the future, usually as monthly income, to an annuitant. The dollar amount will not fluctuate regardless of adverse changes in the insurance company's mortality experience, investment return, and expenses.
General account	All of the assets of our insurance companies recognized for statutory accounting purposes other than those specifically allocated to separate accounts. We bear the risk of our investments held in our general account.
Group insurance	A single contract or policy under which individuals in a natural group (such as employees of a business firm) and potentially their dependants are covered.
Group medical stop-loss insurance	Coverage purchased by employers in order to limit their exposure under self-insured medical plans.
Guaranteed investment contract	A contract, usually purchased by ERISA qualified plans, that guarantees a minimum rate of return on the amount invested.
Guaranteed minimum income benefit (GMIB)	A benefit that guarantees a specified minimum appreciation rate for a defined period of time, after which annuity payments commence.
Guaranteed minimum withdrawal benefit (GMWB)	A benefit that guarantees a customer's minimum stream of income, equal to the return of the contract's principal provided it is withdrawn within specified limits over time.
Immediate annuities	Annuity contracts under which the benefits payable to the annuitant begin to be paid within one year of contract issuance.
In-force	Policies and contracts reflected on our applicable records that have not expired or been terminated as of a given date.
Interest spread	Yield on investments less the interest rate credited on liabilities.
Managing general underwriter (MGU)	An MGU is a business that acts as a sales intermediary between an insurance company and medical stop-loss policyholder. MGU's can provide marketing, premium administration, claims administration, claims adjudication and pricing. The MGU is generally paid a percentage of premium and does not share in any of the risk.
Market value adjustment (MVA)	A market value adjustment is a feature that adjusts the surrender value of a contract in the event of surrender prior to the end of the contract period to protect an insurer against losses due to higher interest rates at the time of the surrender.
Morbidity	The incidence of disease or disability in a specific population over a specific period of time.

Mortality	The number of deaths in a specific population over a specific period of time.
Mortality gains	Mortality gains may arise if mortality rates are higher or lower than expected. For structured settlements and SPIAs mortality gains occur if policyholders die sooner than expected. For life insurance, mortality gains occur if policyholders die later than expected.
Non-admitted assets	Certain assets or portions thereof that are not permitted to be reported as admitted assets in an insurer's annual statement prepared in accordance with statutory accounting principles. As a result, certain assets that normally would be accorded value in the financial statements of non-insurance corporations are accorded no value and thus reduce the reported statutory surplus of the insurer.
Non-qualified plan	An employee benefits plan that does not have the federal tax advantages of a qualified pension plan, in which employers receive a federal tax deduction for contributions paid into the plan on behalf of their employees. For an employer, not having a tax deduction can be a serious disadvantage, but a nonqualified plan has these advantages. 1) otherwise discriminatory coverage for some employees is allowed, 2) benefits can be allocated to certain employees whom the employer wishes to reward. The result could be that the total cost of the benefits for a particular group of employees may be less under a non-qualified plan than for all employees under a qualified plan.
Persistency	Measurement by premiums of the percentage of insurance policies or annuity contracts remaining in force between specified measurement dates.
Premiums	Payments and other consideration received on insurance policies issued or reinsurance assumed by an insurance company. Under generally accepted accounting principles, premiums on variable life and other investment-type contracts are not accounted for as revenues.
Regulatory capital	Regulatory capital is the sum of statutory capital and surplus and asset valuation reserve (AVR).
Reinsurance	A form of insurance that insurance companies buy for their own protection, "a sharing of insurance." An insurer (the reinsured) reduces its possible maximum loss on either an individual risk or a large number of risks by giving a portion of its liability to another insurance company (the reinsurer). Reinsurance enables an insurance company to (1) expand its capacity; (2) stabilize its underwriting results; (3) finance its expanding volume; (4) secure catastrophe protection against shock losses; (5) withdraw from a class or line of business, or a geographical area, within a relatively short time period and (6) share large risks with other companies.
Reserves	Liabilities established by insurers and reinsurers to reflect the estimated costs of claim payments and benefits and the related

	expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance it has written.
Section 403(b) plan	A retirement plan which is available primarily to public school employees and non-profit organizations that allows individuals to defer compensation on a pre-tax basis through payroll deductions and to defer federal and sometimes state taxes until the assets are withdrawn.
Section 457 plan	A retirement plan available to government employees that allows an individual to defer compensation on a pre-tax basis through payroll deductions and to defer federal and sometimes state taxes until the assets are withdrawn.
Single Premium Immediate Annuities (SPIAs)	An annuity that is purchased for a single premium at the time of issue and guarantees a series of payments beginning within one year of the issue date and continuing over a fixed number of years or for the life of the annuitant.
Statutory reserves	Liabilities established by state insurance law that an insurer must have available to provide for future obligations with respect to all policies. Statutory reserves are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting principles.
Statutory surplus	The excess of admitted assets over statutory liabilities as shown on an insurer’s statutory financial statements.
Structured settlement	A customized annuity used to provide a claimant ongoing periodic payments instead of a lump sum payment. A structured settlement provides an alternative to a lump sum settlement generally in a personal injury lawsuit and typically is purchased by a property and casualty insurance company for the benefit of an injured claimant with benefits scheduled to be paid throughout a fixed period or for the life of the claimant.
Surrender charge	An amount specified in an insurance policy or annuity contract that is charged to a policyholder or contractholder for early cancellation of, or withdrawal under, that policy or contract.
Surrenders and withdrawals	Amounts taken from life insurance policies and annuity contracts representing the full or partial values of these policies or contracts.
Tax sheltered annuity	An annuity issued as part of a Section 403(b) plan. Tax-sheltered annuities are also referred to as “Section 403(b) annuities.”
Term life insurance	Life insurance that stays in effect for only a specified, limited period. If an insured dies within that period, the beneficiary receives the death payments. If the insured survives, the policy ends and the beneficiary receives nothing.
Third party administrator (TPA)	A person or entity that, pursuant to a service contract, processes claims or provides administrative services for an employee benefits plan.
Underwriting	The insurer’s process of reviewing applications submitted for insurance coverage, deciding whether to accept all or part of the coverage requested and determining the applicable premiums.

Universal life (UL) insurance	Adjustable life insurance under which (1) premiums are flexible, not fixed; (2) protection is adjustable, not fixed and (3) insurance company expenses and other charges are specifically disclosed to a purchaser. This policy is referred to as unbundled life insurance because its three basic elements (investment earnings, pure cost of protection, and company expenses) are separately identified both in the policy and in an annual report to the policyowner. After the first premium, additional premiums can be paid at any time. A specified percentage expense charge is deducted from each premium before the balance is credited to the cash value, along with interest. The pure cost of protection is subtracted from the cash value monthly. As selected by the insured, the death benefit can be a specified amount plus the cash value or the specified amount that includes the cash value. After payment of the minimal initial premium required, there are no contractually scheduled premium payments (provided the cash value account balance is sufficient to pay the pure cost of protection each month and any other expenses and charges.) Expenses and charges may take the form of a flat dollar amount for the first policy year, a sales charge for each premium received, and a monthly expense charge for each policy year. An annual report is provided the policy owner that shows the status of the policy.
Variable annuity	An annuity in which premium payments are used to purchase accumulation units, their number depending on the value of each unit. The value of a unit is determined by the value of the portfolio of stocks in which the insurance company invests the premiums.
Variable life (VL) insurance	An investment-oriented life insurance policy that provides a return linked to an underlying portfolio of securities. The investment offered through the policy is typically established as a separate account, which is divided into subaccounts that invest in underlying mutual funds. The policyholder has discretion in choosing among the available subaccounts, such as a common stock fund, bond fund, or money market fund. The life insurance policy benefits payable to the beneficiary upon the death of the insured or the surrender of the policy will vary to reflect the investment performance of the subaccounts chosen by the policy owner.
Waiver of premium	A provision of a life insurance policy pursuant to which an insured with total disability that lasts for a specified period no longer has to pay premiums for the duration of the disability or for a stated period, during which time the life insurance policy provides continued coverage.
Wealth transfer life insurance	A life insurance policy purchased with the primary intent to transfer wealth to chosen beneficiaries.
Whole life insurance	Level premium life insurance that covers the lifetime of the individual instead of a fixed term.

SYMETRA FINANCIAL

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the expenses (other than underwriting compensation expected to be incurred) in connection with this offering. All of such amounts (except the SEC registration fee and NASD filing fee) are estimated.

SEC registration fee	$ 23,025
Listing fee	*
NASD filing fee	$ 75,500
Blue Sky fees and expenses	*
Printing and engraving costs	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent and Registrar fees and expenses	*
Miscellaneous expenses	*
Total	*

* To be provided by amendment

Item 14. ***Indemnification of Directors and Officers.***

Section 145(a) of the Delaware General Corporation Law (the "DGCL") provides in relevant part that a corporation may indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Section 145(b) of the DGCL provides in relevant part that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our bylaws generally provide that we will indemnify our directors and officers to the fullest extent permitted by law.

The registrant also obtained officers' and directors' liability insurance which insures against liabilities that officers and directors of the registrant may, in such capacities, incur. Section 145(g) of the DGCL provides that a corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation

as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under that section.

Reference is made to the form of underwriting agreement to be filed as Exhibit 1.1 hereto for provisions providing that the underwriters are obligated under certain circumstances to indemnify our directors, officers and controlling persons against certain liabilities under the Securities Act of 1933, as amended.

Item 15. ***Recent Sales of Unregistered Securities.***

In the three years preceding the filing of this registration statement, the Registrant has issued the following securities that were not registered under the Securities Act:

On August 2, 2004 we issued 10,649,000 shares of common stock in connection with Symetra Financial Corporation's initial formation.

On March 30, 2006, we issued $300.0 million aggregate principal amount of senior notes due 2016 to Lehman Brothers Inc., Banc of America Securities LLC and J.P. Morgan Securities Inc. as representatives of several initial purchasers for $298.7 million. These transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Section 4(2) of the Securities Act of 1933. The net proceeds of this offering were used to repay borrowing outstanding under the Registrant's revolving credit facility.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits

Exhibit Number	Description
1.1	Underwriting Agreement*
2.1	Stock Purchase Agreement by and among Safeco Corporation, General America Corporation, White Mountains Insurance Group, Ltd. and Occum Acquisition Corp. dated as of March 15, 2004
3.1	Certificate of Incorporation of Symetra Financial Corporation*
3.2	Bylaws of Symetra Financial Corporation*
4.1	Specimen Common Stock Certificate*
4.2	Fiscal Agency Agreement between Symetra Financial Corporation and U.S. Bank dated March 30, 2006
4.3	Master Promissory Note between The Bank of New York and Symetra Financial Corporation dated October 17, 2005
4.4	Security Agreement between The Bank of New York and Symetra Financial Corporation dated October 17, 2005
4.5	Master Promissory Note between The Bank of New York and Symetra Life Insurance Company dated October 17, 2005
4.6	Security Agreement between The Bank of New York and Symetra Life Insurance Company dated October 17, 2005
4.7	Warrant Certificate — Berkshire Hathaway, Inc. dated July 29, 2004
4.8	Warrant Certificate — White Mountains Re Group, Ltd. dated July 29, 2004
4.9	Credit Agreement among Occum Acquisition Corp. and the seven lenders and Bank of America, N.A. as Administrative Agent dated June 14, 2004
5.1	Opinion of Cravath, Swaine & Moore LLP*
9.1	Shareholders' Agreement among Occum Acquisition Corp. and the persons listed on the signature page thereto dated as of March 8, 2004
9.2	Shareholders' Agreement among Occum Acquisition Corp. and the persons listed on the signature page thereto dated as of March 19, 2004

Exhibit Number	Description
9.3	Shareholders' Agreement among Occum Acquisition Corp. and the persons listed on the signature page thereto dated as of April 16, 2004
10.1	Service Agreement between ACS Commercial Solutions, Inc. and Symetra Financial Corporation dated October 28, 2004
10.2	Reinsurance Agreement dated as of January 1, 1998 between Safeco Life Insurance Company and Reinsurance Group of America
10.3	Group Short Term Disability Reinsurance Agreement dated January 1, 1999 between Safeco Life Insurance Company and Duncanson & Holt Services, Inc.
10.4	Group Long Term Disability Reinsurance Agreement dated January 1, 1999 between Safeco Life Insurance Company and Duncanson & Holt Services, Inc.
10.5	Reinsurance Agreement dated as of August 24, 2001 between Safeco Life Insurance Company and Lincoln National Life Insurance Company
10.6	Reinsurance Agreement dated as of December 1, 2001 between Safeco Life Insurance Company and Transamerica Life Insurance Company
10.7	White Mountains Advisors LLC Investment Management Agreement*
10.8	Prospector Partners Investment LLC Investment Management Agreement*
10.9	Agency Agreement dated as of March 10, 2006 among Symetra Life Insurance Company, WM Financial Services, Inc. and WMFS Insurance Services, Inc.
10.10	Agency Agreement dated as of June 1, 2005 between Symetra Life Insurance Company and US Bancorp Investments Inc.
21.1	Subsidiaries of Symetra Financial Corporation
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
23.2	Consent of Cravath, Swaine & Moore LLP (included in the opinion filed as Exhibit 5.1)*
24.1	Power of Attorney (included in signature page to the Registration Statement)**

* To be filed by amendment.

** Previously filed.

(b) Financial Statement Schedules.

Schedule I	Summary of Investments — Other than Investments in Related Parties
Schedule II	Condensed Statements of Financial Position, Operations and Cash Flows
Schedule III	Supplemental Insurance Information

Item 17. ***Undertakings.***

The undersigned registrant hereby undertakes as follows:

(1) The undersigned will provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(2) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it is declared effective.

(3) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14 or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, state of New York, on August 3, 2007.

SYMETRA FINANCIAL CORPORATION

By: /s/ RANDALL H. TALBOT
Name: Randall H. Talbot
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the 3rd day of August, 2007.

Signature	Title
/s/ RANDALL H. TALBOT	Randall H. Talbot President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ MARGARET A. MEISTER	Margaret A. Meister Chief Financial Officer (Principal Financial and Accounting Officer)
*	David T. Foy (Director)
*	Lois W. Grady (Director)
*	Sander M. Levy (Director)
*	Robert R. Lusardi (Director)
*	David I. Schamis (Director)
*	Lowndes A. Smith (Director)
*By: /s/ MARGARET A. MEISTER	Margaret A. Meister (Attorney-in-Fact)

EXHIBIT INDEX

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10.3	Group Short Term Disability Reinsurance Agreement dated January 1, 1999 between Safeco Life Insurance Company and Duncanson & Holt Services, Inc.
10.4	Group Long Term Disability Reinsurance Agreement dated January 1, 1999 between Safeco Life Insurance Company and Duncanson & Holt Services, Inc.
10.5	Reinsurance Agreement dated as of August 24, 2001 between Safeco Life Insurance Company and Lincoln National Life Insurance Company
10.6	Reinsurance Agreement dated as of December 1, 2001 between Safeco Life Insurance Company and Transamerica Life Insurance Company
10.7	White Mountains Advisors LLC Investment Management Agreement*
10.8	Prospector Partners Investment LLC Investment Management Agreement*
10.9	Agency Agreement dated as of March 10, 2006 among Symetra Life Insurance Company, WM Financial Services, Inc. and WMFS Insurance Services, Inc.
10.10	Agency Agreement dated as of June 1, 2005 between Symetra Life Insurance Company and US Bancorp Investment Inc.
21.1	Subsidiaries of Symetra Financial Corporation
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
23.2	Consent of Cravath, Swaine & Moore LLP (included in the opinion filed as Exhibit 5.1)*
24.1	Power of Attorney (included in signature page to the Registration Statement)**

* To be filed by amendment.

** Previously filed.

Report of Independent Registered Public Accounting Firm

The Board of Directors
Symetra Financial Corporation

We have audited the consolidated financial statements of Symetra Financial Corporation as of December 31, 2006 and 2005, and for the years ended December 31, 2006 and 2005, and for the period from August 2, 2004 through December 31, 2004, and the period from January 1, 2004 through August 1, 2004, and have issued our report thereon dated February 20, 2007 (included elsewhere in this Registration Statement). Our audits also included the financial statement schedules listed in Item 16(b) of Form S-1 of this Registration Statement. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Seattle, Washington
February 20, 2007

SCHEDULE I

SUMMARY OF INVESTMENTS — OTHER THAN INVESTMENTS IN RELATED PARTIES
Year Ended December 31, 2006

Type of Investment	Cost or Amortized Cost	Fair Value	Amount as Shown on the Balance Sheet
		(In thousands)	
Fixed maturities:			
Bonds:			
United States government and government agencies and authorities	$ 157,000	$ 157,896	$ 157,896
States, municipalities, and political subdivisions	666,101	670,898	670,898
Foreign governments	205,186	208,875	208,875
Public utilities	2,032,006	2,037,298	2,037,298
Convertibles and bonds with warrants attached	64,556	68,315	68,315
All other corporate bonds	12,901,309	12,846,824	12,846,824
Redeemable preferred stock	60,438	59,772	59,772
Total fixed maturities	16,086,596	16,049,878	16,049,878
Marketable Equity securities:			
Common stocks:			
Public utilities	8,617	11,665	11,665
Banks, trusts, and insurance companies	16,312	19,372	19,372
Industrial, miscellaneous, and all other	93,483	115,811	115,811
Nonredeemable preferred stocks	52,591	54,858	54,858
Total equity securities	171,003	201,706	201,706
Mortgage loans on real estate(1)	798,295	796,078	794,283
Policy loans	79,244	79,244	79,244
Other long-term investments	124,229	131,353	131,353
Short-term investments	48,893	48,882	48,882
Total investments	$ 17,308,260	$ 17,307,141	$ 17,305,346

(1) The amount shown in the consolidated balance sheets for mortgage loans on real estate differs from cost as these investments are presented net of a $4,012 allowance.

SCHEDULE II

CONDENSED STATEMENTS OF FINANCIAL POSITION
(PARENT COMPANY ONLY)

	December 31,	
	2006	2005
	(In thousands)	
ASSETS		
Cash and investments:		
Investments	**$ 100,899**	$ 83,938
Investment in subsidiaries	**1,516,626**	1,617,147
Cash and cash equivalents	**12,800**	1,893
Total cash and investments	**1,630,325**	1,702,978
Current and deferred tax receivables	**4,213**	2,695
Receivables due from affiliates	**22,665**	8,560
Other assets	**15,627**	14,730
Total assets	**$ 1,672,830**	$ 1,728,963
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	**$ 298,737**	$ 300,000
Current and deferred taxes payable	**—**	419
Other liabilities	**47,258**	23,795
Total liabilities	**345,995**	324,214
Capital stock, par value $0.1 per share, 15,000 shares authorized and 10,649 shares issued and outstanding	**106**	106
Additional paid-in-capital	**1,166,325**	1,166,325
Retained earnings	**161,815**	102,485
Accumulated other comprehensive income (loss)	**(1,411)**	135,833
Total stockholders' equity	**1,326,835**	1,404,749
Total liabilities and stockholders' equity	**$ 1,672,830**	$ 1,728,963

SCHEDULE II
(CONTINUED)

CONDENSED STATEMENTS OF OPERATIONS
(PARENT COMPANY ONLY)

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004
		(In thousands)	
Revenues:			
Dividends from subsidiaries:			
Symetra Life Insurance Company	**$ 122,500**	$ —	$ —
Other subsidiaries	—	6,000	—
Net investment income	**2,160**	2,374	523
Net realized investment gains	**7,365**	1,976	—
Total revenues	**132,025**	10,350	523
Expenses:			
Fair value of warrants issued to investors	—	—	101,531
Interest expense on debt	**19,155**	12,388	3,466
Operating expenses	**610**	276	1,888
Total expenses	**19,765**	12,664	106,885
Income (loss) from continuing operations before income taxes	**112,260**	(2,314)	(106,362)
Income tax benefits	**(3,884)**	(2,856)	(2,146)
Income before equity in undistributed net income (loss) of subsidiaries	**116,144**	542	(104,216)
Equity in undistributed net income (loss) of subsidiaries:			
Symetra Life Insurance Company	**38,556**	150,486	62,416
Other subsidiaries	**4,629**	(5,870)	493
	43,185	144,616	62,909
Net income (loss) from continuing operations	**159,329**	145,158	(41,307)
Income (loss) from equity in discontinued operations (net of taxes of $(0), $536, and $(1,335), respectively)	—	1,045	(2,411)
Net income (loss)	**$ 159,329**	$ 146,203	$ (43,718)

SCHEDULE II
(CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS
(PARENT COMPANY ONLY)

	Year Ended December 31, 2006	Year Ended December 31, 2005	Period from August 2, 2004 through December 31, 2004
		(In thousands)	
Cash flows from operating activities			
Net income (loss)	**$ 159,329**	$ 146,203	$ (43,718)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income (loss) from equity in discontinued operations, net of taxes	—	(1,045)	2,411
Equity in undistributed net income of subsidiaries	**(43,185)**	(144,616)	(62,909)
Net realized investment gains	**(7,365)**	(1,976)	—
Fair value of warrants issued to investors	—	—	101,531
Changes in accrued items and other adjustments, net	**7,180**	2,495	10,642
Total adjustments	**(43,370)**	(145,142)	51,675
Net cash provided by operating activities	**115,959**	1,061	7,957
Cash flows from investing activities			
Purchases of investments	**(46,686)**	(94,490)	(40,773)
Sales of investments	**52,965**	51,920	5,539
Purchases of Safeco Life & Investments	—	—	(1,349,911)
Cash received from discontinued operations	—	—	30,000
Other, net	**(11,062)**	(21,286)	—
Net cash provided by (used in) investing activities	**(4,783)**	(63,856)	(1,355,145)
Cash flows from financing activities			
Capital contributions/loans to subsidiaries	**(715)**	(202)	—
Proceeds from sale of capital stock	—	—	1,064,900
Dividends from discontinued operations	—	29,236	20,001
Cash dividend to investors	**(100,000)**	—	—
Proceeds from note payable	**298,671**	—	315,000
Repayments of note payable	**(300,000)**	—	(15,000)
Other, net	**1,775**	—	(2,059)
Net cash provided by (used in) financing activities	**(100,269)**	29,034	1,382,842
Net increase (decrease) in cash and cash equivalents from continuing operations	**10,907**	(33,761)	35,654
Cash and cash equivalents at beginning of period	**1,893**	35,654	—
Cash and cash equivalents at end of period	**$ 12,800**	$ 1,893	$ 35,654

SCHEDULE II
(CONTINUED)

NOTES TO CONDENSED FINANCIAL STATEMENTS
(PARENT COMPANY ONLY)
(In Thousands)

Year Ended December 31, 2006

1. Organization and Presentation

The accompanying financial statements comprise a condensed presentation of financial position, results of operations, and cash flows of Symetra Financial Corporation (the Company) on a separate-company basis. These condensed financial statements do not include the accounts of the Company's wholly owned subsidiaries, but instead include the Company's investment in those subsidiaries, stated at amounts which are substantially equal to the Company's equity in the subsidiaries' net assets. Therefore, the accompanying financial statements are not those of the primary reporting entity.

Additional information about accounting policies pertaining to investments and other significant accounting policies applied by the Company and its subsidiaries, debt, and commitments and contingencies are as set forth in Notes 2, 11, and 14, respectively, to the audited consolidated financial statements of the Company.

2. Related Parties

The Company received dividends of $122,500, $35,236, and $20,001 from its consolidated subsidiaries for the years ended December 31, 2006 and 2005 and the five months ended December 31, 2004.

See Note 19 to the audited consolidated financial statements of the Company included earlier in this report for a description of other related-party transactions.

SCHEDULE III

SUPPLEMENTAL INSURANCE INFORMATION
Year Ended December 31, 2006

Segment	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims, and Loss Expenses(1)	Unearned Premiums	Other Policyholder Funds	Premium Revenue	Net Investment Income	Benefits, Claims, Losses, and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses
					(In thousands)				
December 31, 2006									
Group	**$ 3,998**	**$ 185,215**	**$ 2,522**	**$ 8,376**	**$ 387,231**	**$ 18,030**	**$ 230,753**	**$ 10,882**	**$ 105,742**
Retirement Services	**54,472**	**4,916,869**	**—**	**5,677**	**130**	**269,821**	**169,731**	**1,081**	**61,738**
Income Annuities	**6,813**	**7,010,585**	**—**	**1,989**	**—**	**439,001**	**371,786**	**580**	**21,591**
Individual	**22,954**	**4,370,104**	**9,199**	**22,016**	**138,296**	**232,759**	**258,180**	**2,046**	**57,370**
Other	**—**	**(698)**	**—**	**8,311**	**—**	**25,316**	**(327)**	**—**	**14,100**
Total	**$ 88,237**	**$ 16,482,075**	**$ 11,721**	**$ 46,369**	**$ 525,657**	**$ 984,927**	**$ 1,030,123**	**$ 14,589**	**$ 260,541**
December 31, 2005									
Group	$ 5,288	$ 208,122	$ 2,795	$ 8,423	$ 438,276	$ 19,270	$ 296,036	$ 10,478	$ 115,342
Retirement Services	25,537	5,576,531	—	5,313	121	292,801	185,841	94	62,636
Income Annuities	4,291	7,173,678	—	2,363	—	441,438	392,534	272	19,383
Individual	13,901	4,246,684	8,765	24,058	137,062	222,613	263,944	1,017	61,374
Other	—	—	—	7,375	—	17,926	—	—	14,512
Discontinued Operations	—	—	—	—	—	172	—	—	845
Total	$ 49,017	$ 17,205,015	$ 11,560	$ 47,532	$ 575,459	$ 994,220	$ 1,138,355	$ 11,861	$ 274,092
August 2, 2004 Through December 31, 2004									
Group	$ 3,946	$ 231,193	$ 1,315	$ 7,018	$ 207,396	$ 8,764	$ 124,008	$ 1,352	$ 54,410
Retirement Services	5,914	6,413,824	—	3,741	105	124,188	93,362	236	26,682
Income Annuities	1,257	7,282,235	—	3,996	—	184,074	164,100	—	7,226
Individual	3,260	4,123,410	8,088	24,189	55,694	89,229	106,225	38	28,566
Other	—	—	—	4,344	—	4,865	—	—	6,358
Discontinued Operations	—	—	—	—	—	393	—	—	4,678
Total	$ 14,377	$ 18,050,662	$ 9,403	$ 43,288	$ 263,195	$ 411,513	$ 487,695	$ 1,626	$ 127,920
January 1, 2004 Through August 1, 2004 (Predecessor)									
Group	$ 14,261	$ 244,684	$ 1,658	$ 8,333	$ 293,213	$ 13,632	$ 196,468	$ 10,537	$ 78,727
Retirement Services	146,432	6,540,337	—	2,999	92	225,008	155,575	16,313	36,789
Income Annuities	—	6,339,003	—	4,725	—	290,328	274,800	—	9,522
Individual	192,156	3,910,168	8,456	24,231	64,620	139,063	153,168	7,314	36,059
Other	—	—	—	3,184	—	25,671	—	—	21,237
Discontinued Operations	—	—	—	—	—	754	—	—	11,077
Total	$ 352,849	$ 17,034,192	$ 10,114	$ 43,472	$ 357,925	$ 694,456	$ 780,011	$ 34,164	$ 193,411

(1) Funds held under deposit contracts, future policy benefits, and policy and contract claims are included in this column.

Exhibit 2.1

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND AMONG

SAFECO CORPORATION,

GENERAL AMERICA CORPORATION,

WHITE MOUNTAINS INSURANCE GROUP, LTD.

AND

OCCUM ACQUISITION CORP.

dated as of

March 15, 2004

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT, dated as of March 15, 2004 (this "Agreement"), is by and among Safeco Corporation, a Washington corporation ("Seller"), General America Corporation ("GAC"), a Washington corporation and a wholly owned subsidiary of Seller, White Mountains Insurance Group, Ltd., a company existing under the laws of Bermuda ("Parent"), and Occum Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Buyer").

WHEREAS, Seller operates on a nationwide basis in segments of the insurance industry and other financial services-related businesses, including, through those certain direct and indirect Subsidiaries of Seller identified on Schedule A (each such person, an "Acquired Company"), the provision of individual and group insurance products, annuity products, mutual funds and investment advisory services;

WHEREAS, Buyer desires to purchase (directly or indirectly) all of the issued and outstanding capital stock of the Acquired Companies as of the Closing Date (collectively, the "Shares") for the consideration and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.
PURCHASE AND SALE OF THE SHARES

Section 1.1 Purchase and Sale of Shares. At the Closing, on the terms and subject to the conditions set forth in this Agreement, Seller shall, and, with respect to the stock of SIS, shall cause GAC to, sell, assign, transfer, convey and deliver to Buyer, and Buyer hereby agrees to purchase, all of the Shares, free and clear of all Liens.

Section 1.2 Closing. Subject to the provisions of Article VI, the closing of the purchases and sales contemplated by this Agreement (the "Closing") shall take place in Seattle, WA at the offices of Seller at 10:00 a.m. Pacific time on the later of (i) June 30, 2004 and (ii) the last day of the month after the date on which each of the conditions set forth in Article V (other than conditions that are satisfied by the delivery of documents or the payment of money at the Closing) have been satisfied or waived by the party or parties entitled to the benefit of such conditions (or if such day is not a Business Day, on the next succeeding Business Day); provided, that solely for purposes of the parties' respective accounting, the Closing shall be deemed to have occurred at 12:01 a.m. on the first day of the following month, or at such other place, at such other time or on such other date as Parent and Seller may mutually agree. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date." Subject to the provisions of Article VI, a party's failure to consummate the purchases and sales provided for in this Agreement on the date and time and at the place determined pursuant to this Section 1.2 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

Section 1.3 Closing Obligations

(a) At the Closing, Seller shall, or with respect to SIS, cause GAC to, deliver to Buyer:

(i) certificates representing the Shares of the Acquired Companies that are direct subsidiaries of Seller and GAC, duly endorsed (or accompanied by duly executed stock powers) in proper form for transfer of such Shares, with appropriate transfer stamps, if any, affixed, to Buyer;

(ii) a Transition Services Agreement, substantially in the form attached hereto as Exhibit A (the "Transition Services Agreement");

(iii) an Intellectual Property License from Seller to Buyer, substantially in the form attached hereto as Exhibit B (the "Buyer Intellectual Property License");

(iv) a Transitional Trademark License, substantially in the form attached hereto as Exhibit C (the "Transitional Trademark License");

(v) a Lease Agreement for the Redmond, WA campus facility, substantially in the form attached hereto as Exhibit D (the "Lease Agreement"); and

(vi) a copy of each new Investment Company Advisory Agreement (or, where permitted, approval of the continuation of the existing Investment Company Advisory Agreement) described in Section 4.9(b)(i)(B)(x).

(b) At the Closing, Buyer shall, and Parent shall cause Buyer to, deliver to Seller, including for the benefit of GAC with respect to SIS:

(i) $1,350,000,000 (the "Closing Consideration") by wire transfer of immediately available funds to an account designated by Seller in writing at least two (2) Business Days' prior to the Closing Date, subject to the post-Closing purchase price adjustment pursuant to Section 1.4 hereof;

(ii) the Transition Services Agreement;

(iii) the Transitional Trademark License; and

(iv) the Lease Agreement (the documents described in clauses (ii)-(iv) along with this Agreement and the Buyer Intellectual Property License, being referred to collectively as the "Transaction Documents").

Section 1.4 Post-Closing Adjustment.

(a) As soon as practicable following the Closing, Seller shall prepare or cause to be prepared audited financial statements (including balance sheets and statements of income and the requisite footnotes thereto) of the Insurance Subsidiaries as of and for the six months ended June 30, 2004 (the "June Financial Statements"). The June Financial Statements (i) shall be prepared in accordance with SAP (which for purposes of this Section 1.4 only shall include the Agreed Accounting Policies) consistently applied in accordance with the accounting policies and practices (including with respect to assumptions, estimations methodology and actuarial methodology) used to prepare the Insurance Subsidiary Statements as of December 31, 2003 (the "December Financial Statements") and (ii) shall be audited by Ernst & Young LLP in accordance with generally accepted auditing standards in the United States ("GAAS"). For the avoidance of doubt, certain of the accounting policies and practices used to prepare the December Financial Statements and to be used to prepare the June Financial Statements are set forth on Schedule 1.4 attached hereto (such policies and practices, the "Agreed Accounting Policies"). No later than forty-five (45) days following the Closing, Seller shall cause a copy of the June Financial Statements to be delivered to Buyer, along with an unqualified executed audit opinion of Ernst & Young LLP substantially in the form attached hereto as Exhibit 1.4 stating that (i) the June Financial Statements were prepared in accordance with SAP and (ii) the June Financial Statements were audited by Ernst & Young LLP in accordance with GAAS.

(b) Buyer shall have forty-five (45) days following delivery of the June Financial Statements (the "Objection Period") to provide written notice to Seller (the "Objection Notice") of any good faith objection to any portion of the June Financial Statements (and the June Adjusted Statutory Book Value calculated therefrom), which objection shall be set forth with reasonable detail in such Objection Notice. Unless Buyer timely delivers an Objection Notice before the expiration of the Objection Period, the June Financial Statements (and the June Adjusted Statutory Book Value calculated therefrom) shall be deemed to have been accepted and approved by Buyer and shall thereafter be final and binding upon Buyer for purposes of any post-closing adjustment set forth in this Section 1.4 (and any amounts to be paid pursuant to Section 1.4(f) hereof shall thereupon be paid). In addition, to the extent any portion of the June Financial Statements or of the calculation of the June Adjusted Statutory Book Value shall not be expressly objected to in the Objection Notice, such matters shall be deemed to have been accepted and approved by Buyer and shall be final and binding upon Buyer for purposes hereof. If Buyer timely delivers an Objection Notice before the expiration of the Objection Period, then those aspects of the June Financial Statements objected to in the Objection Notice shall not thereafter be final and binding until resolved in accordance with this Section 1.4.

(c) Following receipt of any Objection Notice, Seller and Buyer shall discuss in good faith the applicable objections set forth therein for a period of thirty (30) days thereafter and shall, during such period, attempt to resolve the matter or matters in dispute by mutual written agreement. If the parties reach such an agreement, such agreement shall be confirmed in writing and the June Financial Statements shall be revised to reflect such agreement (or the parties shall otherwise agree to reflect such agreement in a written memorandum of adjustment (an "Adjustment Memorandum")), which agreement (and the (i) June Financial Statements, as so revised, including the June Adjusted Statutory Book Value calculated therefrom or (ii) Adjustment Memorandum, as applicable) shall thereafter be final and binding upon Seller and Buyer for purposes of any post-closing adjustment set forth in this Section 1.4 (and any amounts to be paid pursuant to Section 1.4(f) hereof shall thereupon be paid).

(d) If the parties are unable to reach a mutual agreement in accordance with Section 1.4(c) hereof during the thirty (30) day period referred to therein, then Seller and Buyer shall jointly select a qualified partner (with fifteen (15) or more years of life insurance accounting experience) of either Deloitte & Touche LLP or KPMG LLP (the "Accounting Expert"), who, acting as an expert and not as an arbitrator, shall resolve those matters still in dispute with respect to the June Financial Statements and the June Adjusted Statutory Book Value calculated therefrom. If the parties fail to agree on an Accounting Expert within five (5) Business Days after the expiration of the thirty (30) day period, either party may request the American Arbitration Association to appoint such an Accounting Expert (or a qualified partner (with fifteen (15) or more years of life insurance accounting experience) of another accounting firm if both accounting firms decline to or are disqualified from accepting the dispute), and such appointment shall be conclusive and binding upon the parties. The Accounting Expert's resolution of the matters in dispute, including any adjustments to the June Financial Statements (or the June Adjusted Statutory Book Value calculated therefrom) made by the Accounting Expert, shall be made by a detailed writing and shall be final and binding on Seller and Buyer (and any amounts to be paid pursuant to Section 1.4(f) hereof shall thereupon be paid). Within twenty (20) days of the appointment of the Accounting Expert, each party shall deliver a written presentation of its position to the Accounting Expert and the other party, and the parties will then have ten (10) days to prepare a written response to the other party's presentation. The Accounting Expert may also request written responses from the parties to specific questions at any time, which shall be delivered to the Accounting Expert and the other party. The Accounting Expert shall make a determination as soon as practicable and in any event within sixty (60) days (or such other time as the parties shall agree in writing) after its engagement. Notwithstanding anything set forth in this Section 1.4(d), the scope of any dispute to be resolved by the Accounting Expert pursuant to this Section 1.4(d) shall be limited to whether the June Financial Statements were prepared in accordance with SAP (including the Agreed Accounting Policies), consistently applied with their application as of December 31, 2003, or whether there were mathematical errors in the June Financial Statements or the calculation of the June Adjusted Statutory Book Value, and, except for the foregoing matters, the Accounting Expert shall not and is not to make any further determination. In resolving any disputed item, the Accounting Expert may not assign a value to any particular item greater than the greatest value for such item claimed by Seller or Buyer or less than the smallest value for such item claimed by Seller or Buyer, in each case as presented to the Accounting Expert. Seller and Buyer agree to fully cooperate with each other and with the Accounting Expert to resolve any dispute.

(e) Seller and Buyer agree that judgment may be entered to give effect to the determination of the Accounting Expert in any court having jurisdiction over the party against which such determination is to be enforced. Notwithstanding any other provision of this Agreement to the contrary, the procedure set forth in this Section 1.4 shall be each party's exclusive remedy against the other party to this Agreement with respect to any disputes relating to an adjustment to the Closing Consideration; provided, however, that, except as provided in this sentence and in Section 7.3(d), Seller and GAC acknowledge that neither the decision of the Accounting Expert, if any, nor Parent and Buyer's acceptance of the final and binding June Financial Statements shall in any way limit or otherwise affect Parent and Buyer's rights to make any claim for breach of any representation, warranty or covenant of Seller or GAC under this Agreement, or in Parent and Buyer's right to indemnification for any such breach under Article VII.

(f) If the June Adjusted Statutory Book Value as calculated from the final and binding June Financial Statements: (i) is greater than the Target Statutory Book Value, then Buyer shall pay to Seller the amount by which the June Adjusted Statutory Book Value exceeds the Target Statutory Book Value; or (ii) is less than the Target Statutory Book Value, then Seller shall pay to Buyer the amount by which the June Adjusted Statutory Book Value is less than the Target Statutory Book Value (the amount of either such adjustment, a "Post-Closing Adjustment Amount"). The "Purchase Price" shall equal the Closing Consideration plus the Post-Closing Adjustment Amount, if payable by Buyer, or minus the Post-Closing Adjustment Amount, if payable by Seller. Buyer and Seller acknowledge that for purposes of the procedures set forth in this Section 1.4 only, the calculation of June Adjusted Statutory Book Value will be made subject to the provisions of Section 4.15.

(g) Any Post-Closing Adjustment Amount payable by Seller pursuant to this Section 1.4 shall be paid promptly by Seller, but in no event later than ten (10) Business Days following the final and binding determination of such Post-Closing Adjustment Amount (as determined by the Accounting Expert). Any Post-Closing Adjustment Amount payable by Buyer pursuant to this Section 1.4, shall be paid promptly by Buyer, but in no event later than ten (10) Business Days following the final and binding determination of such Post-Closing Adjustment Amount (as determined by the Accounting Expert); provided, however, that if any Post-Closing Adjustment Amount payable by Buyer pursuant to this Section 1.4 shall be an amount greater than $20 million (the "Initial Adjustment Amount"), then Buyer shall (i) pay the Initial Adjustment Amount to Seller within ten (10) Business Days following the final and binding determination of such Post-Closing Adjustment Amount (as determined by the Accounting Expert) and (ii) shall issue to Seller a note (the "Adjustment Note") in the amount of the excess of such Post-Closing Adjustment Amount over the Initial Adjustment Amount, payable by Parent upon the earlier to occur of (A) the second Business Day after the date when it becomes permissible under applicable Law for Buyer to cause any Insurance Subsidiary to make a dividend to Buyer in the amount of such excess (and Buyer agrees to use its commercially reasonable efforts to facilitate the making of such dividend as promptly as practicable) and (B) the first Business Day after the twelve-month anniversary of the date that is 90 days after the Closing Date. Payment by either party of (i) any Post-Closing Adjustment Amount or (ii) the principal of any Adjustment Note shall in each case be made in immediately available funds via wire transfer to an account designated by the party entitled to receive such payment in writing, and shall in each case be paid together with interest thereon, at a rate per annum equal to the "Prime Rate" (as reported from time to time in *The Wall Street Journal*) plus 200 basis points, calculated on the basis of the actual number of days elapsed divided by 365, from and including the Closing Date to but excluding the date of payment.

(h) All fees and expenses of Seller relating to the matters described in this Section 1.4, including the preparation and delivery of the June Financial Statements and the fees of Ernst & Young LLP and Milliman, shall be borne by Seller, and all fees and expenses of Buyer relating to the matters described in this Section 1.4 shall be borne by Buyer. Notwithstanding the foregoing, in the event any dispute is submitted to the Accounting Expert for resolution as provided in Section 1.4(d) hereof, the fees and expenses of the Accounting Expert (and any arbitrator appointing such expert, if applicable) shall be borne equally by Seller and Buyer.

(i) Following the Closing, Buyer shall not take any action with respect to the accounting books and records of the Acquired Companies and their Subsidiaries on which the June Financial Statements or the calculation of June Adjusted Statutory Book Value is to be based that is not consistent with the past practices of the Acquired Companies (including the Agreed Accounting Policies) and would affect the June Financial Statements or the calculation of June Adjusted Statutory Book Value. Without limiting the generality of the foregoing, no changes shall be made in the methodology for establishing any reserve or other account existing as of the date of the balance sheet included within the June Financial Statements (including with respect to assumptions, estimations methodology and actuarial methodology) that would affect the June Financial Statements or the calculation of June Adjusted Statutory Book Value.

Section 1.5 Closing Costs; Transfer Taxes and Fees. Except as otherwise provided in this Section 1.5, Buyer and Seller shall each bear 50% of the cost of (a) all documentary, sales, use, stamp and transfer Taxes and any other Taxes or fees imposed by reason of the transfer of the Shares (and any deficiency, interest or penalty asserted with respect thereto) ("Transfer Taxes") and filing any associated Tax Returns and (b) all recording, filing, title and registration fees or other charges in connection with or as a direct result of the transfer of the Shares. Buyer shall bear all Transfer Taxes resulting solely from the fact that Parent is a foreign entity and all costs (including those costs relating to insurance regulatory approvals) of applying for new Required Licenses and obtaining the transfer of existing Required Licenses which may be lawfully transferred.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES
OF SELLER AND GAC

Except as set forth in the disclosure letter delivered by Seller to Buyer (the "Seller Disclosure Letter") (provided, that the listing of an item in one part of the Seller Disclosure Letter shall be deemed to be a listing in each part of the Seller Disclosure Letter and to apply to any other representation and warranty of Seller and GAC in this Agreement to which its relevance is reasonably apparent on its face), each of Seller and GAC represents and warrants to Buyer as of the date of this Agreement and, unless such representations and warranties address a matter only as of a certain date, as of the Closing Date as follows:

Section 2.1 Organization. Each of Seller, GAC and the Acquired Companies has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of the Acquired Companies is duly qualified to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it, the sale of insurance or the nature of the business conducted by it makes such qualification necessary, except for such failures to be so duly qualified and in good standing that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

Section 2.2 Capitalization

(a) The capitalization of each Acquired Company is set forth on Part 2.2(a) of the Seller Disclosure Letter, and there are no equity securities issued and outstanding of any Acquired Company except as so set forth on Part 2.2(a) of the Seller Disclosure Letter. All of the Shares are owned of record by Seller, GAC or an Acquired Company.

(b) All of the outstanding equity securities of each Acquired Company have been duly authorized and are validly issued, fully paid and nonassessable. None of the Shares have been issued in violation of, and none of the Shares are subject to, any purchase option, call, right of first refusal, preemptive, subscription or similar rights under any provision of Law, the Constituent Documents of Seller or any subsidiary of Seller or any Contract or Other Agreement.

(c) The Acquired Companies have no preferred stock, voting common stock, non-voting common stock, or other shares of capital stock reserved for or otherwise subject to issuance under existing plans or contractual commitments. The Acquired Companies do not have any outstanding bonds, debentures, notes or other debt obligations, or any outstanding warrants or options for the purchase of any class of equity security, the holders of which have the right to vote or which are convertible into or exercisable for securities having the right to vote with the holders of the Shares on any matter.

(d) There are no outstanding purchase rights, warrants, options, rights, phantom stock rights, agreements, convertible or exchangeable securities or other Contracts or Other Agreements relating to the issuance, sale, voting, rescission, redemption or transfer of any equity securities or other securities of any Acquired Company.

(e) None of the Acquired Companies owns, directly or indirectly, any capital stock of or other equity interests in any corporation, partnership or other Person (other than investments held in the Investment Portfolio in accordance with the Investment Guidelines) and none of the Acquired Companies is a member of or participant in any partnership or joint venture other than as may be permitted by the Investment Guidelines.

(f) Prior to the execution of this Agreement, Seller (i) has delivered to Buyer true and complete copies of the Constituent Documents, each as amended to date, of each of the Acquired Companies and (ii) has made available to Buyer true and complete copies of the stock certificate and transfer books and the minute books of each of the Acquired Companies.

Section 2.3 Authorization; Binding Agreement. Each of Seller and GAC has all requisite corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which each is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which each is a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of each of Seller and GAC. This Agreement has been duly and validly executed and delivered by each of Seller and GAC and (assuming the accuracy of the representations and warranties in Section 3.2) constitutes a legally valid and binding agreement of each of Seller, and GAC enforceable against each of Seller and GAC in accordance with its terms, subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and (ii) the effect of equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

Section 2.4 Noncontravention. Neither the execution and delivery of this Agreement and the other Transaction Documents nor the consummation of the transactions contemplated hereby and thereby will conflict with or result in any breach of any provision of, or require any consent or approval (other than consents and approvals described in Section 2.5 below) under or constitute (with or without notice or lapse of time or both) a violation or default (or give rise to any right of termination, cancellation or acceleration or to loss of a material benefit) under, or result in the creation of any Lien upon the property or assets of any Acquired Company under, any of the terms, conditions or provisions of (i) the Constituent Documents of Seller, GAC or any Acquired Company, (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, contract, commitment, agreement, arrangement or other instrument or obligation (collectively, "Contracts or Other Agreements") to which Seller, GAC or any Acquired Company is a party or by which any of them or any portion of their properties or assets may be bound or (iii) any Law or Order applicable to Seller, GAC, any Acquired Company or any portion of their properties or assets or any Registered Investment Company or Registered Separate Account, other than in the case of foregoing clauses (ii) and (iii), any such items that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

Section 2.5 Approvals. No license, permit, consent, approval, order, certificate, authorization, declarations of or filing with any Governmental Entity on the part of Seller, GAC or any Acquired Company that has not been obtained or made is required in connection with the execution or delivery by Seller or GAC of this Agreement or the other Transaction Documents or the consummation by Seller and GAC of the transactions contemplated hereby and thereby, other than (a) filings and other applicable requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (b) approvals, filings and/or notices required under any applicable state or federal banking laws or any applicable state or federal laws related to the sale or operation of insurance, investment companies, investment advisers or broker-dealers set forth in Part 2.5 of the Seller Disclosure Schedule, or (c) consents, approvals, authorizations, declarations or filings that, if not obtained or made, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies, or prevent Seller or GAC from consummating the transactions contemplated hereby.

Section 2.6 Financial Statements. (a) Attached as Part 2.6(a) of the Seller Disclosure Letter are (i) the unaudited combined financial statements (consisting of balance sheets and statements of income) as of and for the year ended December 31, 2003 of the Acquired Companies that are not Insurance Subsidiaries and (ii) the audited financial statements (consisting of balance sheets, statements of income and statements of cash flows), including the related footnotes, as of and for the year ended December 31, 2003 of each of the Acquired Companies listed on Part 2.6(a)(ii) of the Seller Disclosure Letter (collectively, the financial statements described in clauses (i) and (ii), the "Non-Insurance Financial Statements"). The Non-Insurance Financial Statements were derived from the same data and prepared using the same methodologies as were used in the annual audited GAAP financial statements of Seller included in the Seller's filings under the Exchange Act, and fairly present in all material respects (except, in the case of the Non-Insurance Financial Statements described in clause (i) above, for the absence of footnotes) the financial condition of the Acquired Companies that are not Insurance Subsidiaries as of the respective dates thereof and the results of operations of the Acquired Companies that are not Insurance Subsidiaries for the respective periods then ended.

(b) The Acquired Companies that are not Insurance Subsidiaries do not have any liabilities or obligations of any nature (whether accrued, absolute, contingent, unasserted or otherwise) required by GAAP to be reflected on a balance sheet or in the notes thereto, except (i) as disclosed, reflected or reserved against in the balance sheet included in the Non-Insurance Financial Statements and (ii) for ordinary course liabilities and obligations incurred in the ordinary course of the business of the Acquired Companies that are not Insurance Subsidiaries consistent with past practice since December 31, 2003 and not in violation of this Agreement. This representation and warranty shall not be deemed to be breached as a result of any change in GAAP or Law after the date of this Agreement.

Section 2.7 Certain Subsidiaries.

(a) Insurance Subsidiaries.

(i) Part 2.7(a)(i) of the Seller Disclosure Letter sets forth the name of each Acquired Company that is an insurance company (collectively, the "Insurance Subsidiaries"). Each of the Insurance Subsidiaries is (i) duly licensed or authorized in all material respects as an insurance company in its jurisdiction of incorporation, (ii) duly licensed or authorized in all material respects to carry on an insurance business in each other jurisdiction where it is required to be so licensed or authorized, and (iii) duly licensed or authorized in all material respects in its jurisdiction of incorporation and each other applicable jurisdiction to issue the Life & Annuity Contracts that it is currently writing, and was duly licensed or authorized in all material respects to issue the Life & Annuity Contracts that it wrote at the time such Life & Annuity Contracts were issued and otherwise to conduct its insurance and variable products business, as required by Law. Seller, GAC and the Insurance Subsidiaries have made all required filings under applicable Law regulating the business and products of insurance, except where the failure to file, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. Part 2.7(a)(i) of the Seller Disclosure Letter sets forth the states where Seller, GAC and the Insurance Subsidiaries are domiciled or "commercially domiciled" for insurance regulatory purposes. Seller has previously delivered to Parent true and complete copies of all examination reports of insurance departments and any insurance regulatory authorities received by any Insurance Subsidiary since January 1, 2001.

(ii) With respect to each Insurance Subsidiary, each such Insurance Subsidiary's audited Insurance Subsidiary Statements as of and for the year ended December 31, 2003 are attached as Part 2.7(a)(ii) of the Seller Disclosure Letter. Such Insurance Subsidiary Statements present (and, with respect to any Insurance Subsidiary Statement for any quarter after December 31, 2003, and prior to the Closing, will present) fairly in all material respects, on a consistent basis and in accordance with the statutory accounting practices prescribed or permitted by the appropriate regulatory agencies of the jurisdiction in which such Insurance Subsidiary is domiciled ("SAP"), the financial position at the date of each such statement and results of each such Insurance Subsidiary's operations for each such referenced period. Schedule 1.4 sets forth certain of the accounting policies and practices (including with respect to assumptions, estimations methodology and actuarial methodology) used by Seller to prepare the December Financial Statements. No material deficiency has been asserted in writing by any Governmental Entity with respect to any Insurance Subsidiary Statements that has not been addressed to the satisfaction of such Governmental Entity. Except as indicated therein, all assets that are reflected as admitted assets on the Insurance Subsidiary Statements comply in all material respects with all applicable Laws regulating the business and products of insurance with respect to admitted assets, as applicable, and the amounts of capital reflected on the Insurance Subsidiary Statement of each Insurance Subsidiary are sufficient in nature and amount to meet all requirements of applicable Law. The Insurance Subsidiary Statements comply in all material respects with all applicable Law.

(iii) All reserves for policyholder liabilities reflected on the balance sheets of the Insurance Subsidiary Statements as of December 31, 2003, (A) were determined in accordance with actuarial standards of practice, consistently applied, (B) were based on actuarial assumptions that were reasonable in relation to the relevant policy and contract provisions and (C) are in compliance with SAP in all material respects (it being understood by Parent and Buyer that in making the representations and warranties in this Section 2.7(a)(iii) Seller and GAC are not representing and warranting that the reserves referred to therein or the assets supporting such reserves have been or will be sufficient or adequate for the purposes for which they were established or that reinsurance recoverables taken into account in determining the amount of such reserves will be collectible). The Insurance Subsidiaries do not have any liabilities or obligations of any nature (whether accrued, absolute, contingent, unasserted or otherwise) required by SAP to be reflected on a balance sheet or in the notes thereto, except (i) as disclosed, reflected or reserved against in the balance sheets included in the Insurance Subsidiary Statements, and (ii) for ordinary course liabilities and obligations incurred in the ordinary course of business and consistent with past practice since December 31, 2003 and not in violation of this Agreement (it being understood by Parent and Buyer that in making the representations and warranties in this Section 2.7(a)(iii) Seller and GAC are not representing and warranting that the reserves referred to therein or the assets supporting such reserves have been or will be sufficient or adequate for the purposes for which they were established or that reinsurance recoverables taken into account in determining the amount of such reserves will be collectible).

(iv) Since January 1, 2001, each Insurance Subsidiary has had procedures and programs which are reasonably designed to provide assurance that its respective agents and employees are in material compliance with Law, including without limitation, advertising, licensing and sales practices laws, regulations, directives, bulletins and opinions of governmental authorities. Seller has no knowledge of any material noncompliance with such procedures and programs.

(v) Each of the Life & Annuity Contracts has been marketed and sold by the Insurance Subsidiaries and, to the knowledge of Seller, marketed and sold by the independent agents of the Insurance Subsidiaries, in each case, in compliance in all material respects with applicable Law of the respective jurisdiction in which such Life & Annuity Contracts have been sold, including (i) all applicable prohibitions against "redlining" or withdrawal of business lines, (ii) all applicable requirements relating to the disclosure of the nature of insurance products as policies of insurance, (iii) all applicable requirements relating to insurance product projections and illustrations, (iv) all applicable prohibitions against discrimination based on factors relating to race, gender, national origin or similar distinctions, (v) all applicable prohibitions against "churning," or other improper replacement practices, (vi) all applicable prohibitions against "vanishing premium," premium offsets or other under-funding of life insurance policies, (vii) all applicable requirements relating to "Holocaust victims" and (viii) all other requirements or prohibitions relating to unfair trade practices under applicable Law. Each of the Insurance Subsidiaries has provided notice and disclosure, to the extent such notice and disclosure is required by applicable Law, to prospective insureds of situations, if any, in which premiums are charged (or policy charges are imposed) from the date of issue of a Life & Annuity Contract, notwithstanding that coverage begins at a later date.

(vi) Since January 1, 2001, each Insurance Subsidiary has maintained records which in all material respects accurately reflect transactions in reasonable detail, and accounting controls, policies and procedures reasonably designed to ensure that such transactions are recorded in a manner which permits the preparation of financial statements in accordance with GAAP and applicable statutory accounting requirements.

(vii) Seller has delivered to Buyer a true and correct copy of the Investment Guidelines, and since January 1, 2002 the Investment Portfolio has been invested in compliance in all material respects with the Investment Guidelines, as in effect at the time any such investment was made.

(b) Broker/Dealer Subsidiaries. Part 2.7(b) of the Seller Disclosure Letter sets forth the name of each Acquired Company that is registered as a broker or dealer (collectively, the "Broker/Dealer Subsidiaries"). Except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies, (i) each of the Acquired Companies and each of its respective employees that is required, in order to conduct its business as it is now conducted, to be registered, licensed or qualified as a broker-dealer under the Exchange Act or, in the case of any employees, is otherwise required to be registered, licensed or qualified under the Exchange Act or NASD Regulations (which for this purpose shall include the NASD's Membership and Registration Rules (Rules 1000-1140)) is so registered, licensed or qualified (and has been so registered, licensed or qualified at all times since January 1, 1999 it has been required under applicable Law to be so registered, licensed or qualified), (ii) each Broker/Dealer Subsidiary is a member organization in good standing of the NASD, Inc. ("NASD"), securities exchanges, commodities exchanges, boards of trade, clearing organizations, trade organizations and such other Governmental Entities and organizations in which its membership is required in order to conduct its business as it is now conducted, (iii) each Broker/Dealer Subsidiary has timely filed all registrations, declarations, reports, notices, forms or other filings required to be filed with the SEC, NASD, the New York Stock Exchange or any other Governmental Entity and all fees and assessments due and payable in connection therewith have been paid, (iv) since the later of its inception or January 1, 2002, each Broker/Dealer Subsidiary has had net capital (as such term is defined in Rule 15c3-1 of the Exchange Act) that satisfies the minimum net capital requirements of the Exchange Act and of the laws of any jurisdiction in which such Broker/Dealer Subsidiary conducts business, and (v) no Broker/Dealer Subsidiary is, nor is any "associated person" of any Broker/Dealer Subsidiary, subject to a "statutory disqualification" (as such terms are defined in the Exchange Act) or subject to a disqualification that would be a basis for censure, limitations on the activities, functions or operations of, or suspension or revocation of the registration of such Broker/Dealer Subsidiary as a broker-dealer, under the Exchange Act and, to the knowledge of Seller and GAC, there is no proceeding or investigation pending by any Governmental Entity or self-regulatory organization that is reasonably likely to result in any such censure, limitations, suspension or revocation.

(c) Investment Adviser. Part 2.7(c) of the Seller Disclosure Letter sets forth the name of each Acquired Company that is registered as an "investment adviser" under the Investment Advisers Act (an "Investment Adviser Subsidiary"). Except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies, (i) each of the Acquired Companies and each of its employees that is required, in order to conduct its business as it is now conducted, to be registered, licensed or qualified as an investment adviser under the Investment Advisers Act is so registered, licensed or qualified (and has been so registered, licensed or qualified at all times since January 1, 1999 it has been required under applicable Law to be so registered, licensed or qualified), (ii) each "investment adviser representative" (as defined in the Investment Advisers Act) of an Investment Adviser Subsidiary, if any, who is required to be registered as such is so registered (and has been so registered, licensed or qualified at all times since January 1, 1999 it has been required under applicable Law to be so registered, licensed or qualified), (iii) each Investment Adviser Subsidiary has timely filed all registrations, declarations, reports, notices, forms or other filings required to be filed with the SEC or any other Governmental Entity (the "SEC Documents"), and as of their respective dates, the SEC Documents of each Investment Adviser Subsidiary complied in all respects with the requirements of applicable Law (including the Securities Laws), and all fees and assessments due and payable in connection therewith have been paid, (iv) no Investment Adviser Subsidiary or any Person "associated" (as such term is defined in the Investment Advisers Act) with any Investment Adviser Subsidiary has been convicted of any crime or is subject to any disqualification that would be a basis for denial, suspension, or revocation of registration of an investment adviser under Section 203(e) of the Investment Advisers Act or Rule 206(4)-4(b) thereunder and, to the knowledge of Seller, there is no proceeding or investigation pending by any Governmental Entity or self-regulatory organization that is reasonably likely to result in any such denial, suspension or revocation, (v) in the conduct of its business with respect to employee benefit plans subject to Title I of ERISA ("ERISA Plans"), none of the Acquired Companies have (A) breached any applicable fiduciary duty under Part 4 of Title I of ERISA which would subject it to liability under Sections 405 or 409 of ERISA, (B) engaged in a "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code which would subject it to liability or taxes under Sections 409 or 502 of ERISA or Section 4975 of the Code or (C) engaged in any conduct that could constitute a crime or violation listed in Section 411 of ERISA that could preclude such Person from providing services to any ERISA Plan, and (vi) each Investment Adviser Subsidiary and each of its predecessors, if any, has at all times rendered investment advisory services to investment advisory clients, including the Clients, in compliance with all applicable requirements as to portfolio composition and portfolio management including the terms of any and all applicable investment advisory agreements, written instructions from such investment advisory clients, the organizational documents of such investment advisory clients, prospectuses, board of director or trustee directives and applicable Law.

(d) Except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies, no Investment Adviser Subsidiary has taken any action that would (x) prevent any of the Registered Investment Companies (other than a Registered Separate Account) from qualifying as a "regulated investment company", within the meaning of Section 851 of the Code, (y) cause any Client account which is subject to ERISA to fail to comply with the applicable requirements of ERISA or (z) otherwise be inconsistent with any of the Investment Adviser Subsidiaries' prospectus and other offering, advertising and marketing materials. The Seller has previously delivered to the Buyer a complete copy of each SEC Document filed by each Investment Adviser Subsidiary from January 1, 2001 through the date hereof (including a composite Form ADV as in effect on the date hereof).

(e) Each Acquired Company that acts as an investment adviser or distributor to a Registered Investment Company has adopted a formal code of ethics and a written policy regarding insider trading, a complete and accurate copy of each of which has been delivered to Parent and each of which substantially complies with Law. The policies of each Investment Adviser Subsidiary with respect to avoiding conflicts of interest are as set forth in its most recent Form ADV thereof, as amended, copies of which have been delivered to Parent, and there have been no material violations or allegations of violations of such policies that have occurred or been made that have not been addressed in accordance with these procedures.

(f) Each Investment Adviser Subsidiary has at all times maintained books and records which accurately reflect transactions in reasonable detail, and accounting controls, policies and procedures reasonably designed to ensure that such transactions are (i) executed in accordance with its management's general or specific authorization, as applicable, and (ii) recorded in a manner which permits the preparation of financial statements in accordance with GAAP and applicable regulatory accounting requirements and other account and financial data, including performance results, in accordance with applicable regulatory requirements, and the documentation pertaining thereto is retained, protected and duplicated in accordance with all applicable regulatory requirements, including the Investment Advisers Act and the Investment Company Act.

Section 2.8 Absence of Certain Changes or Events. Since December 31, 2003, the Acquired Companies have conducted their respective businesses only in the ordinary course consistent with past practice (except in connection with the transactions contemplated hereby) and have used commercially reasonable efforts to preserve intact the business organization of the Acquired Companies and to maintain satisfactory relationships with the customers, suppliers and employees and others with which the Acquired Companies have business relationships and, without limiting the generality of the foregoing:

(a) There have been no changes, effects, events, occurrences or developments which, individually or in the aggregate, have had or would reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

(b) None of the Acquired Companies has sold, assigned, transferred or conveyed any Proprietary Right.

(c) Except as otherwise contemplated by this Agreement or as required to ensure that any Plan is maintained in compliance with applicable Law or to comply with any Contract or Other Agreement regarding Business Employees or Plan entered into prior to the date hereof (complete and accurate copies of which have been heretofore delivered to Buyer), none of the Acquired Companies has (A) adopted, entered into, terminated or amended any collective bargaining agreement or Plan or any Contract or Other Agreement with respect to any current or former employees of an Acquired Company or any Bank Channel Employee, (B) increased in any manner the compensation, bonus or fringe or other benefits of, or paid any bonus of any kind or amount whatsoever to, any current or former Business Employee, except for any planned salary increases and payment of bonuses, each as described in Part 2.8(c) of the Seller Disclosure Letter, (C) paid any benefit or amount not required under any Plan or Contract or Other Agreement as in effect on the date of this Agreement, other than as contemplated in the foregoing clause (B), (D) except in the ordinary course of business consistent with past practice, granted or paid any severance or termination pay or increase in any manner the severance or termination pay of any current or former employees of an Acquired Company or any Bank Channel Employee, (E) granted any awards under any bonus, incentive, performance or other Plan, Contract or Other Agreement or otherwise, other than as contemplated in the foregoing clause (B), (F) taken any action to fund or in any other way secure the payment of compensation or benefits under any Plan or Contract or Other Agreement, (G) taken any action to accelerate the vesting or payment of any compensation or benefit under any Plan or Contract or Other Agreement or (H) materially changed any actuarial or other assumption used to calculate funding obligations with respect to any Acquired Company Plan or changed the manner in which contributions to any Acquired Company Plan are made or the basis on which such contributions are determined.

(d) No Acquired Company has effected any amendment or modification to its Constituent Documents.

(e) None of the Acquired Companies has made any material change in its fiscal year, accounting methods or principles used for GAAP or statutory reporting purposes, except for changes which are required by Law, SAP or GAAP of all enterprises in the same business.

(f) Except in the ordinary course of business consistent with past practice, no Acquired Company has made any material change, and neither Seller, GAC nor any Acquired Company has permitted any of the Insurance Subsidiaries to make any material change, in its underwriting or claims management practices, pricing practices, reserving practices, reinsurance practices, marketing practices or investment policies or practices or Investment Guidelines, except in each case as required by Law.

(g) None of the Acquired Companies has made any new material Tax election or any settlement or compromise of any material income Tax liability.

(h) No Acquired Company has revalued any properties or assets, including writing off notes or accounts receivable, other than in the ordinary course of the business of the applicable Acquired Company, or as required by applicable Law, SAP or GAAP.

(i) The investments of the Acquired Companies have been maintained, and no sales or other dispositions of investments have been effected, other than in accordance with the Investment Guidelines and in the ordinary course of business.

(j) The Seller has not taken or failed to take any action or permitted any Acquired Company to take or fail to take any action, in each case for the purpose of either (i) shifting statutory income or surplus from the period following June 30, 2004 to the period preceding June 30, 2004 or (ii) increasing statutory income or surplus with the intent of increasing the June Adjusted Statutory Book Value or increasing the Closing Consideration to the detriment of Buyer and Parent; provided, however, that Parent and Buyer agree that any action taken by Seller, to the extent necessary to ensure that an independent auditor's opinion will be unqualified after an issue as to ability to give an unqualified opinion is raised by such auditor, shall not be deemed to be a breach of this Section 2.8(j).

(k) No Acquired Company has launched or introduced any material new product or service.

Section 2.9 Litigation, Judgments, No Default, Etc. There is no suit, action or proceeding (collectively, "Proceeding") pending or, to the knowledge of Seller, threatened in writing since January 1, 2001, to which any of the Acquired Companies or any Registered Investment Company or Registered Separate Account is a party and which (i) relate to or involve a claim for specified damages of more than $1,000,000, (ii) relate to or involve any class action claims, (iii) seek any material injunctive relief or (iv) would reasonably be expected to give rise to any legal restraint on or prohibition against the transactions contemplated by this Agreement. There is no Proceeding or claim by any of the Acquired Companies pending, or which the Seller or a Subsidiary intends to initiate on behalf of any Acquired Company, against any other Person. To the knowledge of Seller, there is no pending or threatened investigation of any of the Acquired Companies or any Registered Investment Company or Registered Separate Account by any Governmental Entity. To the knowledge of Seller, there is no judgment, decree, injunction (preliminary or otherwise), rule or order (collectively "Orders") of any arbitrator or Governmental Entity outstanding against any of the Acquired Companies, any Registered Investment Company or any Registered Separate Account.

Section 2.10 Compliance; Material Contracts.

(a) No Acquired Company is in violation, breach or default of any term, condition or provision of its Constituent Documents.

(b) None of the Acquired Companies or, to the knowledge of Seller, any other party thereto, is in violation of or in breach or default under (nor, to the knowledge of Seller, does there exist any condition which upon the passage of time or the giving of notice or both would cause such a violation of or breach or default under) any Material Contract (as defined below) to which any Acquired Company is a party or by which any of them or any portion of their respective properties or other assets may be bound, except for violations, breaches or defaults that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. Other than Related Contracts, none of the Acquired Companies has entered into any Contract or Other Agreement with any Affiliate of the Seller (other than another Acquired Company) that is in effect. Part 2.10(b) of the Seller Disclosure Letter sets forth a true and complete list of each Contract or Other Agreement (other than a Life and Annuity Contract or Related Contract entered into in the ordinary course of business) to which any Acquired Company is a party, or by which any of them or any portion of their respective properties or other assets may be bound, and that is of a nature described below in this Section 2.10(b) (each, a "Material Contract"):

(i) an employment contract (whether oral or written) that has an aggregate future liability in excess of $100,000 and is not terminable by such Acquired Company by notice of not more than 60 days for a cost of less than $50,000;

(ii) a Contract or Other Agreement (x) containing a provision limiting the ability of any Acquired Company to engage in any line of insurance or asset management in any geographical area or to compete with any Person, or (y) providing for "exclusivity" as a result of which any Acquired Company is restricted with respect to distribution and marketing;

(iii) a (A) management, service, consulting or other similar type of contract or (B) advertising agreement or arrangement, in any such case which has an aggregate future liability to any person (other than another Acquired Company) in excess of $250,000 and is not terminable by such Acquired Company by notice of not more than 60 days for a cost of less than $125,000;

(iv) a material license, option or other agreement relating in whole or in part to any Proprietary Rights described in Section 2.14 (including any license or other agreement under which any Acquired Company is licensee or licensor of any such Proprietary Right);

(v) a Contract or Other Agreement under which any Acquired Company has borrowed any money from, or issued any note, bond, debenture or other evidence of indebtedness to, any Person, or any other note, bond, debenture or other evidence of indebtedness issued to any Person, in any such case which, individually, is in excess of $1,000,000;

(vi) a Contract or Other Agreement under which (A) any Person has directly or indirectly guaranteed indebtedness, liabilities or obligations of such Acquired Company or (B) any Acquired Company has directly or indirectly guaranteed indebtedness, liabilities or obligations of any Person (in each case other than endorsements for the purpose of collection in the ordinary course of business), in any such case which, individually, is in excess of $1,000,000;

(vii) a Contract or Other Agreement under which such Acquired Company has made any advance, loan, extension of credit or capital contribution to, or other investment in, any Person, in any such case which, individually, is in excess of $1,000,000;

(viii) a Contract or Other Agreement providing for indemnification outside of the ordinary course of business of any Person with respect to liabilities relating to any current or former business of any Acquired Company or any predecessor to an Acquired Company;

(ix) a Contract or Other Agreement with any Person (other than an Acquired Company) to which a Broker/Dealer Subsidiary is a party and pursuant to which such Broker/Dealer Subsidiary acts as a placement agent for securities;

(x) a Contract or Other Agreement by or to which any Acquired Company or any of an Acquired Companies' assets or business is bound or subject which has an aggregate future liability to any Person (other than another Acquired Company) in excess of $1,000,000 and is not terminable by such Acquired Company by notice of not more than 60 days for a cost of less than $500,000;

(xi) a Contract or Other Agreement preventing the solicitation for employment of third parties by the applicable Acquired Company;

(xii) a "standstill" Contract or Other Agreement prohibiting an Acquired Company from acquiring the assets or securities of any person;

(xiii) a partnership, joint venture, shareholders or other similar Contract or Other Agreement with any Person; or

(xiv) a Contract or Other Agreement relating to the future disposition or acquisition of any investment in any person or of any interest in any business enterprise (other than the disposition or acquisition of investments in the ordinary course of the business of the applicable Acquired Company, including the disposition or acquisition of investments forming part of the Investment Portfolio), or requiring an Acquired Company to purchase any security (other than the disposition or acquisition of investments in the ordinary course of business of the applicable Acquired Company, including the disposition or acquisition of investments forming part of the Investment Portfolio).

Section 2.11 Finders and Investment Bankers. Neither Seller nor any Acquired Company nor any of their respective officers, directors or Affiliates has employed any investment banker, financial advisor, broker or finder in connection with the transactions contemplated by this Agreement, except for Goldman, Sachs & Co. ("Goldman Sachs") and Milliman USA, Inc. ("Milliman"), or incurred any liability for any investment banking, business consultancy, financial advisory, brokerage or finders' fees or commissions in connection with the transactions contemplated hereby, except for fees payable to Goldman Sachs and Milliman, all of which fees have been or will be paid by Seller in accordance with the agreements between Seller and Goldman Sachs and Seller and Milliman.

Section 2.12 Collective Bargaining Agreements. No Acquired Company is a party to or subject to any collective bargaining agreement with any labor union. To the knowledge of Seller, no union organization campaign is in progress with respect to the Business Employees. There are no labor controversies pending or, to the knowledge of Seller, threatened in writing against any Acquired Company which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. There are not any pending charges against Seller (relating to any of the Acquired Companies, any of their current or former employees or the Bank Channel Employees), any Acquired Company or any current or former employees of Seller or any Acquired Company by any Governmental Entity responsible for the prevention of unlawful employment practices, and none of Seller or any Acquired Company has received written communication during the past three years of the intent of any Governmental Entity responsible for the enforcement of labor or employment laws to conduct an investigation of or affecting any Acquired Company and, to the knowledge of Seller, no such investigation is in progress.

Section 2.13 Insurance. Seller carries insurance with respect to the Acquired Companies with insurers that, to the knowledge of Seller, are solvent, in amount and types of coverage which are customary in the industry and against risks and losses which are usually insured against by persons holding or operating similar properties and similar businesses. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect on the Acquired Companies, all such policies are in full force and effect, all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending prior to the Closing Date), and no notice of cancellation or termination has been received with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation. To the knowledge of Seller, the business of the Acquired Companies has been conducted in a manner so as to conform in all material respects to all applicable provisions of such insurance policies. No material claims have been asserted under any of such insurance policies or relating to the properties, assets or operations of the Acquired Companies since January 1, 2002.

Section 2.14 Proprietary Rights.

(a) The Acquired Company Proprietary Rights, together with the intellectual property being licensed under each of the Transitional Trademark License, the Buyer Intellectual Property License and the IP Side Letters, will immediately after the Closing be sufficient to conduct the business of the Acquired Companies as it is now being conducted. Part 2.14(a) of the Seller Disclosure Letter sets forth a true and complete list of all material unregistered and unpatented Acquired Company Proprietary Rights. With respect to all Acquired Company Proprietary Rights that are registered or subject to an application for registration in the United States, Part 2.14(a) of the Seller Disclosure Letter sets forth a list of all registered Acquired Company Proprietary Rights and a list of all jurisdictions in which such Proprietary Rights are registered or registrations applied for and all registration and application numbers. All the material Acquired Company Proprietary Rights have been duly registered in, filed in or issued by the appropriate Governmental Entity where such registration, filing or issuance is necessary for the conduct of the business of the Acquired Companies as it is presently conducted. The Acquired Companies are the owners of, and, to the knowledge of Seller, have the right to use, execute, reproduce, display, perform, modify, enhance, distribute, prepare derivative works of and sublicense, without payment to any other Person, all the Acquired Company Proprietary Rights, and the consummation of the transactions contemplated hereby does not and will not conflict with, alter or impair any such rights, and since January 1, 2002 neither Seller nor any Acquired Company has received any written communication from any Person asserting any ownership interest in any Acquired Company Proprietary Rights. Neither Seller nor any Acquired Company has granted any license of any kind relating to any Acquired Company Proprietary Rights (other than to an Acquired Company).

(b) To the knowledge of Seller, the operations of the Acquired Companies do not violate, conflict with or infringe and, to the knowledge of Seller, since January 1, 2002, no Person has asserted in writing to the Acquired Companies that such operations violate, conflict with or infringe any patents, copyrights or trademarks owned by any third party. To the knowledge of Seller, there are no third parties whose operations infringe nor has anyone asserted in writing that such operations conflict with or infringe, any Acquired Company Proprietary Rights.

Section 2.15 Compliance with Law. The businesses of the Acquired Companies have been conducted in compliance with all Laws applicable to the Acquired Companies, except for instances of non-compliance which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies. None of the Acquired Companies or any Registered Investment Company or Registered Separate Account has received any written notice of any alleged violation of Law from a Governmental Entity since January 1, 2002 (other than written notices which have been cured or otherwise remedied), and there are no pending or, to the knowledge of Seller, threatened hearings or investigations with respect to any such violation. To the knowledge of the Seller, there is no unresolved violation or exception by any Governmental Entity with respect to any report or statement relating to any examination of any Acquired Company or any Registered Investment Company or Registered Separate Account. This Section 2.15 does not relate to matters covered by Section 2.17, Section 2.18, Section 2.19 or Section 2.20.

Section 2.16 Real Property.

(a) Each of the Acquired Companies has good, clear and marketable fee title to the real property listed on Part 2.16(a) of the Seller Disclosure Letter, free and clear of all Liens except (i) taxes not yet due and (ii) such imperfections or irregularities of title or other Liens as do not and would not reasonably be expected to materially affect the use of the real property subject thereto or affected thereby or otherwise materially impair business operations at such properties.

(b) Part 2.16(b) of the Seller Disclosure Letter sets forth the address of each material parcel of property leased or subleased by an Acquired Company (each, a "Leased Property"), and a true and complete list of all leases for each such Leased Property (each, a "Lease") (including the date and name of the parties to such Lease). With respect to each of the Leases:

(i) such Lease is valid and in full force and effect;

(ii) to the knowledge of Seller, the transactions contemplated in this Agreement do not require the consent of any other party to a Lease, an assignment of Lease or a sublease;

(iii) to the knowledge of Seller, (A) the Acquired Company or any other party to the Lease is not in breach or default under such Lease, and (B) no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease;

(iv) to the knowledge of Seller, the Acquired Company has not subleased, licensed or otherwise granted anyone the right to use or occupy such Leased Property or any portion thereof; and

(v) to the knowledge of Seller, the Acquired Company has not collaterally assigned or granted any other security interest in such Lease or any interest therein.

(c) The Leased Properties comprise all of the real property used in the business of the Acquired Companies as currently conducted.

Section 2.17 Licenses and Permits.

(a) Except as otherwise expressly addressed in Section 2.7, the Acquired Companies and each Registered Investment Company and Registered Separate Account have obtained, and are and have at all times since January 1, 2002 been in compliance in all respects with, all necessary licenses, permits, consents, approvals, orders, certificates, authorizations, declarations and filings required by all Governmental Entities for the conduct of the businesses and operations of the Acquired Companies as now conducted (collectively, the "Required Licenses"), except where the failure to have obtained or complied with any such Required Licenses, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

(b) Part 2.17(b) of the Seller Disclosure Letter sets forth a list of all Required Licenses. Since January 1, 2002, Seller has not received written notice of any Proceedings relating to the revocation or modification of any Required Licenses the loss of which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. To the knowledge of Seller, and except for the "relicensing" requirements in the states identified on Part 2.17(b) of the Seller Disclosure Letter and any similar requirements in other states that may be triggered by the change in control of the Insurance Subsidiaries but do not require the approval of any Governmental Entity sooner than 90 days following the Closing, none of the Required Licenses will be subject to suspension, modification, revocation or nonrenewal as a result of the execution and delivery of this Agreement or the other Transaction Documents or the consummation of the transactions contemplated hereby or thereby.

Section 2.18 Environmental Matters. Except for such matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies:

(a) each of the Acquired Companies is, and has been, in compliance with all Environmental Laws, and none of the Acquired Companies has received any communication that alleges that any of the Acquired Companies are in violation of, or have liability under, any Environmental Law;

(b) each of the Acquired Companies has obtained and is in compliance with all Environmental Permits necessary for its operations as currently conducted;

(c) there are no Environmental Claims pending or, to the knowledge of Seller, threatened in writing, against any of the Acquired Companies;

(d) there have been no releases of any Hazardous Material that would reasonably be expected to form the basis of any Environmental Claim against any of the Acquired Companies or against any Person whose liabilities for such Environmental Claims any of the Acquired Companies have, or may have, retained or assumed, either contractually or by operation of law; and

(e) (i) none of the Acquired Companies has retained or assumed, either contractually or by operation of law, any liabilities or obligations that could reasonably be

expected to form the basis of any Environmental Claim against any of the Acquired Companies and (ii) to the knowledge of Seller, no Environmental Claims are pending against any Person whose liabilities for such Environmental Claims any of the Acquired Companies have, or may have, retained or assumed, either contractually or by operation of law.

Section 2.19 Tax Returns and Tax Payments.

(a) Seller has timely filed all U.S. federal income Tax Returns and Combined Returns and each of the Acquired Companies has timely filed all other Tax Returns required to be filed by them for taxable periods prior to the Closing Date, except, as to such Tax Returns, to the extent that any failure to have filed, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies, and all such Tax Returns were true and correct in all material respects. Seller and the Acquired Companies have paid all Taxes shown to be due on such Tax Returns and all other Taxes otherwise due, except to the extent that any failure so to pay, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. The unpaid Taxes of the Acquired Companies (i) did not, as of December 31, 2003, exceed the reserve for Tax liability set forth on the face of the December 31, 2003 balance sheet included within the December Financial Statements and the December 31, 2003 combined balance sheet included within the Non-Insurance Financial Statements and (ii) will not exceed such reserve as adjusted for operations through the Closing Date, except to the extent that any failure to reserve, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. Subject to Section 4.8(c), the reserve for Tax liability will be prepared in accordance with the past custom and practice of the Acquired Companies in filing their Tax Returns. The reserve for Taxes for federal income Taxes and state income Taxes for Combined Returns on the December 31, 2003 balance sheet included within the December Financial Statements and the December 31, 2003 combined balance sheet included within the Non-Insurance Financial Statements will be settled prior to the Closing Date pursuant to Section 4.13 or otherwise.

(b) No claim for unpaid Taxes in writing by a Tax authority has been asserted against Seller or any Acquired Company and no written notice of audit by a Tax authority has been received by Seller, which, if resolved unfavorably, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. No audit or examination of any Acquired Company is being conducted by a Tax authority, which, if resolved unfavorably, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect on the Acquired Companies. No extension of the statute of limitations is in effect on the assessment of any Taxes of the Acquired Companies. None of the Acquired Companies is or has been during any year for which the applicable statute of limitations with respect to the payment of federal income Taxes has not yet expired, a member of an affiliated group of corporations within the meaning of Section 1504 of the Code other than an affiliated group the common parent of which is or was Seller or has any liability resulting from Taxes of any Person other than the Acquired Companies under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law).

(c) Seller is not a “foreign person” within the meaning of Section 1445 of the Code.

(d) Each of the Acquired Companies has complied with all applicable laws relating to the payment and withholding of Taxes (i) pursuant to Sections 1441, 1442, 3121 and 3402 of the Code or similar provisions under any state, local or foreign laws) and (ii) with respect to any Policy under Sections 3405, 6047(a) and 6047(d)(1)(B) of the Code or similar provisions under any state, local or foreign laws, except to the extent that any failure to have paid or withheld, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies and has, within the time and manner prescribed by law, withheld from and paid over to the proper authorities all amounts required to be so withheld and paid over under applicable laws.

(e) None of the Acquired Companies shall be required to include in a Tax period ending after the Closing Date taxable income attributable to income that accrued in a prior Tax period but was not recognized in any prior Tax period as a result of the installment method of accounting, the long-term contract method of accounting, the cash method of accounting or Section 481 of the Code or comparable provisions of state, local or foreign Tax law.

(f) No material liens for Taxes exist with respect to any of the assets or properties of the Acquired Companies except for statutory liens for Taxes not yet due or payable.

(g) Each deficiency resulting from any closed audit or examination relating to Taxes of the Seller and the Acquired Companies has been timely paid, except to the extent that any failure to have paid, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

(h) Except as otherwise provided in this Section 2.19(h), each reserve item with respect to the Insurance Subsidiaries, in all material respects, was determined correctly in accordance with the requirements of Sections 807, 811 and 846 of the Code for any tax returns in which any of them were included for the taxable periods ended December 31, 2001 and December 31, 2002, has been consistently and correctly applied with respect to the filing of all tax returns including any of them for all taxable years for which the applicable statute of limitations has not expired, and will be consistently and correctly applied with respect to the filing of any tax returns in which any of them will be included for the taxable period ended December 31, 2003 and the taxable period from January 1, 2004 through the Closing Date when such tax returns are filed (it being understood by Parent and Buyer that in making the representations and warranties in this Section 2.19(h), Seller and GAC are not representing and warranting that the reserves referred to therein or the assets supporting such reserves have been or will be sufficient or adequate for the purpose for which they were established or that reinsurance receivables taken into account in determining the amount of such reserves will be collectible). No representation or warranty is made in this Section 2.19(h) with respect to reserve items in connection with the implementation of 2001 CSO reserving methodology.

(i) No Insurance Subsidiary has agreed, or is required to make, any adjustment under Section 807(f) of the Code.

(j) Each Insurance Subsidiary is and has been taxable as a life insurance company within the meaning of Section 816 of the Code for the taxable period ending on or including the Closing date and for all prior taxable periods for which the statute of limitations has not expired.

(k) Set forth on Part 2.19(k) of the Seller Disclosure Letter is the policyholders surplus account and the shareholders surplus account (as defined in Section 815 of the Code) for each Insurance Subsidiary as of December 31, 2002 as reported on Seller's consolidated federal income Tax Return for the taxable year ending on December 31, 2002, which surplus accounts were materially correct as of the date such Tax Returns was filed.

(l) All tax sharing agreements to which the Acquired Companies are parties or by which the Acquired Companies are bound will be terminated before closing. None of the Acquired Companies is party to or bound by any written, tax indemnity obligation.

Section 2.20 Employee Benefit Plans.

(a) Part 2.20(a)(i) of the Seller Disclosure Letter sets forth a true and correct list of each bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock appreciation, restricted stock, stock option, phantom stock, performance, retirement, thrift, savings, stock bonus, cafeteria, paid time off, perquisite, fringe benefit, vacation, severance, termination, retention, change of control, disability, death benefit, hospitalization, medical or other welfare benefit or other plan, program, arrangement or understanding, whether oral or written, formal or informal, funded or unfunded (whether or not legally binding), including, without limitation, each "employee pension benefit plan" (as defined in Section 3(2) of ERISA, whether or not subject to ERISA) (a "Pension Plan") and "employee welfare benefit plan" (as defined in Section 3(1) of ERISA, whether or not subject to ERISA) (a "Welfare Plan"), whether or not subject to the United States law, in each case maintained or contributed to, or required to be maintained or contributed to, by Seller or any of its Subsidiaries or any other person or entity that, together with Seller, is or was treated as a single employer under Section 414(b), (c), (m) or (o) of the Code (each, together with Seller, a "Commonly Controlled Entity") providing compensation or benefits to any current or former employees of an Acquired Company or any Bank Channel Employee (each such plan, a "Plan" and, collectively, the "Plans") that is a material Plan, other than the Acquired Company Plans. Part 2.20(a)(ii) of the Seller Disclosure Letter sets forth a true and correct list of each Acquired Company Plan. With respect to each Acquired Company Plan and other material Plan, Seller has delivered to Parent complete and correct copies of such Plan (or a description of such Plan if not written). To the extent applicable to an Acquired Company Plan, Seller has delivered to Buyer complete and correct copies of all trust agreements, insurance contracts or other funding agreements or arrangements, the three most recent actuarial and trust reports, the three most recent Form 5500s required to have been filed with the IRS and all schedules thereto, the most recent IRS determination letter, all current summary plan descriptions, and any and all amendments to any such document. To the knowledge of Seller, each item described in the immediately preceding sentence was as of its date and is true and correct in all material respects.

(b) Each Plan intended to be qualified under Section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS with respect to all tax law changes through the Economic Growth and Tax Relief Reconciliation Act of 2001 as to its qualification under the Code and to the effect that each such trust is exempt from taxation under Section 501(a) of the Code. No such determination letter has been revoked, and, to the knowledge of Seller, revocation has not been threatened. No event has occurred and no circumstances exist that would (i) be reasonably likely to adversely affect (x) such qualification or tax-exempt status in form or operation or (y) the tax-qualification of such Plan, or (ii) materially increase its cost or require security under Section 307 of ERISA.

(c) Each of the Acquired Company Plans has been operated and administered in compliance in all material respects with its terms. Each Acquired Company and all the Acquired Company Plans are in compliance in all material respects with the applicable provisions of ERISA, the Code and all other Applicable Laws. All contributions required to be made to any Acquired Company Plan have been timely made or properly accrued on the Non-Insurance Financial Statements or the Insurance Subsidiary Statements. There are no pending or, to the knowledge of Seller, threatened investigations by any Governmental Entity, termination proceedings or other claims (except routine claims for benefits payable under the Plans) by or on behalf of any employee or beneficiary under any Acquired Company Plan, or otherwise involving any such Acquired Company Plan or the assets of any Acquired Company Plan and there are not any facts or circumstances that could give rise to any material liability in the event of any such investigation, claim or proceeding. All reports, returns and similar documents with respect to the Acquired Company Plans required to be filed with any Governmental Entity or distributed to any Acquired Company Plan participant have been duly and timely filed or distributed and all reports, returns and similar documents actually filed or distributed were true and correct in all material respects.

(d) Except as expressly provided in Section 4.6, with respect to any Plan (other than any Acquired Company Plan), there is no liability which could reasonably be expected to become a liability of Parent, Buyer and its Subsidiaries (including the Acquired Companies) following the Closing. No Commonly Controlled Entity has (i) engaged in a transaction described in Section 4069 of ERISA that could subject Parent, Buyer or any of its Subsidiaries (including each Acquired Company) to liability at any time after the date hereof or (ii) acted in a manner that could, or failed to act so as to, result in material fines, penalties, taxes or related charges under (x) Section 502(c), (i) or (1) of ERISA, (y) Section 4071 of ERISA or (z) Chapter 43 of the Code.

(e) No amount or other entitlement or economic benefit that could be received (whether in cash or property or the vesting of property) as a result of the execution or delivery of this Agreement or any of the transactions contemplated by this Agreement (alone or in combination with any other event, including termination of employment) by any current or former employees of an Acquired Company or any Bank Channel Employee who is a "disqualified individual" (as such term is defined in Treasury Regulation Section 1.280G-1) under any Plan or Contract or Other Agreement or otherwise would be characterized as an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code) and no such disqualified individual is entitled to receive any additional payment from an Acquired Company in the event that the excise tax required by Section 4999(a) of the Code is imposed.

(f) No Acquired Company Plan (i) is subject to Title IV or Part 3 of Title I of ERISA or Section 412 of the Code or (ii) is a multiemployer plan as defined in Section 4001(a)(3) of ERISA (a "Multiemployer Plan"), and no employee benefit plan (that would be treated as an Acquired Company Plan if it were still in existence) described in the immediately preceding clause (i) or (ii) has been terminated within the six years prior to the date hereof, the liabilities of which have not been satisfied in full.

(g) With respect to each Plan that is subject to Title IV or Part 3 of Title I of ERISA or Section 412 of the Code: (i) no reportable event (within the meaning of Section 4043 of ERISA, other than an event for which the reporting requirements have been waived by regulations) has occurred in the six (6) years prior to the date hereof or is expected to occur on or prior to the Closing; (ii) there has been no application for waiver and has been no accumulated funding deficiency (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, as of the most recently ended plan year of such Plan; (iii) no Commonly Controlled Entity has been required to provide security under Section 401(a)(29) of the Code; (iv) all premiums (and interest charges and penalties for late payment, if applicable) have been paid when due to the Pension Benefit Guaranty Corporation ("PBGC"); and (v) no filing has been made with the PBGC and no proceeding has been commenced by the PBGC to terminate any Plan and no condition exists which could constitute grounds for the termination of any such Plan by the PBGC.

(h) No Acquired Company has any unsatisfied actual or contingent liability under Title IV of ERISA for any employee benefit plan that is not a Plan.

(i) No "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) has occurred that involves the assets of any Acquired Company Plan that could subject any Acquired Company or any of its Subsidiaries, any of their employees, or, to the knowledge of Seller, a trustee, administrator or other fiduciary of any trust created under any Acquired Company Plan to the tax or sanctions on prohibited transactions imposed by Section 4975 of the Code or Title I of ERISA; no Acquired Company or any of its Subsidiaries, any of their employees, or, to the knowledge of Seller, a trustee, administrator or other fiduciary of any Acquired Company Plan or any agent of any of the foregoing has engaged in any transaction or acted in a manner that could, or has failed to act so as to, subject any Acquired Company or any of its Subsidiaries, any of their employees or any trustee, administrator or other fiduciary to any liability for breach of fiduciary duty under ERISA or any other applicable Law.

(j) No Acquired Company Plan that is a Welfare Plan provides benefits after termination of employment except where the cost thereof is borne entirely by the former employee (or his or her eligible dependents or beneficiaries) or as required by Section 4980B(f) of the Code or any similar statute.

(k) No current or former employee of any Acquired Company or any Bank Channel Employees will be entitled to any additional compensation, severance or other benefits or any acceleration of the time of payment or vesting of any compensation or benefits under any Plan or Contract or Other Agreement as a result of the transactions contemplated hereby (alone or in combination with any other event) or any compensation or benefits under any Plan or Contract or Other Agreement the value of which will be calculated on the basis of any of the transactions contemplated hereby (alone or in combination with any other event), except as expressly provided in this Agreement. The execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby (alone or in combination with any other event) and compliance with the provisions of this Agreement and the other Transaction Documents do not and will not require the funding (whether through a grantor trust or otherwise) of, or increase the cost of, any Plan or Contract and Other Agreement or any other employment arrangement.

(l) No Acquired Company has any material liability or obligations, including under or on account of a Plan or Contract or Other Agreement, arising out of the hiring of persons to provide services and treating such persons as consultants or independent contractors and not as employees.

Section 2.21 Investment Advisory Activities.

(a) Advisory Agreements, Investment Companies and Other Clients.

(i) Part 2.21(a)(i) of the Seller Disclosure Letter sets forth a list, as of December 31, 2003, of each Client with an account of greater than $1,000,000 of each Investment Advisor Subsidiary and shows for each such Client the aggregate amount of assets under management with Safeco Asset Management Company as of such date.

(ii) Seller has previously delivered to Parent copies of each Advisory Agreement with any of the Clients listed on Part 2.21(a)(i) of the Seller Disclosure Letter, such Advisory Agreements being referred to herein as the "Client Contracts"; provided that, for purposes of clauses (iii) and (iv) below, "Client Contracts" shall include all Advisory Agreements, regardless of the size of any related account. Since January 1, 2003, none of the Investment Adviser Subsidiaries has received and none is aware of any written demands or formal requests for reductions in the fee rates, waivers of fees or other reductions in the amounts payable under the Client Contracts.

(iii) Each Client Contract and any subsequent renewal has been duly authorized, executed and delivered by the Investment Adviser Subsidiary party thereto and, to the knowledge of Seller, each other party thereto, and is a valid and legally binding agreement, enforceable against such Investment Adviser Subsidiary and, to the knowledge of Seller, each other party thereto, subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and (ii) the effect of equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

(iv) Each Investment Adviser Subsidiary and, to the knowledge of Seller, each other party thereto, is in substantial compliance with the terms of each Client Contract to which it is a party, and is not in default under any of the terms of any such Client Contract, except where such default would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies; there does not exist under any Client Contract any event or condition that, after notice or lapse of time or both, would constitute an event of default thereunder on the part of the Investment Adviser Subsidiary in question, or, to the knowledge of Seller, any other party thereto, except, in each case, where such event or condition would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies.

(b) Registered Investment Companies.

(i) Each Registered Investment Company is, and at all times required under the Securities Laws has been, duly registered with the SEC as an investment company under the Investment Company Act. Since January 1, 1999, each Registered Investment Company has continuously been (A) in substantial compliance with (w) the terms and conditions of its Constituent Documents, (x) the Securities Laws and the rules and regulations promulgated thereunder, (y) its investment policies and investment restrictions set forth in its registration statement as from time to time in effect and (z) the laws of its jurisdiction of formation and of each jurisdiction in which shares of such Registered Investment Company have been offered for sale or sold, and (B) duly registered or licensed and in good standing under the laws of each jurisdiction in which qualification is necessary. Without limiting the generality of the foregoing, each Registered Investment Company has maintained its records in compliance in all material respects with each of the Investment Company Act, the Investment Advisers Act and the rules of the National Association of Securities Dealers, Inc., including records necessary to substantiate the performance of the Registered Investment Company set forth in such Registered Investment Company's registration statements as from time to time in effect. There are no special restrictions, consent judgments or SEC or judicial orders on or against or with regard to any Registered Investment Company in effect, except for exemptive orders issued pursuant to Section 6(c) of the Investment Company Act listed on Part 2.21(b)(i) of the Seller Disclosure Letter.

(ii) Seller has delivered to Parent copies of the audited financial statements for each of the Registered Investment Companies for their fiscal year ending in 2002, and will deliver to Parent copies of any interim financial statements (whether quarterly, semi-annual or annual) prepared in the ordinary course for periods ending after the date hereof and before the Closing Date promptly upon such financial statements becoming available (the "Investment Company Financial Statements"). Each Investment Company Financial Statement is consistent with the books and records of such Registered Investment Company, and has been prepared in accordance with GAAP applied on a consistent basis throughout the periods presented in such Investment Company Financial Statement, subject, in the case of interim unaudited Investment Company Financial Statements, only to normal recurring year-end adjustments. The minute books of each Registered Investment Company accurately record all material corporate action taken by its shareholders and trustees and committees and true, correct and complete copies of such documents with respect to meetings occurring after January 1, 2001, have been delivered to Buyer.

(iii) (A) Seller has delivered to Parent copies of each Advisory Agreement in effect on the date hereof between Safeco Asset Management Company and each Registered Investment Company; (B) each such Advisory Agreement and any subsequent renewal has been duly authorized, executed and delivered by Safeco Asset Management Company, and, to the knowledge of Seller, the Registered Investment Company party thereto; and is a valid and legally binding agreement, enforceable against Safeco Asset Management Company and, to the knowledge of Seller, each other party thereto (subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and (ii) the effect of equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law)); and (C) in the case of each Advisory Agreement with a Registered Investment Company has been adopted in compliance with Section 15 of the Investment Company Act, and if applicable, Rule 12b-1 thereunder.

(iv) Each current prospectus (which term, as used in this Agreement, shall include any related statement of additional information), as amended or supplemented, relating to each Registered Investment Company has been delivered to Parent. Each Registered Investment Company has timely filed all prospectuses, annual information forms, registration statements, proxy statements, financial statements, notices on Form 24f-2, other forms, reports, sales literature and advertising materials and any other documents required to be filed with any Governmental Entity, and any amendments thereto (the "Fund Reports"), and has timely paid all fees and interest required to be paid in connection therewith. The Fund Reports (i) have been prepared in accordance with the requirements of applicable Law, and (ii) did not at the time they were filed, and with respect to any prospectus, proxy statement, sales literature or advertising material, did not during the period of its authorized use, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(v) None of the Advisory Agreements between a Registered Investment Company or any of its Subsidiaries and Safeco Asset Management Company contains any undertaking by such entity to cap fees or to reimburse any or all fees thereunder except, as of the date hereof, as may be disclosed in the applicable Investment Company Financial Statements.

(vi) Part 2.21(b)(vi) of the Seller Disclosure Letter sets forth all of the investment advisory agreements, sub-advisory agreements and distribution or underwriting contracts or plans adopted pursuant to Rule 12b-1 under the Investment Company Act (a "12b-1 Plan") or arrangements for the payment of service fees (as such term is defined in Rule 2830 of the NASD Conduct Rules), and all administrative services and other services agreements, if any (collectively, the "Fund Agreements"), to which any Registered Investment Company is a party and which are in effect on the date of this Agreement. True, correct and complete copies of the Fund Agreements have been delivered to Parent prior to the date hereof. As to each Registered Investment Company (other than any Registered Separate Account that is not a management investment company), there has been in full force and effect an investment advisory agreement and a distribution or underwriting agreement at all times since inception of such Registered Investment Company. Each Fund Agreement was duly approved in accordance with the applicable provisions of the Investment Company Act and all payments due since December 31, 2002 under each distribution or principal underwriting agreement to which any Registered Investment Company is a party have been made in compliance with the related 12b-1 Plan; and the operation of each such 12b-1 Plan complies with Rule 12b-1 under the Investment Company Act.

(vii) Each of the Registered Investment Companies has issued its shares, units or other interests and operated in compliance in all material respects with its investment objectives and policies and with Law, including Section 17 of the Investment Company Act; and each Board of a Registered Investment Company has been established and operates in conformity with the requirements and restrictions of Sections 9, 10 and 16 of the Investment Company Act. All shares of each Registered Investment Company have been duly authorized, are validly issued, fully-paid and non-assessable and have been sold in compliance with the Securities Act. With respect to each Registered Investment Company, all registration or qualification statements or notices of offering to sell or sales under which shares of such Registered Investment Company have been sold have, at all times when such registration statement, qualification statement or notice has been effective, complied in all material respects with the requirements of the Investment Company Act, the Securities Act and any other applicable Law then in effect. No stop order suspending the effectiveness of any such registration or qualification statement or notice has been issued and no proceedings for that purpose have been instituted or, to the knowledge of Seller, are contemplated with respect to any Registered Investment Company.

(viii) As of the Closing Date, each Investment Company Board of a Registered Investment Company having such a Board has taken such action required to be taken to approve new Advisory Agreements with Safeco Asset Management Company and to constitute itself in each case so as to comply with the provisions of Section 15 of the Investment Company Act and Rule 12b-1 thereunder.

(ix) Except as contemplated by Sections 4.9 and 4.10, no further action of the Investment Company Board of any Registered Investment Company having such a Board or of the shareholders of any such Registered Investment Company is required in connection with the transactions contemplated by this Agreement.

(x) Each of (1) the proxy solicitation materials to be distributed to the shareholders of any Registered Investment Company in connection with the approvals described in Sections 4.9 and 4.10 and (2) the materials provided to the Boards of any Registered Investment Companies in connection with the approvals of the Board resolutions have provided and will provide all information necessary in order to make the disclosure of information therein satisfy the requirements of Section 14 of the Exchange Act, Sections 15 and 20 of the Investment Company Act and the rules and regulations thereunder and such materials and information (except to the extent supplied by Parent or its Affiliates) will be complete in all respects and will not contain (at the time such materials or information are distributed, filed or provided, as the case may be) any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading or necessary to correct any statement or any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(xi) As of the date hereof, no exemptive orders or no action letters from any Governmental Entity have been obtained, nor are any requests pending therefor, with respect to any Registered Investment Company under any of the Securities Laws except for exemptive orders issued pursuant to Section 6(c) of the Investment Company Act for regular operations in the ordinary course of business listed on Part 2.21(b)(xi) of the Seller Disclosure Letter.

(xii) No Acquired Company nor any of their Subsidiaries or Affiliates has any express or implied understanding or arrangement which would impose an unfair burden on any of the Registered Investment Companies or would in any way violate Section 15(f) of the Investment Company Act as a result of the transactions set forth in Section 1.1.

(xiii) Neither the Seller nor any "affiliated person" (as defined in the Investment Company Act) of the Seller or any Registered Investment Company receives or is entitled to receive any compensation directly or indirectly (i) from any Person in connection with the purchase or sale of securities or other property to, from or on behalf of any Registered Investment Company, other than bona fide ordinary compensation as principal underwriter for such Registered Investment Company or as broker in connection with the purchase or sale of securities in compliance with Section 17(e) of the Investment Company Act or (ii) from any Registered Investment Company or its security holders for other than bona fide investment advisory, administrative or other services. Disclosure of any such compensation arrangements has been made in the registration statement of each Registered Investment Company filed with the SEC to the extent such disclosure is required by applicable Law.

(xiv) Since the dates of the most recent audited financial statements included in the Investment Company Financial Statements of each Registered Investment Company, such Registered Investment Company has not, except for such actions expressly required under this Agreement to be taken in connection with the transactions contemplated hereby:

(1) declared, set aside, made or paid any dividend or other distribution in respect of its equity interests or otherwise purchased or redeemed, directly or indirectly, any of its equity interests, except in the ordinary course of its business;

(2) adopted, or amended in any material respect, any deferred compensation or other plan, agreement, trust, fund or arrangement for the benefit of any trustees;

(3) amended its Constituent Documents;

(4) changed in any material respect its accounting practices, policies or principles, except as may be required under applicable Law or GAAP; or

(5) operated its business in any manner other than in the ordinary course.

(xv) Each Registered Investment Company has in full force and effect such insurance and fidelity bonds as may be required by the Investment Company Act. Part 2.21(b)(xv) of the Seller Disclosure Letter sets forth all policies of insurance in effect with each Registered Investment Company and with each Investment Adviser Subsidiary relating to the Asset Management Business, and true and correct copies of such policies of insurance have previously been delivered to Parent.

(xvi) Notwithstanding any other provision in this Agreement to the contrary, Sections 2.21(b)(xvii) through 2.21(b)(xx) contain the only representations that Seller makes with respect to the Tax treatment of any Registered Investment Company and each such representation is subject to the dispute rights of Section 4.10(f).

(xvii) All Tax Returns of each Registered Investment Company that are required to be filed by it for taxable periods ending on or prior to the Closing Date (with due regard to any extensions) have been duly and timely filed. All such Tax Returns are true, correct and complete in all material respects. All Taxes of any Registered Investment Company for any Pre-Closing Tax Period have been duly and timely paid in full (or adequate provision for such has been made in its financial statements in accordance with GAAP).

(xviii) Each Registered Investment Company has complied with all laws relating to the payment and withholding of Taxes and has, within the time and the manner prescribed by law, paid over to the proper taxing authorities all amounts required to be so withheld and paid over.

(xix) Each Registered Investment Company that has elected to be a “regulated investment company” pursuant to Section 851(b)(1) of the Code has satisfied the relevant requirements of the Code for all taxable years, or parts thereof, of such Registered Investment Company ending on or prior to the Closing Date as to its status as a regulated investment company as defined in Section 851 of the Code. Neither Seller, any Affiliate of Seller nor, to the knowledge of Seller, any Registered Investment Company or any other agent of any Registered Investment Company has received any notice or other communication from any Governmental Entity relating to or affecting any Registered Investment Company’s compliance with any of these relevant requirements.

(xx) With respect to each Registered Investment Company, to the knowledge of Seller, no claims have been or are being asserted by any Governmental Entity with respect to any Taxes and there are no threatened claims for Taxes. None of the Registered Investment Companies has ever entered into a closing agreement pursuant to Section 7121 of the Code or otherwise. There has not been any audit by any Governmental Entity of any Tax period of any Registered Investment Company, and, to the knowledge of Seller, no such audit is in progress and no Registered Investment Company has been notified by any Governmental Entity that any such audit is contemplated or pending. Except with respect to any extension granted pursuant to Internal Revenue Service Form 7004 (or any predecessor), no extension of time with respect to any date on which a Tax Return was or is to be filed by any Registered Investment Company is in force, and no waiver or agreement by any Registered Investment Company is in force for the extension of time for the assessment or payment of any Taxes.

(xxi) No Registered Investment Company, Investment Adviser Subsidiary, or Broker/Dealer Subsidiary (including any officer, director, or employee of any of them) has entered into, or acquiesced in, any agreement, arrangement or understanding to permit any person to engage in improper "market timing" or "late trading" activity (as such terms are commonly used in the securities industry) with respect to any Registered Investment Company or Separate Account. No Registered Investment Company, Investment Adviser Subsidiary, or Broker/Dealer Subsidiary (including any officer, director, or employee of any of them) has agreed to waive, modify, or otherwise not to enforce, any limitation or requirement in the then-current prospectus or statement of additional information or other constituent documents of a Registered Investment Company or Separate Account, the effect of which waiver, modification, or failure to enforce would be to permit or facilitate improper "market timing" or "late trading" activities with respect to such Registered Investment Company or Separate Account. No access person (as such term is defined in Rule 17j-1 under the Investment Company Act) of any Registered Investment Company or employee of any Investment Adviser Subsidiary or Broker/Dealer Subsidiary has engaged in any improper "market timing" or improper "late trading" activities with respect to any Registered Investment Company or Separate Account. Each Registered Investment Company has established procedures (i) to prevent patterns of transactions characteristic of improper "market timing" strategies, (ii) regarding the fair-value pricing and determination of the net asset value ("NAV") of fund shares in connection with purchase and redemption orders by investors in each Registered Investment Company (including policies and procedures to deter improper "late trading"), (iii) to prevent the improper or illegal disclosure of its portfolio holdings to any person and to prevent disclosure of its portfolio holdings in a manner that might reasonably be expected to facilitate improper market timing activities in respect of its shares or other improper or illegal activities in respect of it and (iv) reasonably designed to monitor and ensure that investors obtain the proper "breakpoint" discount with respect to purchases of shares of each Registered Investment Company with front-end sales loads (collectively, the procedures described in clauses (i)-(iv), the "RIC Procedures"). Each Investment Adviser Subsidiary and each Registered Investment Company is and has at all times since January 1, 2003 been in compliance in all material respects with all such procedures. No Investment Adviser Subsidiary, Registered Investment Company or Broker/Dealer Subsidiary has acted, directly or indirectly, to facilitate purchase and redemption orders for fund shares received after the NAV has been determined for a particular day at that day's NAV, nor is any Investment Adviser Subsidiary, Registered Investment Company or Broker/Dealer Subsidiary aware of such activities occurring in connection with the operations of any Registered Investment Company, except with respect to the Safeco Resource Series Trust, as permitted by *New York Life Fund, Inc.*, SEC no-action letter published May 6, 1971 and as provided for in the Participation Agreements filed with the SEC as exhibits to registration statements (which in each case requires that the beneficial owner of any fund shares shall have provided the relevant purchase or sale order

or instruction to the relevant intermediary prior to the time as of which such NAV is determined for the day in question). The parties agree that, in the event that any Governmental Entity asserts in any context, or any other Person asserts in a Proceeding, that any specified activity prior to the Closing constituted or might have constituted improper "market timing" or improper "late trading," then for the purposes of determining whether any of the representations in this Section 2.21(b)(xxi) has been breached, as between the parties the activity in question will be assumed to have constituted improper "market timing" or "late trading," as the case may be, regardless of whether Seller believes that the activity in question was in fact improper or constituted "market timing" or "late trading" activity.

(xxii) Each Registered Investment Company has at all times disclosed in its prospectus and statement of additional information to the extent required by applicable Law, any and all arrangements in place between each Investment Adviser Subsidiary or Registered Investment Company and a financial intermediary pursuant to which a financial intermediary is compensated, directly or indirectly, by such entity or an affiliate of such entity, with cash payments or other incentives in connection with its sale of shares of the Registered Investment Company. Such arrangements are and at all times have been in compliance in all material respects with applicable Law (including the Securities Act, the Investment Advisers Act, the Investment Company Act, ERISA and the NASD Regulations).

(xxiii) Each Investment Advisory Subsidiary has selected broker-dealers to execute portfolio transactions for each Registered Investment Company in accordance with the policies of each such Registered Investment Company disclosed in each such Registered Investment Company's registration statement and applicable requirements to seek best execution consistent with the Conduct Rules of the NASD.

(xxiv) Each Investment Adviser Subsidiary and each Registered Investment Company has at all times disclosed in its prospectus and statement of additional information to the extent required by applicable Law, any and all arrangements under which products or services other than execution of securities transactions are obtained by either entity from or through a broker-dealer in exchange for the direction by the Investment Adviser Subsidiary of client brokerage transactions to the broker-dealer. Such arrangements are and at all times have been in compliance in all material respects with applicable Law (including but not limited to the Securities Act, the Investment Advisers Act, the Investment Company Act, ERISA and the NASD Regulations).

Section 2.22 Insurance Practices.

(a) Except as otherwise, individually or in the aggregate, would not reasonably be expected to result in, a Material Adverse Effect on the Acquired Companies, all policies, binders, slips, certificates, annuity contracts and participation agreements and other agreements of insurance, whether individual or group, that are in effect (including all applications, supplements, endorsements, riders and ancillary agreements in connection therewith) and that have been issued by the Insurance Subsidiaries and any and all marketing materials, are, to the extent required under Law, on forms approved by applicable insurance regulatory authorities which have been filed and not objected to by such authorities within the period provided for objection (the "Company Forms"). The Company Forms comply in all material respects with the insurance statutes, regulations and rules applicable thereto and, as to premium rates established by Seller or any Insurance Subsidiary which are required to be filed with or approved by insurance regulatory authorities, the rates have been so filed or approved, the premiums charged conform thereto and such premiums comply in all material respects with the insurance statutes, regulations and rules applicable thereto.

(b) To the knowledge of the Seller, at the time any Insurance Subsidiary paid commissions to any broker or agent since January 1, 2001 in connection with the sale of Life & Annuity Contracts, each such broker or agent was duly licensed as an insurance broker (for the type of business sold by such broker) or agent in the particular jurisdiction in which such broker or agent sold such business for any Insurance Subsidiary. To the knowledge of Seller, since January 1, 1999 no such broker or agent violated (or with or without notice or lapse of time or both would have violated) in any material respect any Law or any other requirement of any Governmental Entity or arbitrator applicable to the sale or servicing of Life & Annuity Contracts. Neither the manner in which any Insurance Subsidiary compensates any Person involved in the sale or servicing of Life & Annuity Contracts that is not registered as a broker-dealer or insurance agent, as applicable, nor, to the knowledge of the Seller, the conduct of any such Person, renders such Person a broker-dealer or insurance agent under any applicable federal or state law, and the manner in which any Insurance Subsidiary compensates each Person involved in the sale or servicing of Life & Annuity Contracts is in compliance in all material respects with all applicable Law.

(c) Notwithstanding any other provision in this Agreement to the contrary, Section 2.22(c) contains the only representations with respect to the policyholder Tax treatment that Seller makes with respect to any annuity policy or other insurance policy issued by any Insurance Subsidiary (a "Policy"), including any benefits or other amounts provided by such a Policy, and each such representation is subject to the remediation and mitigation provisions of Section 4.10(g). The Tax treatment under the Code of any Policy (whether developed or administered by or reinsured with an unrelated party) issued or sold prior to or on the Closing Date is, and at all times through the Closing Date has been, the same or more favorable to the owner of such Policy (the "Policy Owner") or the intended beneficiaries thereof than the Tax treatment under the Code for which such Policy purported to qualify at the time of such Policy's issuance. For purposes of this Section 2.22(c), the provisions of the Code relating to the Tax treatment of such Policy shall refer to Code Sections 72, 79, 101, 104, 105, 106, 125, 130, 264, 401, 403, 404, 408, 408A, 412, 415, 419, 419A, 457, 501, 505, 817, 817A, 818, 1035, 7702, 7702A and 7702B. For any such variable Policy such Insurance Subsidiary is, and at all times through the Closing Date has been, treated as the owner for Tax purposes under the Code of the assets in any segregated asset account of such Insurance Subsidiary that relate to such Policy. Any such Policy that is a modified endowment contract under Code Section 7702A (a "MEC") has been marketed as such at any relevant time prior to its issuance, or its Policy Owner has consented to such MEC status.

(d) Other Insurance Practice Representations.

(i) To Seller's knowledge, there is no pending or threatened audit or other proceeding with the IRS or in any court with respect to the Tax treatment of any Policy to the Policy Owner under the Code.

(ii) To the knowledge of the Seller, there are no "hold harmless," tax sharing, indemnification, or similar arrangements regarding the Tax qualification or treatment of any Life & Annuity Contracts.

(iii) All contracts issued by any Insurance Subsidiary (whether developed or administered by or reinsured with any unrelated party) that are subject to Section 817 of the Code and the Treasury Regulations promulgated thereunder have met the diversification requirements applicable thereto since the issuance of the contracts.

(iv) All annuity contracts issued by any Insurance Subsidiary (whether developed or administered by or reinsured with any unrelated party) that are subject to Section 72(s) of the Code contain all of the necessary provisions of Section 72(s) of the Code.

(v) Each Life Insurance Contract (whether developed or administered by or reinsured with any unrelated party) that was issued after December 31, 1984 complies with the requirements of Section 7702 of the Code and qualifies as a "life insurance contract" within the meaning of Section 7702(a) of the Code. Each Life Insurance Contract (whether developed or administered by or reinsured with any unrelated party)that was issued before January 1, 1985 (i) complies with the requirements of Section 7702 of the Code to the extent applicable to such Life Insurance Contract and qualifies as a "life insurance contract" within the meaning of Section 7702(a) to such extent or (ii) to the extent Section 7702 of the Code is inapplicable to such Life Insurance Contract and such Life Insurance Contract is a flexible premium contract within the meaning of Section 101(f) of the Code, complies with the requirements of such Section 101(f).

(e) Except as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect on the Acquired Companies, (i) each separate account maintained by an Insurance Subsidiary (a "Separate Account") is duly and validly established and maintained under the laws of its state of formation and is either excluded from the definition of investment company or exempt from registration under the Investment Company Act or is duly registered as an investment company under the Investment Company Act, and (ii) each such Separate Account is operated, and each contract issued by an Insurance Subsidiary under which Separate Account assets are held has been duly and validly issued, offered and sold. Seller has delivered to Buyer true, correct and complete copies of the annual statements of the Separate Accounts as filed with applicable state insurance regulatory authorities for the year ended December 31, 2002. Each such annual statement complied in all material respects with all applicable Laws when so filed and was timely filed with all required Governmental Entities. No material deficiencies have been asserted by any Governmental Entity with respect to any such annual statement. Each statutory financial statement of the Separate Accounts contained in any such annual statement fairly presents in all material respects, in accordance with applicable SAP, the financial condition of the applicable Separate Account and such Separate Account's summary of operations and surplus account for and during the respective periods covered by such financial statements. Each Insurance Subsidiary and each of its predecessors, if any, has at all times operated such Separate Accounts in material compliance with the terms of any and all agreements relating to such Separate Accounts and applicable Law.

(f) [INTENTIONALLY OMITTED].

(g) The separate accounts maintained by an Insurance Subsidiary which are required to register as an investment company under the Investment Company Act (each, a "Registered Separate Account") are and have been operated and registered in compliance with the Investment Company Act in all material respects and the applicable Insurance Subsidiary has filed all reports and amendments to its registration statement required to be filed, and has been granted all exemptive relief necessary for the operation of the Registered Separate Accounts, except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect on the Acquired Companies.

(h) There are no Contracts or Other Agreements to which any Insurance Subsidiary is a party, or which is binding upon any Insurance Subsidiary, that restrict the right of any Insurance Subsidiary to change the crediting rates and other non-guaranteed elements under the Life & Annuity Contracts, other than pursuant to the terms of the Life & Annuity Contracts. Except as set forth in its statutory reports filed prior to the date hereof and delivered to Buyer, and except as required by Laws of general applicability and the insurance permits, grants or licenses maintained by the Insurance Subsidiaries, there are no written agreements, memoranda of understanding, commitment letters or similar undertakings binding on any Insurance Subsidiary to which such Insurance Subsidiary is a party, on one hand, and any Governmental Entity is a party or addressee, on the other hand, or orders or directives by, or supervisory letters from, any Governmental Entity specifically with respect to any Insurance Subsidiary, which (A) limit the ability of the Insurance Subsidiary or any of its Subsidiaries to issue Life & Annuity Contracts, (B) require any investments of the Insurance Subsidiary or any of its Subsidiaries to be treated as nonadmitted assets, (C) require any divestiture of any investments of the Insurance Subsidiary or any of its Subsidiaries, (D) in any manner relate to the capital adequacy (including the maintenance of any National Association of Insurance Commissioners Insurance Regulatory Information System Ratio, reserves or surplus), credit policies or management of the Insurance Subsidiary or any of its Subsidiaries or the ability of the Insurance Subsidiary or any of its Subsidiaries to pay dividends or other distributions or (E) otherwise restrict the conduct of business of the Insurance Subsidiary or any of its Subsidiaries in any material respect.

(i) All Life & Annuity Contracts were issued in conformity in all material respects with the applicable Insurance Subsidiary's underwriting standards.

(j) Seller has delivered to Buyer all correspondence between any Insurance Subsidiary and any Governmental Entity (other than any Taxing authority) since January 1, 2002, regarding any alleged material violation of Laws.

(k) (i) To the extent that any Insurance Subsidiary is legally responsible therefor, (A) the terms of each Qualified Contract and the administration and operation thereof and of any plan or arrangement funded in whole or in part through any such Qualified Contract comply, and at all relevant times have complied, in all material respects with the applicable provisions of the Code and ERISA and (to the extent such plan is intended by the contract holder to limit fiduciary responsibility in accordance with section 404(c) of ERISA) comply, and at all relevant times have complied, in all material respects with all applicable requirements for limiting fiduciary responsibility under section 404(c) of ERISA; (B) contributions or payments to each such Qualified Contract that are intended to be nontaxable are not taxable; and (C) plan or contract loans made under such Qualified Contracts were neither prohibited transactions nor taxable when made or at any time thereafter, except with respect to taxable defaults in repayment of such plan or contracts loans; and

(ii) each Insurance Subsidiary is in material compliance with all provisions of ERISA which apply to the design or administration of Life & Annuity Contracts or to the

investment of assets of employee benefit plans subject to ERISA which are held under Life & Annuity Contracts.

(l) Each Insurance Subsidiary has at all times since January 1, 2003 in its marketing and sales materials, to the extent required by applicable Law, disclosed any and all arrangements in place between each Insurance Subsidiary and a financial intermediary pursuant to which a financial intermediary is compensated, directly or indirectly, by such entity or an affiliate of such entity, with cash payments or other incentives in connection with its sale of annuity and/or insurance products (collectively, "Financial Intermediary Arrangements"). Such arrangements are and at all times since January 1, 2003 have been in compliance in all material respects with applicable Law.

(m) No Insurance Subsidiary has acted, directly or indirectly, to facilitate purchase and redemption orders for shares in any Registered Investment Company or interests in any Separate Account received after the NAV has been determined for a particular day at that day's NAV and no such activities have occurred in connection with the operations of any Registered Separate Account, except with respect to the Safeco Resource Series Trust, as permitted by *New York Life Fund, Inc.*, SEC no-action letter published May 6, 1971 and as provided for in the Participation Agreements filed with the SEC as exhibits to registration statements (which in each case requires that the beneficial owner of any fund shares shall have provided the relevant purchase or sale order or instruction to the relevant intermediary prior to the time as of which such NAV is determined for the day in question).

(n) No Insurance Subsidiary (including any officer, director, or employee of any Insurance Subsidiary) has entered into, or acquiesced in, any agreement, arrangement or understanding to permit any person to engage in improper "market timing" or improper "late trading" activity (as such terms are commonly used in the securities industry) with respect to any Separate Account or Registered Investment Company. No Insurance Subsidiary has agreed to waive, modify, or otherwise not to enforce, any limitation or requirement adopted or implemented by it or by such Separate Account (including without limitation in any prospectus or other offering document relating to any Separate Account or in any other constituent document relating to any Separate Account), the effect of which waiver, modification, or failure to enforce would be to permit or facilitate improper "market timing" or improper "late trading" activities with respect to such Separate Account. Each Insurance Subsidiary has established procedures to prevent patterns of transactions characteristic of improper "market timing" strategies in its Separate Accounts. Each Insurance Subsidiary and each Separate Account is and has at all times since such procedures were adopted been in compliance in all material respects with such procedures. The parties agree that, in the event that any Governmental Entity asserts in any context, or any other Person asserts in a Proceeding, that any specified activity prior to the Closing constituted or might have constituted improper "market timing" or improper "late trading," then for the purposes of determining whether any of the representations in this Section 2.22(n) have been breached, as between the parties the activity in question will be assumed to have constituted improper "market timing" or improper "late trading," as the case may be, regardless of whether Seller believes that the activity in question was in fact improper or constituted "market timing" or "late trading" activity.

(o) Each Insurance Subsidiary to which the Health Insurance Portability and Accountability Act and the regulations promulgated thereunder (including 45 C.F.R. parts 160, 162 and 164) (collectively, "HIPAA") are applicable has implemented a plan or plans designed to ensure compliance by such Insurance Subsidiary, with any applicable state or federal privacy laws or regulations (including HIPAA) governing the privacy, security and electronic data transfer standards relating to health information to the extent such laws or regulations are in effect as of the date hereof, and has taken reasonable steps to formulate and implement a plan or plans designed to ensure compliance with such laws and regulations by no later than the applicable mandated compliance dates to the extent such laws and regulations are not in effect as of the date hereof. These plans, as in effect on the date hereof, are referred to collectively as the "Insurance Subsidiary HIPAA/Privacy Plan". The Insurance Subsidiary HIPAA/Privacy Plan is based upon advice of legal counsel competent as to the matter concerning: (i) the application of HIPAA and other state and federal privacy laws and regulations to each Insurance Subsidiary and (ii) the measures that must be taken to attain compliance with such laws and regulations by their mandated compliance dates. The Seller reasonably believes that the objectives set forth in the Insurance Subsidiary HIPAA/Privacy Plan for any laws and regulations that are not in effect as of the date hereof are attainable in the manner and within the time periods set forth therein (which time periods have been established to ensure full compliance by the applicable compliance dates imposed by HIPAA and other applicable state and federal privacy laws and regulations).

Section 2.23 Third Party Reinsurance Contracts. Part 2.23 of the Seller Disclosure Letter lists all agreements pursuant to which any Insurance Subsidiary cedes or retrocedes risks assumed under the Life & Annuity Contracts (the "Third Party Reinsurance Contracts"). No Insurance Subsidiary is currently a party to any surplus relief contract or treaty, whether called a reinsurance contract or agreement or otherwise denominated, or any other similar contract or agreement other than any contract or treaty set forth in Part 2.23 of the Seller Disclosure Letter. All of the Third Party Reinsurance Contracts are in full force and effect and valid and binding upon the Insurance Subsidiaries (to the extent a party thereto, subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and (ii) the effect of equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law)) and, to the knowledge of the Seller, upon each of the other parties thereto, and none of the Insurance Subsidiaries and, to the knowledge of the Seller, none of the other parties to the Third Party Reinsurance Contracts, is in material default under, and no event has occurred which, with the passage of time or giving of notice or both, would result in any of the Insurance Subsidiaries or, to the knowledge of the Seller, any of the other parties to the Third Party Reinsurance Contracts, being in material default under, any of the terms of the Third Party Reinsurance Contracts. None of the Insurance Subsidiaries has received any written notice of the initiation of bankruptcy, liquidation, receivership, insolvency or similar proceedings with respect to any other party to a Third Party Reinsurance Contract. None of the Insurance Subsidiaries has been prohibited under the applicable SAP or applicable insurance Laws from taking financial statement credit for the reinsurance provided by the Third Party Reinsurance Contracts and any reinsurance recoverables more than thirty days past due have been previously disclosed to Buyer. The Closing of the transactions contemplated by this Agreement will not give rise to any termination or recapture rights under the Third Party Reinsurance Contracts. All Life & Annuity Contracts that are reinsured or retroceded in whole or in part conform in all material respects to the standards agreed to with reinsurers in the related reinsurance, retrocession or other similar contracts other than such deviations that are immaterial, individually or in the aggregate.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES
OF PARENT AND BUYER

Parent and Buyer represent and warrant to Seller and GAC as of the date of this Agreement and, unless such representations and warranties address a matter only as of a certain date, as of the Closing Date as follows:

Section 3.1 Organization. Each of Parent and Buyer has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Each of Parent and Buyer is duly qualified to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it make such qualification necessary, except for such failures to be so duly qualified and in good standing that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on Parent or Buyer, as the case may be. Buyer is a newly formed, direct wholly owned subsidiary of Parent and, except for activities incident to the acquisition of the Shares and the other transactions contemplated under the Transaction Documents, Buyer has not engaged in any business activities of any type or kind whatsoever.

Section 3.2 Authorization; Binding Agreement. Each of Parent and Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which each is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which each is a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of each of Parent and Buyer. This Agreement has been duly and validly executed and delivered by each of Parent and Buyer and (assuming the accuracy of the representations and warranties in Section 2.3) constitutes a legally valid and binding agreement of each of Parent and Buyer, enforceable against each of them in accordance with its terms, subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and (ii) the effect of equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

Section 3.3 Noncontravention. Neither the execution and delivery of this Agreement and the other Transaction Documents nor the consummation of the transactions contemplated hereby and thereby will conflict with or result in any breach of any provision of, or require any consent or approval (other than consents and approvals described in Section 3.4 below) under, or constitute (with or without notice or lapse of time or both) a violation or default (or give rise to any right of termination, cancellation or acceleration or to any loss of a material benefit) under, or result in the creation of any Lien upon the properties or assets of Parent or Buyer under, any of the terms, conditions or provisions of (i) the Constituent Documents of either Parent or Buyer, (ii) any Contracts and Other Agreements to which Parent or Buyer is a party or by which any of them or any portion of their properties or assets may be bound or (iii) any Law or Order applicable to Parent or Buyer or any portion of their properties or assets, other than in the case of the foregoing clauses (ii) and (iii), any such items that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on Parent or Buyer.

Section 3.4 Approvals. No license, permit, consent, approval, order, certificate, authorization of, declaration of or filing with, any Governmental Entity on the part of either Parent or Buyer that has not been obtained or made is required in connection with the execution or delivery by Parent or Buyer of this Agreement or the other Transaction Documents or the consummation by Parent or Buyer of the transactions contemplated hereby and thereby, other than (a) filings and other applicable requirements under the HSR Act, (b) approvals, filings and/or notices required under any applicable state or federal banking laws or any applicable state or federal laws related to the sale or operation of insurance, investment companies, investment advisers or broker-dealers set forth in Part 2.5 of the Seller Disclosure Schedule, or (c) consents, approvals, authorizations, declarations or filings that, if not obtained or made, would not reasonably be expected to result in a Material Adverse Effect on Parent or Buyer or prevent Parent or Buyer from consummating the transactions contemplated hereby.

Section 3.5 Finders and Investment Bankers. None of Parent or Buyer or any of their respective officers, directors or Affiliates has employed any investment banker, financial advisor, broker or finder in connection with the transactions contemplated by this Agreement or incurred any liability for any investment banking, business consultancy, financial advisory, brokerage or finders' fees or commissions in connection with the transactions contemplated hereby.

Section 3.6 Financing. Parent has firm financing commitments that are sufficient to enable it to consummate the transactions contemplated in this Agreement. True and correct copies of such commitments have been delivered to Seller. The financing required to consummate the transactions contemplated in this Agreement is referred to in this Agreement as the "Financing". As of the date of this Agreement, Parent does not have any reason to believe that any of the conditions to the Financing will not be satisfied or that the Financing will not be available to Parent on a timely basis to consummate the transactions contemplated in this Agreement, including the payment of the Closing Consideration as set forth in Section 1.3(b)(i).

Section 3.7 Compliance with Section 15(f) of the Investment Company Act. Neither Buyer nor any of its Affiliates has any express or implied understanding or agreement which would impose an unfair burden on any Investment Company that would otherwise preclude satisfaction of the safe harbor provided by Section 15(f) of the Investment Company Act as a result of the transactions contemplated hereby.

Section 3.8 Investment Intent. The Shares will be acquired by Buyer for its own account and not for the purpose of a distribution. Buyer will refrain from transferring or otherwise disposing of any of the Shares acquired by it, or any interest therein, in such manner as to violate any registration provision of the Securities Act, or any applicable state securities law regulating the disposition thereof. Buyer agrees that the certificates representing the Shares may bear legends to the effect that the Shares have not been registered under the Securities Act, or such other state securities laws, and that no interest therein may be transferred or otherwise disposed of in violation of the provisions thereof.

Section 3.9 No Disqualification. None of Parent, Buyer, or any Person "associated" (as such term is defined in the Investment Advisers Act) with Parent or Buyer has been convicted of any crime or is subject to any disqualification that would be a basis for denial, suspension, or revocation of registration of an investment adviser under Section 203(e) of the Investment Advisers Act or Rule 206(4)-4(b) thereunder. None of Parent, Buyer or any "associated person" of Parent or Buyer is subject to a "statutory disqualification" (as such terms are defined in the Exchange Act) or subject to a disqualification that would be a basis for censure, limitations on the activities, functions or operations of, or suspension or revocation of the registration of a broker-dealer under the Exchange Act.

ARTICLE IV.
COVENANTS

Section 4.1 Conduct of Business of the Company. Except as contemplated by this Agreement, during the period commencing on the date hereof and ending at the Closing, Seller shall, and shall cause GAC to, conduct the operations of the Acquired Companies according to the ordinary course of business of the Acquired Companies, consistent with past practice, and Seller shall, and shall cause GAC to, use commercially reasonable efforts to preserve intact the business organization of the Acquired Companies and to maintain satisfactory relationships with the customers, suppliers and employees and others with which the Acquired Companies have business relationships. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, prior to the Closing, neither Seller nor GAC will, without the prior written consent of Parent:

(a) amend or propose to amend the Constituent Documents of any Acquired Company;

(b) authorize for issuance, issue, sell, pledge, deliver or agree or commit to issue, sell, pledge or deliver (whether through the issuance or granting of any options, warrants, calls, subscriptions, stock appreciation rights or other rights or other agreements) any capital stock of any class or any securities convertible into or exchangeable for shares of capital stock of any class of any Acquired Company;

(c) permit or cause any Acquired Company to declare or pay any dividend or make any other distribution to its stockholders whether or not upon or in respect of any shares of its capital stock; provided, however, that Parent and Buyer acknowledge that Seller may make a one-time cash dividend (an "Excess Capital Dividend") from the Insurance Subsidiaries at any time during the period beginning on May 31, 2004 and ending on June 30, 2004, if and to the extent that Seller has determined in good faith that the June Adjusted Statutory Book Value, if calculated as of the date of such dividend, would be in excess of the Target Statutory Book Value (but in no event shall the amount of any such Excess Capital Dividend be greater than $75,000,000); provided, further, however, that Seller shall provide Buyer with two (2) Business Days' prior written notice of its intent to make an Excess Capital Dividend, and shall set forth within such notice the intended amount of such Excess Capital Dividend;

(d) except as otherwise contemplated by this Agreement or as required to ensure that any Plan is not then out of compliance with applicable Law or to comply with any Contract and Other Agreement or Plan entered into prior to the date hereof and heretofore delivered to Buyer, (A) adopt, enter into, terminate or amend any collective bargaining agreement or Plan or any Contract and Other Agreement or other plan or policy involving any current or former employees of an Acquired Company or any Bank Channel Employee, (B) increase in any manner the compensation, bonus or fringe or other benefits of, or pay any bonus of any kind or amount whatsoever to, any current or former employees of an Acquired Company or any Bank Channel Employee, except for any planned salary increases and payment of bonuses, each as described in Part 2.8(c) of the Seller Disclosure Letter, (C) pay any benefit or amount not required under any Plan or Contract and Other Agreement as in effect on the date of this Agreement, other than as contemplated in the foregoing clause (B), (D) grant or pay any severance or termination pay or increase in any manner the severance or termination pay of any current or former employees of an Acquired Company or any Bank Channel Employee, (E) grant any awards under any bonus, incentive, performance or other Plan, Contract and Other Agreement or otherwise, other than as contemplated in the foregoing clause (B), (F) take any action to fund or in any other way secure the payment of compensation or benefits under any Plan or Contract and Other Agreement, (G) take any action to accelerate the vesting or payment of any compensation or benefit under any Plan or Contract and Other Agreement or (H) materially change any actuarial or other assumption used to calculate funding obligations with respect to any Acquired Company Plan or change the manner in which contributions to any Acquired Company Plan are made or the basis on which such contributions are determined;

(e) enter into any Contract or Other Agreement that would constitute a Material Contract, other than in the ordinary course of business of the Acquired Companies consistent with past practice; provided, however, that in no event shall any of the Acquired Companies incur or assume any long-term indebtedness for borrowed money;

(f) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other means, any business or any corporation, partnership, joint venture, association, or other business organization or division thereof;

(g) permit any Insurance Subsidiary voluntarily to forfeit, abandon, modify, waive, terminate or otherwise change any of its insurance licenses, except (i) as may be required in order to comply with Law or (ii) such forfeitures, abandonments, terminations, changes, modifications or waivers of insurance licenses as would not, individually or in the aggregate, restrict the business or operations of such Insurance Subsidiary in any material respect;

(h) permit, allow or suffer any of the Shares to become subjected to any Lien of any nature whatsoever, except for Liens arising under operation of Law;

(i) except in the ordinary course of business consistent with past practice, permit any Acquired Company to sell, lease, license or otherwise dispose of any material assets (and other than acquisitions and dispositions of investments in the Investment Portfolio in accordance with the Investment Guidelines in the ordinary course of business consistent with past practice);

(j) permit any Acquired Company to enter into any lease of real property, except (i) any renewals of existing leases in the ordinary course of business and consistent with past practice or (ii) as expressly contemplated in any Transaction Document;

(k) except for (i) intercompany transactions in the ordinary course of business (all of which shall be unwound by June 30, 2004, in accordance with Section 4.13), (ii) Related Contracts and (iii) the payment of the Excess Capital Dividend, permit any Acquired Company to pay, loan or advance any amount to, or sell, transfer or lease any of its assets to, or enter into any Contract or Other Agreement with, Seller or any of its Affiliates (other than another Acquired Company);

(l) permit any Acquired Company to make any material change in its underwriting or claims management practices, pricing practices, reserving practices, reinsurance practices, marketing practices or investment policies or practices or Investment Guidelines, except in each case as required by Law or SAP or in the ordinary course of business consistent with past practice;

(m) permit any Broker/Dealer Subsidiary or Investment Adviser Subsidiary voluntarily to forfeit, abandon, amend, modify, waive, terminate or otherwise change any of its registrations, licenses, qualifications with any Governmental Entity or its memberships in any self-regulatory organizations, securities exchanges, boards of trade, commodities exchanges, clearing organizations or trade organizations, except (i) as may be required in order to comply with Law or (ii) such forfeitures, abandonments, amendments, terminations, changes, modifications or waivers as would not, individually or in the aggregate, restrict the business or operations of such Subsidiary in any material respect;

(n) permit any Acquired Company to sell, assign, transfer or convey any Acquired Company Proprietary Right;

(o) permit any Acquired Company to make any material change in fiscal year, accounting methods or principles used for GAAP or statutory reporting purposes, except for changes which are required by Law, SAP or GAAP of all enterprises in the same business;

(p) with respect to the Investment Adviser Subsidiaries and their Clients, permit any Investment Adviser Subsidiary to (i) enter into any new, or modify or terminate any existing, investment advisory contracts with any existing Clients, (ii) form any new Registered Investment Companies or terminate, merge or liquidate any existing Registered Investment Companies, (iii) enter into any new, or modify or terminate any existing, contracts with Registered Investment Companies or (iv) fail to use commercially reasonable efforts to cause each Registered Investment Company (subject to the authority of the board of trustees or directors of such Registered Investment Company) to operate its business only in the ordinary course of business and in a manner comporting with the standards of portfolio management and service quality heretofore met by it and to comply with applicable Law (including but not limited to the Securities Act, the Investment Advisers Act, the Investment Company Act and ERISA);

(q) permit any Acquired Company to make any material Tax election or settle or compromise any material Tax liability;

(r) permit any Acquired Company to revalue any properties or assets, including writing off notes or accounts receivable, other than in the ordinary course of the business of the applicable Acquired Company, or as required by applicable Law, SAP or GAAP;

(s) permit any Acquired Company to make any loan, advance, guarantee or capital contribution to any Person (other than another Acquired Company), other than under a Related Contract;

(t) permit any Acquired Company to adopt any plan of complete or partial liquidation, dissolution, rehabilitation, restructuring, recapitalization, re-domestication or other reorganization;

(u) permit any Acquired Company to enter into any joint venture, partnership or similar Contract or Other Agreement with any Person;

(v) permit any of the Insurance Subsidiaries to take any action intended to cause lapses, conversions or the terminations of any Life & Annuity Contract or to encourage any agents of an Insurance Subsidiary to roll over any Life & Annuity Contract, other than with respect to Equity Indexed Annuity contracts (it being agreed that actions permitted pursuant to clause (l) of this Section 4.1 do not violate this covenant);

(w) fire or otherwise terminate the employment of any Business Employee, except for cause in accordance with past practice;

(x) permit any Acquired Company to launch or introduce any material new product or service;

(y) take or fail to take any action or permit any Acquired Company to take or fail to take any action, in each case for the purpose of either (i) shifting statutory income or surplus from the period following June 30, 2004 to the period preceding June 30, 2004 or (ii) increasing statutory income or surplus with the intent of increasing the June Adjusted Statutory Book Value or increasing the Closing Consideration to the detriment of Buyer and Parent; provided, however, that Parent and Buyer agree that any action taken by Seller, to the extent necessary to ensure that an independent auditor's opinion will be unqualified after an issue as to ability to give an unqualified opinion is raised by such auditor, shall not be deemed to be a breach of this Section 4.1(y);

(z) modify, amend or terminate either (i) the letter agreement between Safeco Insurance Company of America and Safeco Life Insurance Company dated as of March 1, 2004 relating to the use of the "EXPRESS" mark or (ii) the letter agreements between Safeco Insurance Company of America and Safeco Life Insurance Company dated as of March 1, 2004 relating to the use of certain marks containing "SAFE" by Safeco Life Insurance Company (such letters, the "IP Side Letters"); or

(aa) agree, commit or arrange to do any of the foregoing.

Section 4.2 Access and Information.

(a) Pre-Closing. Between the date of this Agreement and the Closing, Seller shall, and shall cause the Acquired Companies to, afford Parent and its authorized representatives (including its financing sources and accountants, financial advisors and legal counsel) upon one (1) Business Day's prior written notice, reasonable access during normal business hours to all of the properties, personnel, Contracts and Other Agreements and other books and records of the Acquired Companies and shall promptly deliver or make available to Parent such other information concerning the business, properties, assets and personnel of the Acquired Companies as Parent may from time to time reasonably request. Parent shall hold, and shall cause its representatives (as provided for in the letter agreement dated October 21, 2003 (the "Confidentiality Agreement") between Seller and Parent) to treat all such information as Evaluation Material (as defined in the Confidentiality Agreement) and to hold such information in confidence in accordance with the terms of the Confidentiality Agreement and, in the event of the termination of this Agreement for any reason, Parent promptly shall return or destroy all Evaluation Material (including such information) in accordance with the terms of the Confidentiality Agreement.

(b) Post-Closing.

(i) Following the Closing Date, Buyer shall, and shall cause the Acquired Companies to, allow Seller, upon one (1) Business Day's prior written notice and during normal business hours, through its affiliates, employees and representatives, (x) the right to examine and make copies, at Seller's expense, of the books and records of the Acquired Companies, and (y) reasonable access to Buyer's and the Acquired Companies' employees, in the case of either clause (x) or (y), for the preparation and review of the June Financial Statements and any other action or inquiry related to the procedures set forth in Section 1.4, regulatory and statutory filings, earnings releases, statistical supplements, financial statements (including, but not limited to, the timely preparation pursuant to Seller's then-current schedule and filing of Seller's current, quarterly and annual reports on Forms 8-K, 10-Q and 10-K for any post-closing period) and the conduct of any third-party litigation. Parent and Buyer shall cause their, and the Acquired Companies', affiliates, employees and representatives to (A) reasonably cooperate with Seller in connection with the foregoing and (B) under the supervision of Seller, prepare the June Financial Statements, to the extent not yet prepared and finalized as of the Closing Date, in the ordinary course of the performance of their responsibilities. Buyer shall, and shall cause the Acquired Companies to, maintain the books and records of the Acquired Companies for examination and copying by Seller for a period of not less than six (6) years following the Closing Date or any longer period as mandated by applicable Law, after which, Buyer or the Acquired Companies may destroy such records in their sole discretion. Access to such records shall not unreasonably interfere with the business operations of Buyer, any Acquired Company or any of their respective successors.

(ii) Following the Closing Date, Seller shall allow Buyer, upon one (1) Business Day's prior written notice and during normal business hours, through its affiliates, employees and representatives, the right to (x) examine and make copies, at Buyer's expense, of the books and records of Seller retained by Seller and maintained by Seller after the Closing Date; but only to the extent that such books and records relate to the Acquired Companies; and (y) reasonable access to any of Seller's employees, in the case of either clause (x) or (y), for the review of the June Financial Statements, and any other action or inquiry related to the procedures set forth in Section 1.4, regulatory and statutory filings, earnings releases, statistical supplements, financial statements and the conduct of any third-party litigation. Seller shall cause its affiliates, employees and representatives to reasonably cooperate with Parent and Buyer in connection with the foregoing. Seller shall maintain such books and records for examination and copying by Buyer for a period of not less than six (6) years following the Closing Date or any longer period as mandated by applicable Law, after which, Seller may destroy such records in its sole discretion. Access to such records shall not unreasonably interfere with the business operations of Seller or any of its successors.

Section 4.3 Commercially Reasonable Efforts; Additional Actions. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto shall use their respective commercially reasonable efforts to take, or cause to be taken, all action, and to do or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and the other Transaction Documents, including using their respective commercially reasonable efforts to (i) effect promptly all necessary or appropriate registrations and filings with Governmental Entities (including filings under the HSR Act), (ii) effect promptly and prosecute diligently (including responding to all requests for supplemental information) all approvals, filings and/or notices required under any applicable insurance laws for the consummation of the transactions contemplated by this Agreement and the other Transaction Documents and (iii) fulfill or cause the fulfillment of the conditions to Closing set forth in Article V.

Section 4.4 Notification of Certain Matters. (a) Seller shall give notice to Parent, and Parent and Buyer shall give notice to Seller, promptly upon becoming aware of any occurrence, or failure to occur of any event that, if existing or known at the date of this Agreement, (i) would have been required to be set forth or described in the Seller Disclosure Letter or (ii) which would reasonably be expected to cause any representation or warranty in this Agreement to be untrue or inaccurate in any material respect at any time after the date hereof and prior to the Closing; provided, however, that for the purposes of the rights and obligations of the parties hereunder, any such notice shall have no effect for the purpose of determining the satisfaction of the conditions set forth in Article V or for purposes of determining whether any Person is entitled to indemnification pursuant to Article VII.

(b) Parent shall give notice to Seller, promptly upon becoming aware of any occurrence, or failure to occur, of any event that, if existing or known at the date of this Agreement, would reasonably be expected to cause Parent's representation and warranty in Section 3.6 of this Agreement to be untrue or inaccurate in any material respect at any time after the date hereof and prior to the Closing. Parent shall also promptly provide Seller with copies of every material commitment letter modification or material amendment and all other material notices or correspondence with respect to the Financing.

Section 4.5 Public Announcements. The initial press release or releases with respect to the transactions contemplated by this Agreement shall be in the form agreed to by Parent and Seller. Thereafter, for as long as this Agreement is in effect, Parent and Buyer, on the one hand, and Seller, on the other hand, shall not, and shall cause their subsidiaries and Affiliates not to, issue or cause the publication of any press release or any other announcement (including without limitation announcements to employees, agents or policyholders) with respect to the transaction set forth in Section 1.1, this Agreement or the other transactions contemplated hereby without the consent of the other, except where such release or announcement is required by applicable Law or pursuant to any listing agreement with, or the rules or regulations of, any securities exchange or any other regulatory requirements, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance. Schedule 4.5 hereto sets forth the representatives of Parent and Seller authorized to provide the consent contemplated by the preceding sentence.

Section 4.6 Certain Employee Matters.

(a) Seller and the Acquired Companies shall take such action as is necessary such that the Acquired Companies shall, as of the Closing Date, cease being "participating employers" and shall cease any co-sponsorship and participation in each Seller Plan that is jointly adopted, sponsored or maintained by Seller and an Acquired Company. Except as otherwise expressly provided in this Section 4.6, the Acquired Companies shall have no further liability and Seller shall retain all liabilities with respect to claims incurred under any such Seller Plan prior to the Closing Date, whether such claims are made prior to, on or after the Closing Date. For this purpose claims under any medical, dental, vision, or prescription drug plan, generally will be deemed to be incurred on the date that the service giving rise to such claim is performed and not when such claim is made; provided, however, that with respect to claims relating to hospitalization the claim will be deemed to be incurred on the first day of such hospitalization and not on the date that such services are performed. Claims for disability under any long or short term disability plan shall be incurred on the date the employee or former employee is first absent from work because of the condition giving rise to such disability and not when the employee or former employee is determined to be eligible for benefits under the applicable Seller Plan. Notwithstanding anything to the contrary herein, Seller shall retain all liabilities under all Seller Plans, except as otherwise expressly provided in Section 4.6. For the avoidance of doubt, Seller shall retain all liabilities with respect to equity or equity-based awards under any Plan. Seller shall provide any continuation coverage required under Section 4980B of the Code, Part 6 of Title I of ERISA or applicable state Law ("COBRA") to each "qualified beneficiary" as that term is defined in COBRA whose first "qualifying event" (as defined in COBRA) occurs on or prior to the Closing Date. The Acquired Companies shall retain responsibility for all accrued but unused vacation pay for each of their respective Acquired Company Employees (other than any Bank Channel Employees who become Acquired Company Employees). As soon as practicable, but in any event within five (5) Business Days following the Closing Date, Seller shall provide Buyer with a list setting forth, with respect to each Acquired Company Employee (other than any Bank Channel Employee who becomes an Acquired Company Employee) the number of days of accrued but unused vacation as of the Closing Date.

(b) For a period of one (1) year following the Closing Date, Buyer shall provide or cause to be provided to Acquired Company Employees (other than Randall Talbot, Roger Harbin and their respective management direct reports) who remain employees with Buyer and its Subsidiaries, (i) compensation that is comparable in the aggregate (without regard to any equity or equity-based compensation) to that provided to them immediately prior to Closing , provided that equity or equity-based compensation provided to such Acquired Company Employees prior to Closing shall be disregarded in determining whether compensation is comparable in the aggregate; provided, further, that Buyer in its sole discretion shall determine the portion of compensation to be provided to such Acquired Company Employees that is in the form of equity or equity-based compensation (it being understood that Buyer is under no obligation to provide any equity or equity-based compensation); provided, further, that during such one (1) year period the base salary of such Acquired Company Employees shall not be less than that in effect immediately prior to the Closing and (ii) employee benefits (including severance benefits but excluding retiree health and life benefits) that are comparable in the aggregate to that provided to them immediately prior to Closing.

(c) Effective as of the Closing Date, Buyer or the Acquired Companies shall adopt or otherwise provide a savings plan or plans with a cash or deferred arrangement that is qualified under Section 401(a) of the Code pursuant to which the Acquired Company Employees may participate ("Buyer's Retirement Plan"). Acquired Company Employees who are participants in any Plan which is a retirement plan qualified under Section 401(a) of the Code ("Seller's Retirement Plan") shall be allowed to rollover their distributable benefits, including, to the extent permitted by Seller's Retirement Plans and Buyer's Retirement Plans, any notes representing participant loans, from Seller's Retirement Plans into Buyer's Retirement Plan. Seller shall fully vest (to the extent not already fully vested) as of the Closing each Acquired Company Employee in his or her accrued benefits under each Seller Retirement Plan.

(d) Seller shall continue to provide retiree health and life benefits to each former employee of an Acquired Company who is eligible for retiree health and life benefits under any Seller Plan that is a group health and life plan ("Seller's Retiree Plans") whose termination of employment occurs on or prior to the Closing Date. Following the Closing Date, Buyer or the Acquired Companies shall adopt a group health plan and group term life plan in which the Acquired Company Employees and their dependents may participate ("Buyer's Group Welfare Plans").

(e) For purposes of determining eligibility to participate and vesting (and for benefit accrual purposes in the case of vacation and severance plans) where length of service is relevant under any employee benefit plan or arrangement of Buyer and its subsidiaries (or of Parent and its subsidiaries, to the extent an Acquired Company Employee shall become eligible to participate therein), Acquired Company Employees shall receive service credit for service with Seller and any of its Subsidiaries to the same extent such service was credited under similar employee benefit plans and arrangements of Seller and its Subsidiaries; provided, however, that such service need not be credited to the extent that it would result in a duplication of benefits.

(f) Parent, Buyer, the Acquired Companies and their respective Subsidiaries will (i) use their commercially reasonable efforts to cause any third party insurers to waive, and will waive with respect to self-insured benefits, all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to Acquired Company Employees under any new welfare benefit plans that such employees may be eligible to participate in after the Closing Date, other than limitations or waiting periods that are already in effect with respect to such employees and that have not been satisfied as of the Closing Date under any welfare plan maintained for Acquired Company Employees immediately prior to the Closing Date, and (ii) provide each Acquired Company Employee with credit for any co-payments and deductibles paid prior to the Closing Date in respect of the year in which the Closing occurs in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans for such year that such employees are eligible to participate in after the Closing Date.

(g) No provision of this Section 4.6 shall create any third party beneficiary or other rights in any Acquired Company Employee or former employee (including any beneficiary or dependent thereof) of Seller in respect of continued employment (or resumed employment) with Buyer, Parent or their respective subsidiaries including the Acquired Companies and no provision of this Section 4.6 shall create any such rights in any such persons in respect of any benefits that may be provided, directly or indirectly, under any Plans or any such similar plan or arrangement which may be established by Parent, Buyer, or any of their respective subsidiaries for Acquired Company Employees.

(h) At least thirty (30) days prior to the anticipated Closing Date, Buyer shall identify in writing those Bank Channel Employees that it desires to employ after the Closing Date. Buyer shall offer employment to all such identified Bank Channel Employees upon such terms and conditions as it determines in its sole discretion (subject to Buyer's obligations under the other provisions of this Section 4.6) and Seller shall cause Talbot Financial, Inc. to terminate the employment of such identified Bank Channel Employees as of the Closing Date. Each identified Bank Channel Employee who accepts Buyer's offer of employment shall be treated as an Acquired Company Employee. With respect to each Bank Channel Employee who becomes an Acquired Company Employee, Buyer shall be solely responsible for any severance or similar benefits that may be payable, if any, to such Acquired Company Employee in respect of his or her termination of employment following the Closing with Buyer and its Affiliates. Except as set forth in the preceding sentence, any liability, obligation or commitment of Seller, GAC or any other Subsidiary of Seller or GAC that relates to, or that arises out of, the employment or the termination of the employment with any such person of any Bank Channel Employee (including as a result of the transactions contemplated by this Agreement) shall be the responsibility of the Seller or such Subsidiary (including any accrued but unused vacation, severance or similar benefits that may be payable, if any, to Bank Channel Employees in respect of their termination of employment with Seller and its Affiliates as of the Closing) and none of Parent, Buyer or any Acquired Company shall have any liability therefor.

Section 4.7 Investment Portfolio. Seller shall cause the investments of the Acquired Companies to be maintained , and shall not permit any sales or other dispositions of investments, other than in the ordinary course of business and in accordance with the Investment Guidelines. From the date hereof to the Closing Date, Seller shall deliver to Buyer, within ten (10) Business Days after the end of each calendar month, a true and correct list of (a) all investments constituting the Investment Portfolio as of the end of such month, the issuer of such investments, the nominal amount owned and the market value with respect to public investments (or book value with respect to private investments) of such investments as of the end of such month and (b) all investments sold or otherwise disposed of at any time prior to the end of such month, the sale or disposition price, the carrying value of such investments for statutory accounting purposes immediately prior to the sale or disposition, and any gain or loss for statutory accounting purposes.

Section 4.8 Tax Matters. The following provisions shall govern the allocation of responsibility as between Buyer and Seller for certain Tax matters:

(a) Seller Responsibility.

(i) Seller will timely file the U.S. federal income Tax Returns of the Affiliated Group and any Combined Returns (taking into account extensions thereto) for all periods (including any Pre-Closing Tax Period) and will pay any Taxes with respect thereto. The parties agree that they will treat the Acquired Companies as if they ceased to be part of the Affiliated Group, and any comparable or similar group of state, local or foreign laws or regulations, as of the close of business on the Closing Date. Seller will provide Buyer with copies of the separate company pro-forma portion (including only information related to the Acquired Companies) of such Pre-Closing Tax Period Tax Returns (other than Tax Returns filed for estimated Tax payments) filed after the Closing Date pursuant to this Section 4.8(a)(i) within fifteen (15) days after filing of such Tax Returns.

(ii) Seller shall prepare and timely file or shall cause to be prepared and timely filed all other Tax Returns of the Acquired Companies due after the Closing Date for Pre-Closing Tax Periods that do not include a Straddle Period. Seller shall permit Parent and Buyer to review and comment on any Tax Return (other than any Tax Returns filed for estimated Tax payments) prepared pursuant to this Section 4.8(a)(ii).

(iii) All Tax Returns prepared pursuant to this Section 4.8(a) shall be prepared on a basis consistent with the past practices of the Seller and the Acquired Companies and, if Seller has a choice between positions that are consistent with past practices, Seller shall act in a manner that does not distort taxable income (e.g., by deferring income or accelerating deductions).

(b) Buyer Responsibility. Parent and Buyer shall prepare or cause to be prepared and filed or cause to be filed all Tax Returns of the Acquired Companies that relate to Post-Closing Tax Periods and Straddle Periods. All Tax Returns prepared pursuant to this Section 4.8(b) that relate to Straddle Periods shall be prepared on a basis consistent with the past practices of the Acquired Companies and, if Buyer has a choice between positions that are consistent with past practices, Buyer shall act in a manner that does not distort taxable income. Parent and Buyer shall permit Seller to review and comment on each such Tax Return that includes a Pre-Closing Tax Period prior to filing and shall make such revisions to such Tax Returns as are reasonably requested by Seller. The Seller shall reimburse Buyer for any Taxes attributable to the portion of the Straddle Period related to the Pre-Closing Tax Period not reserved or otherwise expensed on the June Financial Statements (other than interest or penalties due solely to a failure or delay in filing a required Tax Return or in paying a required Tax not otherwise caused by Seller) as soon as practicable after the date paid by the Buyer. Buyer shall reimburse Seller for any Straddle Period Taxes reserved or otherwise expensed on the June Financial Statements (other than interest or penalties solely from a failure or delay in filing a required Tax Return or in paying a required Tax not otherwise caused by Seller) in excess of the amount of Taxes attributable to the portion of the Straddle Period related to the Pre-Closing Tax Period as soon as practicable after the date paid by the Buyer.

(c) Straddle Periods. For purposes of this Agreement, in the case of any Taxes that are imposed on a periodic basis over a Straddle Period, the portion of such Tax that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the entire Straddle Period. In the case of any Tax based upon income or receipts, the portion allocable to the Pre-Closing Tax Period shall include operations through the Closing Date (i.e., with respect to operations, based on an interim closing of the books on the Closing Date).

(d) Tax Audits of Consolidated/Combined Returns. Seller shall be solely responsible for and shall control all proceedings with respect to any audit of the consolidated federal income Tax Return of the Affiliated Group and any Combined Returns or any Tax claim relating to Taxes solely with respect to a Pre-Closing Tax Period, provided, that Seller shall promptly furnish written notice to Buyer of such audit and Buyer shall have the right to provide non-binding advice to Seller, who shall consult and act in good faith with respect to such audit, in each case, to the extent the audit relates to the Acquired Companies. Without the written consent of Parent or Buyer, which shall not be unreasonably withheld, Seller shall not settle any audit of a consolidated federal income Tax Return of the Affiliated Group or a Combined Return to the extent that such return related to the Acquired Companies in a manner which would disproportionately adversely affect the Acquired Companies after the Closing Date (e.g., a disproportionately adverse Tax treatment to the Acquired Companies after the Closing Date as compared to the effect to the Acquired Companies before the Closing Date) or if Seller favorably settles a Tax issue for members of the Affiliated Group other than the Acquired Companies in return for an adjustment that adversely affects the Acquired Companies only after the Closing Date, Seller shall be deemed to have settled such Tax issue in a manner which disproportionately adversely affects the Acquired Companies after the Closing Date). Otherwise, Seller shall have the sole discretion to settle any audit of a U.S. federal income Tax Return of the Affiliated Group or a Combined Return. Buyer shall control all proceedings with respect to all Tax audits or claims related solely to a Post-Closing Tax Period.

(e) Tax Indemnity Procedures.

(i) Except as otherwise provided, if (a) a claim for Taxes is made against Parent or Buyer, (b) Parent or Buyer intends to seek indemnity with respect thereto under Section 7.5 and (c) such claim relates to Taxes with respect to a Pre-Closing Tax Period (other than a Straddle Period), Parent and Buyer shall promptly furnish written notice to Seller and GAC of such claim. Seller and GAC shall have the shorter of (x) forty-five (45) days after receipt of such notice or (y) fifteen (15) days less than the number of days before a response to the relevant taxing authority is required, but in no event shall Seller and GAC have less than fifteen (15) days, to decide whether to undertake, conduct, and control (through counsel of its own choosing and at its own expense) the settlement or defense thereof, and Parent, Buyer and the Acquired Companies and their respective Affiliates shall cooperate with it in connection therewith. Seller and GAC shall permit Parent, Buyer and the Acquired Companies to participate in such settlement or defense through counsel chosen by Parent and Buyer (but the fees and expenses of such counsel shall be paid by Parent, Buyer or the Acquired Companies). Seller and GAC shall not pay or settle any such claim without the prior written consent of Buyer, which consent shall not be unreasonably withheld to the extent such settlement adversely effects any Acquired Company in a Post-Closing Tax Period. If within the shorter of (x) forty-five (45) days after the receipt of Parent's or Buyer's notice of a claim of indemnity hereunder or (y) fifteen (15) days less than the number of days before a response to the relevant taxing authority is required, but in no event shall Seller and GAC have less than fifteen (15) days, Seller and GAC do not notify Parent and Buyer that Seller and GAC elect (at their cost and expense) to undertake the defense thereof, or gives such notice and thereafter fails to contest such claim in good faith or to prevent action to foreclose a lien against or attachment of Buyer's property as contemplated above, Parent and Buyer shall have the right to contest, settle, or compromise such claim and Parent and Buyer shall not thereby waive any right to indemnity for such claim under this Agreement; provided, however, none of Parent, Buyer or the Acquired Companies shall pay or settle any such claim without the prior written consent of Seller and GAC, which consent shall not be unreasonably withheld.

(ii) If (a) a claim for Taxes is made against Parent or Buyer, (b) Parent or Buyer intends to seek indemnity with respect thereto under Section 7.5 and (c) such claim relates to a Straddle Period, Parent and Buyer shall promptly furnish written notice to Seller and GAC of such claim. Parent, Buyer and the Acquired Companies shall undertake, conduct, and control the settlement or defense thereof. Parent, Buyer or the Acquired Companies shall not pay or settle any such claim without the prior written consent of Seller and GAC, which consent shall not be unreasonably withheld.

(f) Buyer and the Acquired Companies, on one hand, and Seller, on the other hand, shall cooperate fully, as and to the extent reasonably requested by the other, in connection with the filing of Tax Returns pursuant to this Section 4.8 and any audit, litigation or other proceeding with respect to Taxes. In that regard, Seller, Buyer and the Acquired Companies shall, at their own expense, maintain such Tax information or Tax records relating to the Acquired Companies as are regularly maintained by such party or as may be required by Law to be maintained. Such Tax records or Tax information shall be made available upon written request by the Seller or the Buyer or the Acquired Companies, as the case may be, within 10 Business Days of such request. If the requesting party, in its reasonable judgment, shall determine that it is necessary that any such Tax records or Tax information be made available before 10 Business Days from such request, the other party shall use commercially reasonable efforts to make such Tax records or Tax information available (or cause such Tax records or Tax information to be made available) within such shorter period, but in no event upon less than two (2) Business Days' prior written notice from the requesting party. Subject to the confidentiality requirements of Section 4.2(a), the non-requesting party shall, upon request by the requesting Party, promptly furnish the requesting party with a copy of such Tax records or Tax information. Notwithstanding the foregoing, Seller and Buyer shall only be obligated to provide that portion of their federal consolidated Tax Returns or Combined Tax Returns (and accompanying Tax records or Tax Returns) that directly relates to the Acquired Companies. In any event, the provision of access to such Tax records or Tax information shall not unreasonably interfere with the business operations of the non-requesting party.

(g) Refunds and Tax Benefits. (i) Any income tax refunds that are received by Parent, Buyer or the Acquired Companies, and any amounts credited against Taxes to which Buyer or the Acquired Companies become entitled, that relate to Pre-Closing Tax Periods shall be for the account of Seller, and Buyer shall pay over to Seller any such refund or the amount of any such credit within fifteen (15) days after receipt of such refund or use of such credit. In addition, to the extent that a claim for refund or a proceeding results in a payment or credit against income Tax by a taxing authority to Parent, Buyer or the Acquired Companies of any amount accrued on the June Financial Statements, Buyer shall pay such amount to Seller within fifteen (15) days after receipt of such refund or use of such credit.

(ii) Notwithstanding the foregoing, any cash refunds less any associated costs (including, but not limited to, administrative costs, an adverse economic impact (including the economic impact of an adverse accounting treatment) and additional Taxes) from the carryback of capital losses of the Acquired Companies shall be for the account of Buyer to the extent that such refunds are attributable to a Tax period beginning after the Closing Date (or the portion of any Straddle Period that begins after the Closing Date). Seller shall pay such cash received by Seller to Buyer within fifteen (15) days after the receipt of such cash refund. For the avoidance of doubt, Buyer shall be entitled to such cash refund under this Section 4.8(g)(ii) solely to the extent that such cash refund (taking into account only capital loss carrybacks of the Acquired Companies after the Closing Date) is greater than the sum of (a) the refund that would have resulted had there been no such carryback and (b) any costs incurred by Seller as a result of such carryback. In the event Seller's use of the carryback of such losses is disallowed after the payment to Buyer by

Seller under this Section 4.8(g)(ii) or Seller is able to carryback its own capital losses, Seller shall notify Buyer of the portion of the tax refund not allowed to Seller or that is deemed replaced by Seller's capital losses and Buyer shall reimburse Seller for the amount allocable to Buyer within 15 days of such notice. To the extent that Seller receives any Tax benefit as a result of the carryback of capital losses of the Acquired Companies in respect of which Buyer has not received payment pursuant to the immediately preceding sentences, Seller shall pay to Buyer an amount equal to the economic benefit of such Tax benefit (less any associated costs) within 15 days of utilizing such Tax benefit, subject to reimbursement as set forth in this Section 4.8(g)(ii). To the extent the amount of any refund or Tax benefit is reduced by associated costs pursuant to this Section 4.8(g)(ii) (including a later request for reimbursement of such costs), Seller shall provide Buyer with a description of such associated costs.

(h) Amended Returns and Refund Claims. Parent and Buyer shall not file an amended Tax Return or any claim for refund for any Pre-Closing Tax Period without the written consent of Seller, which consent shall not be unreasonably withheld. Any carryback of losses or credits to any period ending on or prior to the Closing Date shall be subject to Section 4.8(g).

(i) Tax Sharing Agreements. Any Tax sharing agreement or similar arrangement, agreement or practice between any of the Acquired Companies and any other Person (including Seller) is terminated as of the Closing Date and shall have no further effect for any taxable year (whether the current year, a future year or a past year).

(j) No Foreign Status. Seller shall deliver to Buyer at closing a certificate certifying that the transactions contemplated hereby are exempt from withholding under Section 1445 of the Code.

Section 4.9 Consents.

(a) To the extent that the consummation of the transactions contemplated by this Agreement requires the consent or approval of another party to any Contract or Other Agreement with an Acquired Company (including, if applicable, any consent required from a financier pursuant to a 12b-1 financing arrangement between such financier and any of the Registered Investment Companies), Seller shall use its commercially reasonable efforts to obtain, and to cause GAC and the Acquired Companies, to use commercially reasonable efforts to obtain, such consents or approvals. Seller agrees to cooperate with Buyer and use commercially reasonable efforts to cause each Registered Investment Company that is a management investment company to enter into an "interim advisory contract" within the meaning of, and pursuant to, Rule 15a-4 under the Investment Company Act, if necessary.

(b) Without limiting the generality of the foregoing, Seller shall, as promptly as practicable, cause the Acquired Companies to (i) use their commercially reasonable efforts to cause (A) the consideration and due approval by the Investment Company Board of each Registered Investment Company having such a Board at a duly called meeting of such Board and (B) to the extent required by the Investment Company Act, the consideration and due approval by such Registered Investment Company's shareholders or unitholders at a duly called meeting of such shareholders, of (x) a new Investment Company Advisory Agreement (or, where permitted, approval of continuation of the existing Investment Company Advisory Agreement) with the same investment adviser, to become effective upon the Closing, (y) where applicable, an amended Rule 12b-1 distribution plan, in each case on the same material terms as in effect on the date hereof, (z) where applicable, new sub-advisory, fund accounting/administration and transfer agency agreements and (aa) at the Buyer's sole discretion, the approval of new independent trustees reasonably satisfactory to the Buyer to the Investment Company Board of each Registered Investment Company having such a Board, (ii) use their commercially reasonable efforts to cause each Registered Investment Company to prepare and file with the SEC and all other Governmental Entities having jurisdiction thereover, as promptly as practicable after the date hereof, all proxy solicitation materials required to be distributed to shareholders or unitholders of such Registered Investment Company with respect to the actions recommended for their approval by the Investment Company Boards, (iii) use their commercially reasonable efforts to cause each Registered Investment Company to respond promptly to any comments made by the SEC and all other Governmental Entities having jurisdiction thereover, with respect to the proxy solicitation materials, and (iv) use their commercially reasonable efforts, promptly after the completion of the actions described in clauses (ii) and (iii) above, to mail such proxy solicitation materials to such shareholders or unitholders and cause to be submitted to a meeting of shareholders or unitholders of such Registered Investment Company as soon as practicable after such mailing the proposals described in clause (i), above, all such consents and such proxy solicitation to be in form and substance reasonably satisfactory to Parent and in compliance with Section 2.21(b)(x).

(c) Parent and Buyer shall provide such information and data as may be reasonably requested by Seller for inclusion in the proxy solicitation materials referred to in Section 4.9(b). Such information and data shall not contain any untrue statement of a material fact, or omit to state any material fact required to make the statements therein, in light of the circumstances in which they were made, not misleading.

Section 4.10 Investment Company Matters.

(a) Prior to the Closing, each of the parties hereto shall use its commercially reasonable efforts to ensure compliance with Section 15(f) of the Investment Company Act, so that the transaction set forth in Section 1.1 will be in compliance at the Closing with such Section 15(f), including, to assure that on the Closing Date at least seventy-five percent (75%) of the board of directors or trustees of each Registered Investment Company are not "interested persons" (as defined in the Investment Company Act) of the Acquired Companies, Parent or Buyer.

(b) Following Closing, Parent and Buyer agree to use their commercially reasonable efforts to assure compliance with the conditions of Section 15(f) of the Investment Company Act with respect to any Registered Investment Company. Without limiting the foregoing, Buyer agrees that: (i) for a period of at least three (3) years after the Closing Date, Buyer shall use commercially reasonable efforts to cause at least seventy-five percent (75%) of the members of the board of directors or trustees of each Registered Investment Company not to be "interested persons" (as defined in the Investment Company Act) of Buyer (or an Affiliate of Buyer which acts as adviser or subadviser to the Registered Investment Companies), or of the predecessor investment adviser of the relevant Registered Investment Company; and (ii) for a period of at least two (2) years after the Closing Date, Buyer (or any Affiliate of Buyer which acts as adviser to any Registered Investment Company), shall use commercially reasonable efforts not to impose, or have any express or implied understanding, arrangement or intention to impose, an "unfair burden" on such Registered Investment Company (as such term is interpreted under the Investment Company Act) as a result of the transactions contemplated herein. For the purposes of clause (i) above, "commercially reasonable efforts" means that the Buyer:

(i) causes to be distributed to the trustees of each Registered Investment Company that enters into a new Investment Company Advisory Agreement with Safeco Asset Management on at least an annual basis, a questionnaire containing questions reasonably designed to elicit information pertaining to the status of such directors as "interested persons" (for purposes of Section 15(f)(1)(A) of the Investment Company Act) of Buyer or its Affiliates or of Seller or its Affiliates (collectively, the "Relevant Entities");

(ii) requests the members of the board of trustees of each Registered Investment Company that enters into a new Investment Company Advisory Agreement with Safeco Asset Management to promptly notify Buyer of any change in their status under Section 15(f)(1)(A) of the Investment Company Act; and

(iii) at such time as it learns of a change in the status of a trustee that would cause more than 25% of the members of the board of trustees of any Registered Investment Company that enters into a new Investment Company Advisory Agreement with Safeco Asset Management to be "interested persons" of Relevant Entities, takes reasonable steps to correct such situation as promptly as practicable, including causing any trustees affiliated with Buyer or any of its Affiliates to resign from the board of trustees of such Registered Investment Company to the extent required to correct such situation.

(c) Prior to the Closing, Seller shall use, and shall cause GAC and the Acquired Companies to use, subject to any fiduciary duties to the Registered Investment Companies, their commercially reasonable efforts to ensure that the Registered Investment Companies take no action that would (i) prevent any Registered Investment Company from qualifying as a "regulated investment company," within the meaning of Section 851 of the Code or (ii) be inconsistent with any Registered Investment Company's prospectus or other offering document and other offering, advertising and marketing materials. Prior to the Closing, Seller shall use, and shall cause GAC and the Acquired Companies to use, subject to any fiduciary duties to the Separate Accounts, their commercially reasonable efforts to ensure that neither any Separate Account nor any Insurance Subsidiary with respect to a Separate Account, takes any action that would be inconsistent with the Separate Account's prospectus or other offering document and other offering, advertising and marketing materials.

(d) Seller will deliver to the Buyer at the same time as the filing thereof a complete copy of each SEC Document filed by each Investment Adviser Subsidiary on or after the date hereof and on or prior to the Closing Date.

(e) For purposes of this Section 4.10, "Registered Investment Company" will not include any Registered Separate Account.

(f) In the event that Buyer or any Affiliate of Buyer (including the Acquired Companies after the Closing) acts as agent or representative of any regulated investment company within the meaning of Section 851 of the Code with respect to any Tax matter relating to any Tax period ending prior to or including the Closing Date, then, to the extent permissible, Buyer shall (i) promptly provide Seller with written notice of the circumstances relating to such matter and copies of all relevant correspondence and documents, (ii) consult with Seller regarding the proper resolution of such matter and (iii) upon Seller's written notice, permit Seller to the greatest extent possible to assume responsibility for and control such matter (it being understood that Seller shall not have control of such matter unless Seller in its written notice acknowledges its responsibility to indemnify Buyer pursuant to Section 7.5 for any Losses that arise out of such matter, as mitigated or increased by Seller's control of such matter; it being further understood that, notwithstanding Seller's written notice, Buyer may continue to control the matter to the extent and if required or directed to do so by applicable law or any applicable judicial or administrative authority, and if Buyer has given Seller a reasonable opportunity (to the extent practical taking into account the exigencies of the situation) to cooperate with Buyer in approaching the applicable authority with the objective of persuading such authority that Seller may maintain control over such matter). Buyer shall cooperate with, and take such actions reasonably requested by, Seller in implementing this provision and shall be entitled to reimbursement from Seller for all reasonable out-of-pocket expenses incurred by Buyer in providing such cooperation. The procedures contained in this Section 4.10(f) are in addition to those set forth in Section 7.4.

(g) In the case of any breach or potential breach of any representation made by Seller in Sections 2.19(d)(ii), 2.22(c) or 2.22(d) (which shall include, but not be limited to, any proposed action to mitigate any potential Losses from the breach or potential breach of such representations and warranties) for which any Buyer Indemnified Party would be entitled to indemnity pursuant to Section 7.5, Seller shall have the right (before Buyer or Parent notifies the IRS, any Policy Owner or any person other than the Seller of such breach or potential breach or takes any action to remedy such potential breach, mitigate any potential Losses therefrom or make any claim under this Agreement therefor, except that Buyer or Parent may make any such notification or take any such action if (x) required or directed to do so by applicable law or any applicable judicial or administrative authority and (y) after notifying Seller of the notification or action that Buyer is so required or directed to take and giving Seller a reasonable opportunity (to the extent practical taking into account the exigencies of the situation) to cooperate with Buyer in approaching the applicable authority with the objective of persuading such authority that such notification or action is not necessary, the Buyer continues to be required or directed to make such notification or take such action):

(i) to be notified in writing by Buyer or Parent of such breach or potential breach, if Seller has not previously notified Buyer in writing of such breach or potential breach;

(ii) within 30 days after such a written notice about such potential breach, to notify Buyer in writing that Seller proposes to develop, at Seller's expense, a plan to remediate or mitigate any potential adverse Tax consequences or Losses resulting from such potential breach (a "Remediation Plan"), which may or may not involve corrective proceedings with the IRS (it being understood that Seller shall not have exclusive control over the development and implementation of the Remediation Plan unless Seller in such notice acknowledges its responsibility to indemnify Buyer pursuant to Section 7.5 for any Losses that in fact ultimately result from such breach or potential breach, as mitigated or increased by the implementation of the Remediation Plan);

(iii) to have exclusive control over the development and implementation of such a Remediation Plan;

(iv) to have a reasonable time (not to exceed six (6) months) to develop such a Remediation Plan; and

(v) to have a reasonable time (not to exceed twelve (12) months) to implement such a Remediation Plan after Seller notifies Buyer in writing that it has been developed, which reasonable time shall be extended for any corrective proceedings with the IRS and any corrective time period allowed by the IRS and any time period during which Buyer and Seller have any reasonable disagreement about such implementation or during which Buyer is acting unreasonably.

Buyer and Parent shall reasonably cooperate with Seller (and cause the appropriate Insurance Subsidiary to cooperate) in taking any corrective action under such

Remediation Plan, including the preparation and filing of any documents for any IRS corrective proceedings, and shall be entitled to reimbursement from Seller for all reasonable out-of-pocket expenses incurred by Buyer or Parent in providing such cooperation. The procedures contained in this Section 4.10(g) are in addition to those set forth in Section 7.4. For avoidance of doubt, in the event that the development or implementation of any Remediation Plan has the effect of increasing the Losses incurred by any Buyer Indemnified Party as a result of any breach of any representation made by Seller in Sections 2.19(d)(ii), 2.22(c) or 2.22(d), the appropriate Buyer Indemnified Party shall be entitled to indemnification with respect to such Losses in such increased amount under Section 7.5.

Section 4.11 Prospectus Sticker. As promptly as practicable on or after the date of this Agreement, Seller will cause, at its own expense, the preparation and filing on behalf of each Registered Investment Company of a prospectus sticker or amendment in form and substance reasonably satisfactory to Parent and Seller for the purpose of describing the proposed changes to the operations of such Registered Investment Company as contemplated by this Agreement, including the new Investment Company Advisory Agreement and any proposed new trustees or directors.

Section 4.12 Advisory Agreements. Unless otherwise previously agreed to by Parent, each Investment Adviser Subsidiary shall notify each of its Clients, subject to Section 4.9 with respect to the Registered Investment Companies, of the transaction set forth in Section 1.1 and shall use its commercially reasonable efforts to obtain, prior to the Closing Date, the consent of each such Client to the "assignment" (as such term is used in the Investment Advisers Act) of its Advisory Agreement as a result of the transaction set forth in Section 1.1 in accordance with the Investment Advisers Act, which consent, other than with respect to Clients that are Registered Investment Companies, may be obtained in accordance with the so-called "negative consent" or "no objection received" process permitted under interpretations of the consent process by the SEC. Seller shall cooperate and consult with Parent regarding material written communications with Clients concerning the obtaining of such consents.

Section 4.13 Intercompany Obligations. At least two (2) Business Days before June 30, 2004, Seller will furnish Buyer with a complete list and description of all liabilities and receivables between the Acquired Companies and Seller or any other Affiliate of Seller (including any liability or reserves of the Acquired Companies under any Tax allocation or Tax sharing agreement) which would otherwise be outstanding on the Closing Date. Except as specifically provided below with respect to Tax sharing agreements, or as otherwise expressly contemplated in this Agreement, all such liabilities will be paid in full at or before June 30, 2004. On June 30, 2004, Seller will terminate and will cause its Affiliates to terminate each contract, other than Related Contracts, between or among the Acquired Companies and Seller or any other Affiliate of Seller based on a good faith estimate of amounts owed as of that date, and Buyer and Seller agree to each make appropriate payment by August 15, 2004 as required to settle any differences between the good faith estimates and actual amounts owed between the Acquired Companies and Seller or any other Affiliate of Seller. Buyer and Seller agree that from July 1, 2004 through the Closing, the services to be provided from Seller to the Acquired Companies shall be provided by Seller (or a Subsidiary of Seller) to the Acquired Companies on the same terms and conditions (including pricing) as are currently being provided.

Section 4.14 Names.

(a) Notwithstanding any inference contained herein or prior course of conduct to the contrary, except as expressly provided in the Transitional Trademark License, the Buyer Intellectual Property License or the IP Side Letters, in no event shall Buyer or any of its Affiliates (including without limitation the Acquired Companies) have any right to use, nor shall Buyer or any of its Affiliates (including without limitation the Acquired Companies) use, any of the corporate names, trade names, service marks, logos, designs, acronyms, domain names, vanity telephone numbers or other Proprietary Rights of Seller or any of its Affiliates in any jurisdiction, including without limitation the names and service marks "SAFECO," "SAFECO NOW" and any other name, mark or telephone number containing the word "SAFE" (including, as applicable the corporate or trade names of the Acquired Companies), or any application or registration therefore, owned by, licensed to or used by Seller or any of its Affiliates, or any other name, mark, logo, design, acronym, domain name or vanity telephone number containing the word "SAFE" or that is confusingly similar to the corporate names, trade names, service marks, logos, designs, acronyms, domain names or vanity telephone numbers of Seller or any of its Affiliates. Except as expressly provided in the Transitional Trademark License, as soon as reasonably practicable after the Closing Date, Buyer shall cause the Acquired Companies to change their names, and file the appropriate documents with the relevant governmental agencies to effectuate such change of names, to the extent necessary to remove such corporate names, trade names, service marks, logos or acronyms (i) of Seller and its Affiliates or (ii) containing the word "SAFE." Following the Closing Date, other than as expressly set forth in the Transitional Trademark License, the Buyer Intellectual Property License or the IP Side Letters, no license or other agreement to use any corporate names, trade names, service marks, logos, designs, acronyms, domain names, vanity telephone numbers or other Proprietary Right of Seller or any of its Affiliates shall be deemed to exist between Seller, or any of its Affiliates, and any of the Acquired Companies by operation of law, past practice or otherwise, and any such license or other agreement currently in effect shall terminate at Closing.

(b) The parties hereto acknowledge that any damage caused to Seller or any of its Affiliates by reason of the breach by Buyer or any of its Affiliates of this Section 4.14 would cause irreparable harm that could not be adequately compensated for in monetary damages alone; therefore, each party agrees that, in addition to any other remedies at law or otherwise, Seller and any of its Affiliates shall be entitled to an injunction issued by a court of competent jurisdiction restraining and enjoining any violation by Buyer or any of its Affiliates of this Section 4.14 and Buyer further agrees that it will stipulate to the fact that Seller or any of its Affiliates, as applicable, has been irreparably harmed by such violation and not oppose the granting of such injunctive relief.

Section 4.15 Asset Sale . (a) Seller agrees that prior to Closing, the Acquired Companies will sell to Seller or a third party designated by Seller or on the open market up to $225 million in Fair Value of the assets (as specified in writing to Seller prior to March 31, 2004) identified on Schedule 4.15 (the "Sold Assets"). Buyer and Seller acknowledge that any and all accounting effect of the asset sales described in this Section 4.15(a) shall be excluded from the calculation of June Adjusted Statutory Book Value for purposes of Section 1.4, regardless of whether such impact would have the effect of increasing or decreasing June Adjusted Statutory Book Value. For the avoidance of doubt, the preceding sentence will be interpreted to mean that June Adjusted Statutory Book Value will be calculated as if the sale of the Sold Assets never occurred.

(b) With regard to the Sold Assets, (i) if the Sale Price of the Sold Assets exceeds the Fair Value of the Sold Assets, then 65% of any excess of (A) the Sale Price of the Sold Assets over (B) the Fair Value of the Sold Assets will be paid by the applicable Acquired Companies to Seller within five (5) Business Days after the sale of all the Sold Assets is completed and (ii) if the Fair Value of the Sold Assets exceeds the Sale Price of the Sold Assets, then 65% of any excess of (A) the Fair Value of the Sold Assets over (B) the Sale Price of the Sold Assets will be paid by Seller to the applicable Acquired Companies within five (5) Business Days after the sale of all the Sold Assets is completed. Buyer and Seller acknowledge that any and all accounting effect of any payment described in this Section 4.15(b) shall be excluded from the calculation of June Adjusted Statutory Book Value for purposes of Section 1.4, regardless of whether such impact would have the effect of increasing or decreasing June Adjusted Statutory Book Value. For the avoidance of doubt, the preceding sentence will be interpreted to mean that June Adjusted Statutory Book Value will be calculated as if no such payment ever occurred. Any intercompany obligations relating to the payments required pursuant to this Section 4.15(b) shall be exempted from the covenant to unwind intercompany obligations set forth in Section 4.13.

Section 4.16 Other Transactions. From the date of this Agreement to the earlier of (i) the termination of this Agreement and (ii) the Closing, none of Seller, any Subsidiary of Seller or any other Affiliate of Seller shall, nor shall they permit any of their respective agents, directors, officers, employees, advisors (including their financial, legal and accounting advisors) or other representatives to, directly or indirectly, encourage, solicit, initiate or participate in discussions or negotiations with, or provide any information or assistance to, or enter into any agreement with, any Person or group (other than Buyer and its representatives), concerning any merger, consolidation, sale of securities, share exchange or any other business combination, reorganization, recapitalization or similar transaction involving the Acquired Companies or any sale, lease, exchange, transfer or other disposition of over 5% of the assets of the Acquired Companies, it being understood that this covenant shall not apply to any securities held in the Investment Portfolio. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by any officer, director, stockholder or other representative of Seller, any Subsidiary of Seller or any other Affiliate of Seller, whether or not such person is purporting to act on behalf of Seller, any Subsidiary of Seller, any other affiliate of Seller or otherwise, shall be deemed to be a breach of this Section 4.16 by Seller. From the date of this Agreement to the earlier of (i) the termination of this Agreement and (ii) the Closing, in the event that Seller any Subsidiary of Seller or any other Affiliate of Seller receives a proposal relating to any such transaction, Seller shall promptly notify Buyer of such proposal and deliver a copy of such proposal to Buyer.

Section 4.17 Resignations. On the Closing Date, Seller shall cause to be delivered to Buyer (i) duly signed resignations (from the applicable board of directors), effective immediately after the Closing, of all directors of each Acquired Company and (ii) to the extent requested by Buyer, duly signed resignations of those persons who are interested persons (as that term is defined in the Investment Company Act) of an Investment Adviser Subsidiary and serve as directors or trustees of Registered Investment Companies advised by an Investment Adviser Subsidiary or Registered Separate Accounts maintained by an Insurance Subsidiary, and shall take such other action as is necessary to accomplish the foregoing.

Section 4.18 Further Assurances. From time to time, as and when requested by any party, each party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions (subject to Section 4.3), as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement and the other Transaction Documents. Such actions shall include (i) in the case of Seller and GAC, (A) executing and delivering to Buyer such assignments, deeds, bills of sale, consents and other instruments as Buyer or its counsel may reasonably request as necessary or desirable for such purpose and (B) reasonably cooperating with Buyer in its initial preparation of audited financial statements of the Acquired Companies for Exchange Act filing purposes and (ii) in the case of Buyer, (A) reasonably cooperating with Seller in the initial preparation of the June Financial Statements and (B) using commercially reasonable efforts to facilitate the making of the Excess Capital Dividend.

Section 4.19 No Solicitation.

(a) For a period of three (3) years from the Closing, Seller shall not, and shall cause its Subsidiaries not to, directly or indirectly, solicit for employment or employ any Business Employee, without the prior written consent of Buyer; provided, that: (i) the placing of an advertisement of a position available to a member of the public generally, and the hiring of any Business Employee in response to such an advertisement shall not constitute a breach of this Section 4.19(a); and (ii) this obligation shall not prevent Seller or any of its Subsidiaries from employing, mandating or otherwise engaging any Business Employee (A) whose employment with Buyer or its relevant Subsidiaries has been terminated by Buyer or any of its Subsidiaries or (B) who has resigned from employment with Buyer or any of its Subsidiaries, provided that such employee has not been contacted by or engaged in any discussions with Seller or any of its Subsidiaries regarding employment prior to such employee's notifying his or her employer of his or her intent to resign.

(b) For a period of three (3) years from the Closing, Buyer shall not, and shall cause its Subsidiaries not to, directly or indirectly, solicit for employment or employ any employee of Seller or its Subsidiaries, without the prior written consent of Seller; provided, that: (i) the placing of an advertisement of a position available to a member of the public generally, and the hiring of any employee of Seller or its Subsidiaries in response to such an advertisement shall not constitute a breach of this Section 4.19(b); and (ii) this obligation shall not prevent Buyer or any of its Subsidiaries from employing, mandating or otherwise engaging any employee of Seller or its Subsidiaries (A) whose employment with Seller or its relevant Subsidiaries has been terminated by Seller or any of its Subsidiaries or (B) who has resigned from employment with Seller or any of its Subsidiaries, provided that such employee has not been contacted by or engaged in any discussions with Buyer or any of its Subsidiaries regarding employment prior to such employee's notifying his or her employer of his or her intent to resign.

Section 4.20 Non-Competition.

(a) For a period of five (5) years from the Closing, Seller shall not, and shall cause each of its Affiliates not to, (i) directly or indirectly, develop, market or sell products in the United States similar in type to the Life & Annuity Contracts and the type of products sold by the Investment Adviser Subsidiaries or Broker/Dealer Subsidiaries immediately prior to the Closing Date, (ii) establish in the United States any new business which engages in the activities described in the preceding clause (i) or (iii) license, transfer or otherwise convey in the United States any trademark of Seller or any of its Affiliates used by the Acquired Companies prior to the Closing to any person that has indicated an intention to or is reasonably likely to engage in such activities (the activities described in clauses (i)-(iii), "Competitive Activities").

(b) Notwithstanding anything to the contrary contained in this Section 4.20, Buyer hereby agrees that the foregoing covenant shall not be deemed to be breached as a result of: (i) the development, marketing or sale of products of a type not sold by the Acquired Companies (including the Investment Adviser Subsidiaries and Broker/Dealer Subsidiaries) at the time of the Closing; (ii) Competitive Activities conducted by Talbot Financial Corporation and its subsidiaries at the time of the Closing; (iii) any activities (whether Competitive Activities or otherwise) by any Person or business that merges with or acquires Seller or any of its Affiliates or any interest in either, whether through merger (whether forward, reverse or reverse triangular in structure), stock purchase, asset purchase or otherwise, so long as for the first year following the consummation of any such transaction, the directors of the Seller and its Affiliates (or any Persons designated by the Seller or its Affiliates) do not constitute a majority of the board of directors of the acquirer or the surviving company; (iv) the acquisition by Seller or its Affiliates of any Person or business that is engaged in Competitive Activities, so long as the Competitive Activities accounted for less than 35% of the consolidated revenues of such Person or business for the 12 months prior to such acquisition; or (v) the ownership by Seller or any of its Affiliates of (A) less than an aggregate of 5% of any class of stock of a Person engaged, directly or indirectly, in Competitive Activities; provided, that such stock is listed on a national securities exchange or is quoted on the National Market System of NASDAQ; (B) less than 5% in value of any instrument of indebtedness of a Person engaged, directly or indirectly, in Competitive Activities; or (C) a Person or any interest in a Person that engages, directly or indirectly, in Competitive Activities if such Competitive Activities account for less than 35% of such Person's consolidated annual revenues.

(c) The parties hereto acknowledge that any damage caused to Buyer or any of its Affiliates by reason of the breach by Seller or any of its Affiliates of this Section 4.20 would cause irreparable harm that could not be adequately compensated for in monetary damages alone; therefore, each party agrees that, in addition to any other remedies at law or otherwise, Buyer and any of its Affiliates shall be entitled to an injunction issued by a court of competent jurisdiction restraining and enjoining any violation by Seller or any of its Affiliates of this Section 4.20 and Seller further agrees that it will stipulate to the fact that Buyer or any of its Affiliates, as applicable, has been irreparably harmed by such violation and not oppose the granting of such injunction relief.

Section 4.21 Assignment of Confidentiality Agreements. Prior to or at the Closing, Seller shall cause any confidentiality agreements entered into by Seller or any of its Affiliates since September 1, 2003 relating to the Acquired Companies or any properties, assets, liabilities or activities of any Acquired Company in connection with a sale or disposition that are not agreements to which an Acquired Company is a party, to be assigned to an Acquired Company unless expressly prohibited by the terms of such confidentiality agreement.

Section 4.22 Actions Affecting June Adjusted Statutory Book Value. After the Closing, neither Buyer nor Parent will take or fail to take any action or permit any Acquired Company to take or fail to take any action, in each case for the purpose of either (i) shifting statutory income or surplus from the period before June 30, 2004 to the period following June 30, 2004 or (ii) decreasing statutory income or surplus with the intent of decreasing the June Adjusted Statutory Book Value or decreasing the Closing Consideration to the detriment of Seller.

ARTICLE V.
CONDITIONS

Section 5.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the transactions set forth in Section 1.1 shall be subject to the fulfillment or waiver at or prior to the Closing of the following conditions:

(a) no Law, Order or other legal restraint or prohibition enacted, entered, promulgated or enforced by any Governmental Entity (collectively, "Restraints") shall be pending, threatened or in effect challenging or seeking to restrain, prevent or prohibit the consummation of the transactions contemplated in this Agreement;

(b) all material consents, authorizations, orders and approvals of (or filings or registrations with) any Governmental Entity required in connection with the execution, delivery and performance of this Agreement or necessary for the consummation of the transactions contemplated in this Agreement shall have been obtained or made (as the case may be), except for any documents required to be filed after the Closing; and

(c) any waiting period applicable to the transaction set forth in Section 1.1 under the HSR Act shall have expired or been terminated.

Section 5.2 Conditions to Obligation of Parent and Buyer. The obligation of Parent and Buyer to effect the transactions set forth in Section 1.1 shall be subject to the fulfillment or waiver at the Closing of the following additional conditions:

(a) Seller and GAC shall have performed or complied with in all material respects all covenants and obligations that are required to be performed or complied with by them under this Agreement on or prior to the Closing;

(b) each of the representations and warranties of Seller and GAC in this Agreement (disregarding all qualifications and exceptions therein relating to materiality or Material Adverse Effect) shall be true and correct as of the date of this Agreement and as of the Closing Date as if they were made on and as of the Closing Date (other than such representations and warranties that expressly address matters only as of a certain date, which need only be true and correct as of such certain date), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on the Acquired Companies, taken as a whole;

(c) Parent shall have received certificates signed by the chief executive officer and chief financial officer of Seller to the effect of Sections 5.2(a) and (b);

(d) Seller shall have executed and delivered each of the Transaction Documents; and

(e) Parent and Buyer shall have received proceeds from sources of Financing in an amount sufficient to pay the Closing Consideration and to pay all fees and expenses required to be paid by Parent and Buyer in connection with the transactions contemplated in this Agreement and the other Transaction Documents.

Section 5.3 Conditions to Obligation of Seller and GAC . The obligation of Seller and GAC to effect the transactions set forth in Section 1.1 shall be subject to the fulfillment or waiver at the Closing of the following additional conditions:

(a) Parent and Buyer shall have performed or complied with in all material respects all covenants and obligations that are required to be performed or complied with by them under this Agreement on or prior to the Closing;

(b) each of the representations and warranties of Parent and Buyer in this Agreement (disregarding all qualifications and exceptions therein relating to materiality or Material Adverse Effect) shall be true and correct as of the date of this Agreement and as of the Closing Date as if they were made on and as of the Closing Date (other than such representations and warranties that expressly address matters only as of a certain date, which need only be true and correct as of such certain date), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect on Parent or Buyer;

(c) Seller shall have received a certificate signed by the chief executive officer and chief financial officer of each of Parent and Buyer to the effect of Sections 5.3(a) and (b);

(d) at the Closing Date: (i) at least seventy-five percent (75%) of the members of the Investment Company Boards of any Registered Investment Company which has approved a new investment advisory contract shall not be “interested persons” (as such term is defined in the Investment Company Act) of that Acquired Company Subsidiary that will act as investment adviser to such Investment Companies following the Closing Date, or the Acquired Companies or of any of their Affiliates that was the investment adviser of any such Investment Company immediately preceding the Closing Date; and (ii) the requirements of Section 15(f)(1)(B) of the Investment Company Act shall have been complied with in that no “unfair burden” shall have been imposed on any of the Registered Investment Companies that are management investment companies as a result of this Agreement, the transactions contemplated hereunder, new Investment Company Advisory Agreements or otherwise; and

(e) Parent and/or Buyer, as applicable, shall have executed and delivered each of the Transaction Documents.

ARTICLE VI.
TERMINATION

Section 6.1 Termination. This Agreement may be terminated and the transactions set forth in Section 1.1 contemplated hereby may be abandoned at any time prior to the Closing:

(a) by the mutual written consent of Parent, Buyer and Seller;

(b) by Parent, Buyer or Seller, if a court of competent jurisdiction or other Governmental Entity shall have issued an Order or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions set forth in Section 1.1 and such Order or other action shall have become final and nonappealable;

(c) by Parent or Buyer, if Seller or GAC shall have materially breached or failed to perform any of their respective representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 5.2(a) or Section 5.2(b) and (B) is incapable of being cured, or is not cured, by Seller or GAC, as applicable, within thirty (30) calendar days following receipt of written notice of such breach or failure to perform from Parent or Buyer;

(d) by Seller, if Parent or Buyer shall have materially breached or failed to perform any of their respective representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 5.3(a) or Section 5.3(b) and (B) is incapable of being cured, or is not cured, by Parent or Buyer, as applicable, within thirty (30) calendar days following receipt of written notice of such breach or failure to perform from Seller; or

(e) by Parent or Seller, if the Closing shall not have occurred on or before the nine month anniversary of the date of this Agreement; provided, however, that the right to terminate this Agreement under this Section 6.1(e) shall not be available to any party whose failure to fulfill materially any covenant or obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

Section 6.2 Procedure for and Effect of Termination. In the event that this Agreement is terminated and the transactions set forth in Section 1.1 are abandoned by Parent or Buyer, on the one hand, or by Seller, on the other hand, pursuant to Section 6.1, written notice of such termination and abandonment shall forthwith be given to the other parties and this Agreement shall terminate and the transactions set forth in Section 1.1 shall be abandoned without any further action. If this Agreement is terminated as provided herein, no party hereto shall have any liability or further obligation to any other party under the terms of this Agreement except (i) with respect to the willful breach by any party hereto, and (ii) this Section 6.2, the second sentence of Section 4.2(a), Section 4.5, Article VII and Section 8.5 shall survive the termination of this Agreement.

ARTICLE VII.
INDEMNIFICATION

Section 7.1 Indemnification by Seller and GAC. Subject to the limitations set forth in Section 7.3, from and after the Closing, Seller and GAC, jointly and severally, shall indemnify, defend and hold harmless Parent, Buyer, each of their respective Affiliates and each of their respective officers, directors, employees, agents and representatives (the "Buyer Indemnified Parties") from and against any and all claims, losses, damages, liabilities, obligations or expenses, including reasonable legal fees and expenses (collectively, "Losses"), as incurred, payable promptly upon written request, to the extent arising or resulting from or relating to any of the following (except for any items relating to Taxes, which shall be governed exclusively by Section 7.5):

(a) any breach of any representation or warranty of Seller or GAC contained in this Agreement (it being agreed and acknowledged by the parties that for purposes of Parent and Buyer's right to indemnification pursuant to this Section 7.1 the representations and warranties of Seller and GAC (except for the representations and warranties set forth in (i) the second and fourth sentences in Section 2.7(a)(ii), (ii) clause (C) of the first sentence of Section 2.7(a)(iii) and (iii) the next to last sentence of Section 2.22(e)) shall be deemed not qualified by any references therein to materiality generally or to whether or not any breach results or may result in a Material Adverse Effect);

(b) any breach of any covenant of Seller and GAC contained in this Agreement;

(c) any failure by an Investment Adviser Subsidiary or a Registered Investment Company to be, or at any time since their adoption to have been, in compliance with its respective RIC Procedures; or

(d) any failure (i) by an Insurance Subsidiary to disclose in its marketing and sales materials, to the extent required by applicable Law, any of its Financial Intermediary Arrangements or (ii) of any such Financial Intermediary Arrangement to comply, or at any time to have complied, with applicable Law.

Section 7.2 Indemnification by Parent, Buyer and the Acquired Companies. Subject to the limitations set forth in Section 7.3, from and after the Closing, Parent, Buyer and the Acquired Companies shall indemnify, defend and hold harmless Seller, GAC, each of their respective Affiliates and each of their respective officers, directors, employees, agents and representatives (the "Seller Indemnified Parties") from and against any and all Losses, as incurred, payable promptly upon written request, to the extent arising or resulting from or relating to any of the following:

(a) any breach of any representation or warranty of Parent or Buyer contained in this Agreement (it being agreed and acknowledged by the parties that for purposes of Seller and GAC's right to indemnification pursuant to this Section 7.2 the representations and warranties of Parent and Buyer shall be deemed not qualified by any references therein to materiality generally or to whether or not any breach results or may result in a Material Adverse Effect); or

(b) any breach of any covenant of Parent or Buyer contained in this Agreement.

Section 7.3 Limitations on Indemnity.

(a) None of the Buyer Indemnified Parties shall be entitled to assert any right to indemnification under Section 7.1(a) until (i) each individual amount of Losses otherwise due the Buyer Indemnified Parties exceeds $250,000 (the "De Minimis Amount") (provided, that (X) the term "individual amount of Losses" shall mean each individual breach of a particular warranty and not the aggregation of individual breaches of a particular warranty into a single breach (e.g., if Seller failed to disclose five contracts under a particular warranty, and the failure to disclose any one of those contracts would be a breach, then the five contracts together would be considered multiple breaches, of which each such undisclosed contract would be an "individual amount of Loss") and (Y) for purposes of the calculation of the Loss with respect to such individual breach, a series of separate Losses caused by or resulting from the same individual breach shall be aggregated (e.g., if an individual breach causes or results in two separate Losses of $200,000 each, such Losses shall be aggregated to a sum of $400,000 for purposes of determining whether the "Loss" with respect to such individual amount is less than $250,000)) and (ii) the aggregate amount of all the Losses actually suffered by the Buyer Indemnified Parties exceeds 3.0% of the Purchase Price (the "Deductible Amount"), and then only to the extent such Losses exceed, in the aggregate, the Deductible Amount. For the avoidance of doubt, indemnification for Losses arising from breaches of any of Sections 2.7(a)(v), 2.21(b)(xxi)-(xxiv) and 2.22(1)-(n) shall not be subject to either the De Minimis Amount or to the Deductible Amount, and all such Losses shall be indemnified beginning with the first dollar of Loss. Anything in this Agreement to the contrary notwithstanding, in no event shall Seller or GAC be required to indemnify Parent, Buyer, any Acquired Company or the Buyer Indemnified Parties for Losses pursuant to Section 7.1(a) in any amount exceeding 65% of the Purchase Price (the "Cap"); provided, that the Cap shall not apply to Seller's and GAC's requirement to indemnify Parent, Buyer, any Acquired Company or the Buyer Indemnified Parties for Losses pursuant to Section 7.1(a) with respect to a breach of the representations and warranties set forth in Sections 2.1, 2.2, 2.3, 2.7(a)(v), 2.21(b)(xxi)-(xxiv) or 2.22(l)-(n), and any indemnified Losses in respect of such representations and warranties shall not count against the Cap.

(b) None of the Seller Indemnified Parties shall be entitled to assert any right to indemnification under Section 7.2(a) until (i) each individual amount of Losses otherwise due the Seller Indemnified Party exceeds the De Minimis Amount (provided, that (X) the term "individual amount of Losses" shall mean each individual breach of a particular warranty and not the aggregation of individual breaches of a particular warranty into a single breach (e.g., if Buyer failed to disclose five contracts under a particular warranty, and the failure to disclose any one of those contracts would be a breach, then the five contracts together would be considered multiple breaches, of which each such undisclosed contract would be an "individual amount of Loss") and (Y) for purposes of the calculation of the Loss with respect to such individual breach, a series of separate Losses caused by or resulting from the same individual breach shall be aggregated (e.g., if an individual breach causes or results in two separate Losses of $200,000 each, such Losses shall be aggregated to a sum of $400,000 for purposes of determining whether the "Loss" with respect to such individual amount is less than $250,000))and (ii) the aggregate amount of all the Losses actually suffered by the Seller Indemnified Parties exceeds the Deductible Amount, and then only to the extent such Losses exceed, in the aggregate, the Deductible Amount. Anything in this Agreement to the contrary notwithstanding, in no event shall Buyer be required to indemnify Seller, GAC or the Seller Indemnified Parties for Losses pursuant to Section 7.2(a) in any amount exceeding the Cap; provided, however, that no such limitations (A) shall affect Parent's and Buyer's obligation to pay the Purchase Price or (B) apply to Parent's and Buyer's obligations to indemnify Seller, GAC or the Seller Indemnified Parties for Losses pursuant to Section 7.2(a) (solely with respect to a breach of the representations and warranties set forth in Sections 3.1 or 3.2).

(c) No party hereto shall be liable to the others for indirect, special, incidental, consequential or punitive damages claimed by such other party or parties, as the case may be, resulting from such first party's breach of its representations, warranties or covenants hereunder.

(d) No Buyer Indemnified Party shall be entitled to indemnification (i) with respect to any particular Loss to the extent specific provision or reserve for such matter is made in the June Financial Statements or in the notes thereto or in an Adjustment Memorandum, as applicable or (ii) with respect to any matter that has been decided by the Accounting Expert (and which is expressly addressed as having been decided in the written findings of the Accounting Expert).

(e) Each party shall have the right to retain copies of all documents delivered or made available by or to such party or its Affiliates in connection with the transactions contemplated hereby to the extent reasonably required for the purpose of defending any claim against it under this Agreement or enforcing its rights hereunder (including making any claims or counterclaims against third parties pursuant to Section 7.4).

Section 7.4 Indemnification Procedures.

(a) Procedures Relating to Indemnification of Third Party Claims. Except as otherwise provided in this Agreement, if any party (the "Indemnified Party") receives written notice of the commencement of any action or proceeding or the assertion of any claim by a third party or the imposition of any penalty or assessment for which indemnity may be sought under Section 7.1 or 7.2 (a "Third Party Claim"), and such Indemnified Party intends to seek indemnity pursuant to this Article VII, the Indemnified Party shall promptly provide the other party or parties, as applicable (the "Indemnifying Party") with written notice of such Third Party Claim, stating the nature, basis and the amount thereof, to the extent known, along with copies of the relevant documents evidencing such Third Party Claim and the basis for indemnification sought. Failure of the Indemnified Party to give such notice will not relieve the Indemnifying Party from liability on account of this indemnification, except if and to the extent that the Indemnifying Party is actually prejudiced thereby. The Indemnifying Party will have thirty (30) days from receipt of any such notice of a Third Party Claim to give notice to assume the defense thereof. If notice to the effect set forth in the immediately preceding sentence is given by the Indemnifying Party, the Indemnifying Party will have the right to assume the defense of the Indemnified Party against the Third Party Claim with counsel of its choice. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof after notice to the Indemnified Party. So long as the Indemnifying Party has assumed the defense of the Third Party Claim in accordance herewith, (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not file any papers or consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party and (iii) the Indemnifying Party will not (A) admit to any wrongdoing or (B) consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim to the extent such judgment or settlement provides for equitable relief, in each case, without the prior written consent of the Indemnified Party (such written consent will not be withheld or delayed unreasonably). The parties will use commercially reasonable efforts to minimize Losses from Third Party Claims and will act in good faith in responding to, defending against, settling or otherwise dealing with such claims. The parties will also cooperate in any such defense and give each other reasonable access to all information relevant thereto. Whether or not the Indemnifying Party has assumed the defense, such Indemnifying Party will not be obligated to indemnify the Indemnified Party hereunder for any settlement entered into or any judgment that was consented to without the Indemnifying Party's prior written consent. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the reasonable fees and expenses of counsel incurred by the Indemnified Party in defending such Third Party Claim) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnified Party that the Indemnified Party reasonably determines, after conferring with its outside counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages,

the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

(b) Procedures for Non-Third Party Claims. Except as otherwise provided in this Agreement, the Indemnified Party will notify the Indemnifying Party in writing promptly of its discovery of any matter that does not involve a Third Party Claim being asserted against or sought to be collected from the Indemnified Party, giving rise to the claim of indemnity pursuant hereto. The failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party from liability on account of this indemnification, except only if and to the extent that the Indemnifying Party is actually prejudiced thereby. The Indemnifying Party will have thirty (30) days from receipt of any such notice to give notice of dispute of the claim to the Indemnified Party. The Indemnified Party will reasonably cooperate and assist the Indemnifying Party in determining the validity of any claim for indemnity by the Indemnified Party and in otherwise resolving such matters. Such assistance and cooperation will include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters. If the Indemnifying Party does not notify the Indemnified Party within such thirty (30) day period that the Indemnifying Party disputes its liability to the Indemnified Party under Section 7.1 or 7.2, such claim specified by the Indemnified Party in such notice shall be conclusively deemed a liability of the Indemnifying Party under Section 7.1 or 7.2 and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of such claim (or such portion thereof) becomes finally determined.

(c) For purposes of this Article VII, all Losses (x) shall be computed net of (i) any Tax benefit resulting therefrom to the Indemnified Party, (ii) any amounts actually recovered by the Indemnified Party under insurance policies with respect thereto and (iii) any amounts actually recovered from third parties based on claims the Indemnified Party has against such third parties which reduce the Losses sustained by such Indemnified Party; provided, however, that, in all cases, the timing of the receipt or realization of insurance proceeds or Tax benefits or Tax costs or recoveries from third parties shall be taken into account in determining the amount of reduction of Losses that is not considered a purchase price adjustment, and (y) shall be increased to take account of any net Tax cost incurred by the Indemnified Party arising from the receipt of indemnity payments hereunder (grossed up for such increase).

(d) Each party shall cooperate with the other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party hereunder, including by using commercially reasonable efforts to mitigate or resolve any such claim or liability; provided, however, that such party shall not be required to make such efforts if they would be detrimental in any material respect to such party.

(e) Buyer and Parent agree that prior to any Buyer Indemnified Party submitting a claim for indemnification for Losses arising or resulting from or relating to

any breach of the representations set forth in any of (i) the second or fourth sentences of Section 2.7(a)(ii), (ii) clause (C) of the first sentence of Section 2.7(a)(iii) or (iii) the next to last sentence of Section 2.22(e) (collectively, the "SAP Reps")) pursuant to Section 7.1:

(A) the parties shall mutually agree upon an accounting professional with significant experience in the life insurance company accounting field (the "Reviewer"), or if the parties cannot mutually agree upon a Reviewer the parties will mutually request that the American Arbitration Association (the "AAA") select an appropriate reviewer for them (and the parties shall share equally any fees of the AAA and the Reviewer resulting from such request);

(B) Buyer shall submit to the Reviewer and Seller within 15 days after the selection of the Reviewer a written letter summarizing why it reasonably believes that there has been a breach of a SAP Rep by Seller or GAC;

(C) At its option, Seller may submit to the Reviewer and Buyer within a time period to be selected by the Reviewer (but in no event longer than 30 days after the selection of the Reviewer) a written letter summarizing its position in response to Buyer's letter;

(D) the Reviewer shall review the bases for the Buyer's claim that there has been a breach of a SAP Rep and shall within a reasonable time (but in no event more than 20 days after submission of any letter by Seller) issue a written statement (the "Reviewer Conclusion") stating whether the Reviewer believes that it is reasonably likely that there has been a breach by Seller or GAC of a SAP Rep.

If the Reviewer Conclusion states that the Reviewer believes that it is reasonably likely that there has been a breach by Seller or GAC of a SAP Rep, then the applicable Buyer Indemnified Party may submit its claim for indemnification for Losses arising or resulting from or relating to such breach pursuant to Section 7.1.

Section 7.5 Tax Indemnity. Notwithstanding anything in this Agreement to the contrary, Seller and GAC shall, jointly and severally, indemnify, defend and hold harmless the Buyer Indemnified Parties from (i) all liability for Taxes of the Acquired Companies with respect to any Pre-Closing Tax Period, (ii) all liability for Taxes of any person with whom any of the Acquired Companies or their Subsidiaries joins or has ever joined in filing any affiliated, consolidated, combined or unitary Tax Return prior to the Closing Date, (iii) all Losses with respect to the breaches of representations and warranties set forth in Sections 2.19, 2.21(b)(xvii) through 2.21(b)(xx), 2.22(c) and 2.22(d) and the covenants set forth in Sections 4.8, 4.10(f) and 4.10(g) and (iv) all liability for reasonable legal fees and expenses attributable to any item described in clauses (i) through (iii). It is agreed and acknowledged by the parties that for purposes of Seller and GAC's right to indemnification pursuant to clause (iii) of the preceding sentence of this Section 7.5, the representations and warranties of Seller and GAC set forth in Section 2.19 shall be deemed not qualified by any references therein to materiality generally or to whether or not any breach results or may result in a Material Adverse Effect. For the avoidance of doubt, the limitations set forth in Section 7.3 shall not apply to indemnification under this Section 7.5; provided, however, that no Buyer Indemnified Party shall be entitled to indemnification pursuant to this Section 7.5 (i) with respect to any Tax to the extent specific provision or reserve for such Tax is made in the June Financial Statements or in the notes thereto or in an Adjustment Memorandum, as applicable or (ii) with respect to any matter that has been decided by the Accounting Expert (and which is expressly addressed as having been decided in the written findings of the Accounting Expert).

Section 7.6 Survival and Time Limitation. The representations, warranties and other terms and provisions of this Agreement and any certificate delivered pursuant hereto shall survive the Closing of the transactions contemplated hereunder. Notwithstanding the foregoing, after Closing, any assertion by Parent or Buyer or any Buyer Indemnified Party that Seller or GAC is liable to Parent, Buyer or any Buyer Indemnified Party for indemnification under Section 7.1(a) of this Agreement must be made in writing and must be given to Seller and GAC (or not at all) on or prior to the 12 month anniversary of the Closing Date, except (a) for indemnification for matters addressed in Sections 2.7(a)(v), 2.18, 2.19, 2.20, 2.21(b)(xxi)-(xxiv), 2.22(1)-(n) and 7.5, which must be made in writing and must be given to Seller and GAC (or not at all) on or prior to the date that is ninety (90) days after the date on which the applicable statute of limitations expires with respect to the matters covered thereby and (b) for indemnification for breaches of the representations and warranties contained in Sections 2.1, 2.2 and 2.3, which must be made in writing and may be given to Seller and GAC at any time after the Closing Date without limitation. After Closing, any assertion by Seller or GAC or any Seller Indemnified Party that Parent or Buyer is liable to Seller, GAC or any Seller Indemnified Party for indemnification under Section 7.2(a) of this Agreement or the certificate delivered in respect of Section 5.2(a) of this Agreement must be made in writing and must be given to Buyer and Parent (or not at all) on or prior to the 12 month anniversary of the Closing Date, except for indemnification for breaches of the representations and warranties contained in Sections 3.1 and 3.2, which must be made in writing and may be given to Buyer and Parent at any time after the Closing Date without limitation.

Section 7.7 Sole and Exclusive Remedy. **Except in all cases for claims of, or causes of action arising from, fraud, bad faith or willful misconduct, From and after the Closing, the indemnification provisions of this Article VII shall be the sole and exclusive right and remedy of each party (including the Seller Indemnified Parties and the Buyer Indemnified Parties) (i) for any breach of the other party's representations, warranties, covenants, or agreements contained in this Agreement or (ii) otherwise with respect to this Agreement or the transactions contemplated hereby, and the parties waive the right to all other remedies; provided, however, that nothing set forth in this Section 7.7 shall be deemed to prohibit or otherwise limit either party's right at any time before, on or after the closing date, to seek injunctive or equitable relief for the failure of the other party to perform any covenant or agreement set forth herein.**

Section 7.8 Treatment of Indemnification Payments. All indemnification payments made pursuant to this Article VII shall be treated by the parties as adjustments to the Purchase Price unless otherwise required by applicable law.

ARTICLE VIII.
MISCELLANEOUS

Section 8.1 Amendment and Modification. This Agreement may be amended, modified or supplemented, only by a written agreement signed by each of the parties hereto.

Section 8.2 Waiver of Compliance; Consents. Any failure of Parent or Buyer, on the one hand, or Seller, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived by Seller or Parent or Buyer, respectively, only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 8.2.

Section 8.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by telecopier (with a confirmed receipt thereof) or registered or certified mail (postage prepaid, return receipt requested), and on the next Business Day when sent by overnight courier service, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent, to:

White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, NH 03755
Attention: Robert Seelig, General Counsel
Facsimile: 603-643-4592

and with a copy to:

Cravath Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019-7475
Attention: Philip A. Gelston and Faiza J. Saeed
Facsimile: 212-474-3700

(b) if to Buyer, to:

Occum Acquisition Corp.
370 Church Street
Guilford, CT 06437
Attention: Reid Campbell, Treasurer
Facsimile: 203-458-0754

with a copy to:

White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, NH 03755
Attention: Robert Seelig, General Counsel
Facsimile: 603-643-4592

and with a copy to:

Cravath Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019-7475
Attention: Philip A. Gelston and Faiza J. Saeed
Facsimile: 212-474-3700

(c) if to Seller or GAC to:

Safeco Corporation
Safeco Plaza
4333 Brooklyn Avenue NE
Seattle, WA 98185
Attention: James W. Ruddy, Senior Vice President and General Counsel
Facsimile: 206-545-5559

with a copy to:

Latham & Watkins LLP
Sears Tower – Suite 5800
233 South Wacker Drive

Chicago, IL 60606
Attention: Michael D. Levin
Facsimile: 312-993-9767

Section 8.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; provided, however, that the rights (but not the obligations) of Buyer may be transferred to any direct or indirect wholly owned subsidiary of Parent with an appropriate amendment to this Agreement.

Section 8.5 Expenses. Whether or not the transactions set forth in Section 1.1 are consummated, all fees, charges and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, charges or expenses, except as set forth in the following sentence. The Seller shall pay the following costs and expenses of the transactions contemplated hereby to the extent incurred prior to the Closing: (i) any third-party assignment penalties or premiums (whether imposed in the form of fees, penalties, assessments, loss of servicing income, or otherwise) and (ii) all other external costs incurred in securing third party consents, including all costs related to the preparation (including, but not limited to, legal fees), printing and mailing of proxies and all proxy solicitation expenses with respect to the Registered Investment Companies.

Section 8.6 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the state of New York applicable to agreements made and to be performed entirely within such state, without regard to the choice of law principles thereof.

Section 8.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8.8 Interpretation.

(a) The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. The parties are sophisticated, represented by counsel and jointly have participated in the negotiation and drafting of this Agreement and there shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(b) (i) Seller and Buyer acknowledge that all references to specific line items within any of the definitions referred to in the defined term "June Adjusted Statutory Book Value" (other than the defined term "Book Value of Certain Non-Admitted Assets" and the definitions referred to in such defined term) were created on the basis of line items set forth in the audited statutory statement of the applicable Insurance Company as of December 31, 2003. In the event that the title of any line item in the audited statutory statements of the Insurance Companies as of June 30, 2004 has changed from the titling in the audited statutory statements of one or more Insurance Companies as of December 31, 2003, a parallel change shall be deemed to have been made in all line item references described in the preceding sentence to which such labeling change would be applicable, with the intent that the values and amounts described by such line item references shall remain consistent between the two sets of audited statutory statements.

(ii) Seller and Buyer acknowledge that all references to specific line items within any of the definitions referred to in the defined term "Book Value of Certain Non-Admitted Assets" were created on the basis of line items set forth in the statutory annual statement of the applicable Insurance Company as of December 31, 2003. In the event that the title of any line item in the quarterly statutory statements of the Insurance Companies as of June 30, 2004 has changed from the titling in the December 31, 2003 annual statements of one or more Insurance Companies, a parallel change shall be deemed to have been made in all line item references described in the preceding sentence to which such labeling change would be applicable, with the intent that the values and amounts described by such line item references shall remain consistent between the two sets of statements.

Section 8.9 Entire Agreement. This Agreement (including the schedules, exhibits, documents or instruments referred to herein), the other Transaction Documents and the Confidentiality Agreement embody the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the parties, or between any of them, with respect to the subject matter hereof and thereof. There are no restrictions, promises, representations, warranties, agreements or undertakings whatsoever with respect to the transactions contemplated by this Agreement, the other Transaction Documents or the Confidentiality Agreement, other than those expressly set forth herein or therein.

Section 8.10 No Third Party Beneficiaries. This Agreement is not intended to, and does not, create any rights or benefits of any party other than the parties hereto.

Section 8.11 Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 8.12 Consent to Jurisdiction. Each party irrevocably submits to the exclusive jurisdiction of (a) the New York State Supreme Court sitting in the borough of Manhattan, and (b) the United States District Court for the Southern District of New York sitting in the borough of Manhattan, for the purposes of any suit, action or other proceeding arising out of this Agreement, any Transaction Document or any transaction contemplated hereby or thereby. Each of Parent, Buyer, Seller and GAC further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 8.12. Each of Parent, Buyer, Seller and GAC irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, any Transaction Document or the transactions contemplated hereby and thereby in (i) the New York State Supreme Court sitting in the borough of Manhattan, or (ii) the United States District Court for the Southern District of New York sitting in the borough of Manhattan, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 8.13 WAIVER OF JURY TRIAL. EACH PARTY HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING OR STATEMENT (WHETHER VERBAL OR WRITTEN) RELATING TO THE FOREGOING. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT.

ARTICLE IX.
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings ascribed to them in this Article IX:

"AAA" is defined in Section 7.4(e).

"Accounting Expert" is defined in Section 1.4(d).

"Acquired Company" is defined in the recitals.

"Acquired Company Employee" means each (i) employee of an Acquired Company on the Closing Date, whether or not such employee is actively at work on such day including any employees who are on military leave, disability, worker's compensation or any other leave of absence, whether or not paid, and (ii) each Bank Channel Employee who actually becomes an employee of Buyer or an Acquired Company pursuant to Section 4.6(h).

"Acquired Company Plans" means each Plan that is maintained or sponsored solely by an Acquired Company for its current and/or former employees.

"Acquired Company Proprietary Rights" means all Proprietary Rights owned by the Acquired Companies.

"Adjustment Memorandum" is defined in Section 1.4(c).

"Adjustment Note" is defined in Section 1.4(g).

"Admitted Statutory Deferred Tax Asset" means the total of the values set forth as 'Net deferred tax asset' in the audited statutory statement as of June 30, 2004 of each of Safeco Life Insurance Company, American States Life Insurance Company, Safeco National Life Insurance Company and First Safeco National Life Insurance Company of New York.

"Advisory Agreement" means, with respect to any Person, each Contract or Other Agreement relating to its rendering of investment management, investment advisory, management, administration or any other services to a Client, including any sub-advisory or similar agreement.

"Affiliate," with respect to any Person, shall mean any Person controlling, controlled by or under common control with such Person and shall also include any Person 10% or more of whose outstanding voting power is owned by the specified Person either directly or indirectly through subsidiaries.

"Affiliated Group" means Seller, the Acquired Companies and each other member of the affiliated group of corporations that includes Seller within the meaning of Section 1504 of the Code.

"Agreed Accounting Policies" is defined in Section 1.4(a).

"Agreement" is defined in the preamble.

"Asset Management Business" means the business conducted by those Acquired Companies that are Investment Advisor Subsidiaries or Broker/Dealer Subsidiaries.

"Asset Valuation Reserve" means the total of the values set forth as 'Asset valuation reserve' in the audited statutory statements as of June 30, 2004 of each of Safeco Life Insurance Company, American States Life Insurance Company, Safeco National Life Insurance Company and First Safeco National Life Insurance Company of New York.

"Bank Channel Employee" means each employee set forth on Schedule 4.6(h).

"Book Value of Certain Non-Admitted Assets" is the total of the values of all non-admitted assets as of June 30, 2004 as reflected in the Quarterly Statutory Statement, Page 2, Column 2 of each of Safeco Life Insurance Company, Safeco National Life Insurance Company and First Safeco National Life Insurance Company of New York, but excluding (i) Intangible Assets and (ii) the Non-Admitted Statutory Deferred Tax Asset.

"Broker/Dealer Subsidiaries" is defined in Section 2.7(b).

"Business Day" means any day which is not a Saturday, Sunday, or legal holiday recognized by the United States of America.

"Business Employee" means each employee of an Acquired Company and each Bank Channel Employee.

"Buyer" is defined in the preamble.

"Buyer Indemnified Parties" is defined in Section 7.1.

"Buyer Intellectual Property License" is defined in Section 1.3(a)(iii).

"Buyer's Group Welfare Plans" is defined in Section 4.6(d).

"Buyer's Retirement Plan" is defined in Section 4.6(c).

"Cap" is defined in Section 7.3(a).

"Client" means, with respect to any Person, each Investment Company and each other Person for which such Person or any of its Subsidiaries is a Service Provider.

"Client Contracts" is defined in Section 2.21(a)(ii).

"Closing" is defined in Section 1.2.

"Closing Consideration" is defined in Section 1.3(b)(i).

"Closing Date" is defined in Section 1.2.

"COBRA" is defined in Section 4.6(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Combined Return" is a Seller Tax Return for any Taxes imposed by a state, local or foreign Tax authority for which Seller or any Affiliate of Seller other than the Acquired

Companies files with any of the Acquired Companies on a consolidated, combined or unitary basis.

"Commonly Controlled Entity" is defined in Section 2.20(a).

"Company Forms" is defined in Section 2.22(a).

"Competitive Activities" is defined in Section 4.20(a).

"Confidentiality Agreement" is defined in Section 4.2(a).

"Constituent Documents" means, with respect to any corporation, its charter and by-laws; with respect to any partnership, its certificate of partnership and partnership agreement; with respect to any limited liability company, its certificate of formation and limited liability

company or operating agreement; with respect to any trust, its declaration or agreement of trust; and with respect to each other Person, its comparable constitutional instruments or documents; together in each case, with all material consents and other instruments delegating authority pursuant to such Constituent Documents.

"Contracts or Other Agreements" is defined in Section 2.4.

"De Minimis Amount" is defined in Section 7.3(a).

"December Financial Statements" is defined in Section 1.4(a).

"Deductible Amount" is defined in Section 7.3(a).

"delivered" shall include delivery by means of computer disk, CD-ROM, electronic mail, facsimile, hand deliveries, messenger or other courier service.

"Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, orders, demands, directives, claims, liens, investigations, proceedings or written notices of violation by or from any Person alleging liability of whatever kind or nature arising out of, based on or resulting from (y) the presence or release of, or exposure to, any Hazardous Materials at any location; or (z) the failure to comply with any Environmental Law.

"Environmental Laws" means all applicable federal, state, local and foreign laws, rules, regulations, orders, decrees, judgments, legally binding agreements or Environmental Permits issued, promulgated or entered into by or with any Governmental Entity, relating to pollution, natural resources or protection of endangered or threatened species, human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

"Environmental Permit" means all permits, licenses and governmental authorizations pursuant to Environmental Law.

"Equity Interest" means, with respect to any Person, any share of capital stock of, general, limited or other partnership interest, membership interest or similar ownership interest under the laws of a jurisdiction outside the United States, in such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Plans" is defined in Section 2.7(c).

"Excess Capital Dividend" is defined in Section 4.1(c).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Value" of an asset shall be the value for such asset calculated by Seller using assumptions and methodologies consistent with those assumptions and methodologies utilized to calculate the amounts included in Schedule 4.15, with the exception that instead of

using the December 31, 2003 yield curve for such calculation, the treasury yield curve as of the date of the sale will be used in the calculation.

"Fair Value of the Sold Assets" is defined as the total of the Fair Value amounts calculated at the time of sale for each Sold Asset.

"Financial Intermediary Arrangements" is defined in Section 2.22(l).

"Financing" is defined in Section 3.6.

"Fund Agreements" is defined in Section 2.21(b)(vi).

"Fund Reports" is defined in Section 2.21(b)(iv).

"GAAP" shall mean generally accepted accounting principles in the United States in effect as of the date of the most recent balance sheet included within the GAAP Financial Statements delivered to Parent and Buyer.

"GAAS" is defined in Section 1.4(a).

"GAC" is defined in the preamble.

"Goldman Sachs" is defined in Section 2.11.

"Governmental Entity" means any foreign, federal, state, municipal, local or other governmental department, commission, board, bureau, agency or instrumentality or court of competent jurisdiction or any governmental or non-governmental self-regulatory organization, agency or authority (including the National Association of Securities Dealers, Inc., the Commodities and Futures Trading Commission, the National Futures Association and the National Association of Insurance Commissioners.

"Hazardous Materials" means (y) any petroleum or petroleum products, radioactive materials or wastes, asbestos in any form and polychlorinated biphenyls; and (z) any other chemical, material, substance or waste that in relevant form or concentration is prohibited, limited or regulated under any Environmental Law.

"HIPAA" is defined in Section 2.22(o).

"HSR Act" is defined in Section 2.5.

"including" shall, unless the context clearly requires otherwise, mean including but not limited to the items or things following such term.

"Indemnified Party" is defined in Section 7.4(a).

"Indemnifying Party" is defined in Section 7.4(a).

"Initial Adjustment Amount" is defined in Section 1.4(g).

"Insurance Subsidiaries" is defined in Section 2.7(a)(i).

"Insurance Subsidiaries HIPAA/Privacy Plan" is defined in Section 2.22(o).

"Insurance Subsidiary Statements" shall mean (a) audited statutory financial statements (including any exhibits or schedules thereto) filed in each Insurance Subsidiary's state of domicile for the year 2003 and (b) the annual and quarterly statutory financial statements (including any exhibits or schedules thereto) filed in each Insurance Subsidiary's state of domicile for all years and quarters ending thereafter and prior to the Closing for each Insurance Subsidiary.

"Intangible Assets" means the total of the values set forth as 'Intangible Assets' included as an Aggregate Write-in on Page 2, Column 2, line 2302 of the Quarterly Statutory Statement as of June 30, 2004 of each of Safeco Life Insurance Company, American States Life Insurance Company, Safeco National Life Insurance Company and First Safeco National Life Insurance Company of New York.

"Investment Adviser Subsidiary" is defined in Section 2.7(c).

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"Investment Company" means an investment company, as such term is defined in the Investment Company Act (including any entity that, although an investment company, is exempt from registration as an investment company under such Act). When used herein without reference to a specified Person, "Investment Company" refers to any Investment Company for which any of the Acquired Companies acts as a Service Provider.

"Investment Company Act" means the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"Investment Company Advisory Agreement" means any Advisory Agreement to which an Investment Company is a party.

"Investment Company Board" or "Board" means the board of directors or trustees (or persons performing similar functions) of an Investment Company.

"Investment Company Financial Statements" is defined in Section 2.21(b)(ii).

"Investment Guidelines" means the Safeco Corporation Investment Policies and Guidelines adopted as of November 5, 2001, effective as of January 1, 2002, as amended and restated on August 7, 2002, as delivered to Buyer prior to the date of this Agreement.

"Investment Portfolio" means all investments, including stocks, bonds, cash and limited partnership interests, owned, directly or indirectly, by the Affiliated Group for the benefit of the Acquired Companies, other than shares in any Acquired Company.

"IP Side Letters" is defined in Section 4.1(z).

"IRS" means the Internal Revenue Service.

"June Adjusted Statutory Book Value" is the total of (i) Statutory Capital and Surplus plus (ii) the Asset Valuation Reserve minus (iii) the Admitted Statutory Deferred Tax Asset plus (iv) the Book Value of Certain Non-Admitted Assets plus (v) a Mark to Market Adjustment.

"June Financial Statements" is defined in Section 1.4(a).

"knowledge" with respect to Seller, shall mean the actual knowledge of Christine Mead, James Ruddy, Roger Harbin, Michael Kinzer, Michael Murphy and Randall Talbot.

"Law" means any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official enactment of or by any Governmental Entity.

"Lease" is defined in Section 2.16(b).

"Lease Agreement" is defined in Section 1.3(a)(v).

"Leased Property" is defined in Section 2.16(b).

"Lien" means any lien, security interest, charge, claim, mortgage, deed of trust, warrant, purchase right, lease, or other encumbrance.

"Life and Annuity Contracts" means all group health and medical, life insurance, annuity and endowment contracts and other contracts and agreements typically considered part of the group health and medical or life lines of insurance, which contracts and agreements shall have been sold, arranged delivered, issued for delivery, assumed, coinsured, whether on a modified coinsurance basis or otherwise, or reinsured by any Acquired Company at any time prior to the Closing, including without limitation all group life and health contracts, all individual and group term, whole, universal, variable, universal variable and other life insurance policies, all individual and group endowment and modified endowment contracts, all individual and group disability insurance products, all individual and group fixed, variable and other annuity contracts, all guaranteed investment contracts, all funding agreements, all other agreements issued by, against or funded by the general or separate account of any life insurance company which is an Acquired Company, and, with respect to the aforesaid group insurance and annuity contracts, all certificates and employer participation agreements in effect and issued under such policies, and all reinstatements of such policies, contracts, certificates and agreements required to be made at any time after the Closing, and all such policies, contracts, certificates and agreements sold, arranged, delivered, issued, assumed, coinsured or reinsured by any Acquired Company after the Closing pursuant to the exercise of options or operation of agreements or arrangements in effect prior to the Closing (including, in each case, all supplements, endorsements, riders and ancillary agreements in connection therewith).

"Life Insurance Contract" means all individual and group term, whole, universal, variable, universal variable and other life insurance policies.

"Losses" is defined in Section 7.1.

"Mark to Market Adjustment" is defined as 3% of the sum of (i) Statutory Capital and Surplus plus (ii) the Asset Valuation Reserve.

"Material Adverse Effect," with respect to the Acquired Companies, means any (i) change, (ii) effect, (iii) event, (iv) occurrence or (v) development or developments, which individually or in the aggregate, would reasonably be expected to result in any change or effect, that (A) is materially adverse to the business, financial condition, properties, assets, liabilities (contingent or otherwise) or results of operations of the Acquired Companies, taken as a whole, or (B) would reasonably be expected to prevent or materially delay the consummation by Seller or GAC, as applicable, of the transactions contemplated by this Agreement and the other Transaction Documents; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: (i) changes in Laws, rules or regulations of general applicability or interpretations thereof by Governmental Entities, in each case after the date hereof, (ii) changes, after the date hereof, in applicable GAAP or SAP, (iii) actions or omissions of a party to this Agreement taken with the prior written consent of the other party to this Agreement and (iv) changes, after the date hereof, generally affecting (x) any of the industries in which the Acquired Companies conduct their business, so long as the changes in such industries do not disproportionately impact (other than as a result of the volume of business transacted) the Acquired Companies or (y) general economic and financial market conditions in the United States (including movements in interest rates).

"Material Adverse Effect," with respect to Parent or Buyer, means any (i) change, (ii) effect, (iii) event, (iv) occurrence or (v) development or developments, which, individually or in the aggregate, would reasonably be expected to prevent or materially delay the consummation by Parent or Buyer, as applicable, of the transactions contemplated by this Agreement and the other Transaction Documents.

"Material Contract" is defined in Section 2.10(b).

"MEC" is defined in Section 2.22(c).

"Milliman" is defined in Section 2.11.

"Multiemployer Plan" is defined in Section 2.20(f).

"NASD" is defined in Section 2.7(b).

"NASD Regulations" means the Conduct Rules of the NASD (Rules 2000 through 3420).

"NAV" is defined in Section 2.21(b)(xxi).

"Non-Admitted Statutory Deferred Tax Asset" means the total of the values set forth in Page 2, Column 2, line 15.2 of the Quarterly Statutory Statement as of June 30, 2004 of each of Safeco Life Insurance Company, American States Life Insurance Company, Safeco

National Life Insurance Company and First Safeco National Life Insurance Company of New York.

"Non-Insurance Financial Statements" is defined in Section 2.6.

"Objection Period" is defined in Section 1.4(b).

"Objection Notice" is defined in Section 1.4(b).

"Orders" is defined in Section 2.9.

"Parent" is defined in the preamble.

"PBGC" is defined in Section 2.20(g).

"Pension Plan" is defined in Section 2.20(a).

"Person" shall mean and include an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

"Plans" is defined in Section 2.20(a).

"Policy" is defined in Section 2.22(c).

"Policy Owner" is defined in Section 2.22(c).

"Post-Closing Adjustment Amount" is defined in Section 1.4(f).

"Post-Closing Tax Period" means any Tax Period beginning after the Closing Date and the portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date and the portion ending on the Closing Date of any Straddle Period including operations through the Closing Date.

"Proceeding" is defined in Section 2.9.

"Proprietary Rights" means patents, registered and common law trademarks, trade secrets, and registered and unregistered copyrights.

"Purchase Price" is defined in Section 1.4(f).

"Qualified Contract" means a Life & Annuity Contract issued in connection with a plan or arrangement intended to qualify for tax treatment under Section 401(a), 403(a), 403(b), 408, 408A or 457 of the Code.

"Quarterly Statutory Statement" means the quarterly statutory financial statements of the named entity as filed with the applicable state insurance regulator for the quarter ending June 30, 2004.

"Registered Investment Company" means an Investment Company registered under the Investment Company Act.

"Registered Separate Account" is defined in Section 2.22(g).

"Related Contracts" means a Life and Annuity Contract or other contract, in each case entered into in the ordinary course of business, that is used in conjunction with a Life and Annuity Contract and that is (i) a surety bond guaranteeing performance of Safeco Assigned Benefits Service Company; (ii) a qualified assignment between Safeco Assigned Benefits Service Company and various Safeco Property & Casualty Subsidiaries; (iii) a non-qualified assignment between Safeco National Life Insurance Company and various Safeco Property & Casualty Subsidiaries; (iv) a single premium immediate annuity purchased from Safeco Life Insurance Company by various Safeco Property & Casualty Subsidiaries; (v) an Administrative Agreement between Safeco Life Insurance Company and various Safeco Property & Casualty Subsidiaries allowing Safeco Life Insurance Company to make certain administrative decisions and take certain actions on unassigned structured settlement annuity contracts owned by the Safeco Property & Casualty Subsidiaries; or (vi) a single premium group annuity purchased by Safeco Corporation from Safeco Life Insurance Company designed to provide periodic payments to certain retirees of American States Insurance Company.

"Relevant Entities" is defined in Section 4.10(b)(i).

"Remediation Plan" is defined in Section 4.10(g)(ii).

"Required Licenses" is defined in Section 2.17 (a).

"Restraints" is defined in Section 5.1(a).

"Reviewer" is defined in Section 7.4(e).

"Reviewer Conclusion" is defined in Section 7.4(e).

"RIC Procedures" is defined in Section 2.21(b)(xxi).

"Sale Price of the Sold Assets" is defined as the net proceeds from the sale of the Sold Assets received by the Acquired Companies, without reflecting the impact of any taxes due or paid as a result of such sale.

"SAP" is defined in Section 2.7(a)(ii).

"SAP Reps" is defined in Section 7.4(e).

"SEC" means the Securities and Exchange Commission, and any successor thereto.

"SEC Documents" is defined in Section 2.7(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Securities Laws" means the Securities Act, the Exchange Act, the Investment Company Act, the Investment Advisors Act and the state "blue sky" laws, and the rules and regulations promulgated thereunder.

"Seller" is defined in the preamble.

"Seller Disclosure Letter" is defined in Article II.

"Seller Indemnified Parties" is defined in Section 7.2.

"Seller Plan" means each Plan other than an Acquired Company Plan.

"Seller's Retiree Plans" is defined in Section 4.6(d).

"Seller's Retirement Plans" is defined in Section 4.6(c).

"Service Provider" means any Person who acts as investment manager, administrator, general partner, managing member or similar controlling person, investment advisor, subadviser or distributor or provider of other services.

"Separate Account" is defined in Section 2.22(e).

"Shares" is defined in the recitals.

"SIS" means Safeco Investment Services, Inc., a Washington corporation and a wholly owned subsidiary of GAC.

"Sold Assets" is defined in Section 4.15(a).

"Statutory Capital and Surplus" means the value set forth as 'Total capital and surplus' in the audited statutory financial statements as of June 30, 2004 of Safeco Life Insurance Company.

"Straddle Period" means any Tax period beginning before and ending after the Closing Date.

"Subsidiary," with respect to any Person, shall mean any corporation 50% or more of the outstanding voting power of which, or any partnership, joint venture, limited liability company or other entity 50% or more of the total equity interest of which, is directly or indirectly owned by such Person. For purposes of this Agreement, all references to "Subsidiaries" of a Person shall be deemed to mean "Subsidiary" if such Person has only one subsidiary.

"Target Statutory Book Value" means $1.15 billion.

"Taxes" shall mean all taxes of any kind, including, without limitation, those on or measured by or referred to as income, gross receipts, sales, use, ad valorem, franchise, profits, license, value added, property or windfall profits taxes, customs, duties or similar fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any governmental authority, domestic or foreign.

"Tax Return" shall mean any return, report or statement required to be filed with any governmental authority with respect to Taxes.

"Third Party Claim" is defined in Section 7.4(a).

"Third Party Reinsurance Contracts" is defined in Section 2.23.

"Transaction Documents" is defined in Section 1.3(b)(iv).

"Transfer Taxes" is defined in Section 1.5.

"Transition Services Agreement" is defined in Section 1.3(a)(ii).

"Transitional Trademark License" is defined in Section 1.3(a)(iv).

"12b-1 Plan" is defined in Section 2.21(b)(vi).

"Welfare Plan" is defined in Section 2.20(a).

* * *

IN WITNESS WHEREOF, Parent, Buyer, Seller and GAC have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

By:

Its:

OCCUM ACQUISITION CORP.

By:

Its:

SAFECO CORPORATION

By:

Its:

GENERAL AMERICA CORPORATION

By:

Its:

Exhibit 4.2

EXECUTION COPY

FISCAL AGENCY AGREEMENT

between

SYMETRA FINANCIAL CORPORATION
as Issuer

AND

U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent

6.125% Notes Due 2016

Dated as of March 30, 2006

TABLE OF CONTENTS

FISCAL AGENCY AGREEMENT dated as of March 30, 2006 (the *"Agreement"*), between SYMETRA FINANCIAL CORPORATION, a Delaware corporation (the *"Company"*) and U.S. BANK NATIONAL ASSOCIATION, as fiscal agent (the *"Fiscal Agent"*).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's Securities:

ARTICLE ONE

DEFINITIONS

Section 1.01. *Definitions.*

"*Additional Securities"* means 6.125% Senior Notes due 2016 of the Company issued under this Agreement after the Issuance Date in accordance with Sections 2.02 and 2.15 hereof, and having identical terms and conditions to the Securities.

"*Affiliate* " means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

"*Agent"* means any Registrar or Paying Agent. See Section 2.03.

"*Agreement"* means this Fiscal Agency Agreement as amended or supplemented from time to time.

"*Applicable Procedures"* means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"*Board of Directors"* means the Board of Directors of the Company or any committee of the Board of Directors duly authorized to act for it hereunder.

"*Board Resolution"* means a resolution of the Board of Directors, which may be evidenced by a certificate of the Secretary or an Assistant Secretary of the Company stating that such resolution has been duly adopted by the Board of Directors and is in full force and effect.

"*Capital Stock"* shall mean (i) in the case of a corporation, corporate stock; (ii) in the case of an association or business entity that is not a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a limited partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and (iv) any other interest of participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person, but excluding from the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation in Capital Stock.

"*Company"* means the party named as such in this Agreement until a successor replaces it pursuant to this Agreement and thereafter means the successor.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Depositary*" shall mean, with respect to the Securities issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depositary by the Company, which Depositary shall be a clearing agency registered under the Exchange Act.

"*Distribution Compliance Period*" shall mean the period that begins on the closing of any offering of Securities (including any Additional Securities) and ends 40 days later.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Fiscal Agent*" means the party named as such in this Agreement until a successor replaces it pursuant to this Agreement and thereafter means the successor.

"*Global Security*" or "*Global Securities*'" means a Security or Securities, as the case may be, in the form prescribed in Section 2.01 of this Agreement evidencing all or part of the Securities, issued to the Depositary or its nominee and registered in the name of such Depositary or nominee.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however,* that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"*Holder*" or "*Securityholder*" or "*Holder of Securities*" or "*Noteholder*" means a person in whose name a Security is registered on the Registrar's books.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Security through a Participant.

"*Issuance Date*" means March 30, 2006.

"*Officer*" means the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, the Secretary or the Controller of the Company.

"*Officers' Certificate*" means a certificate signed by two Officers or by an Officer and an Assistant Treasurer, Assistant Secretary or Assistant Controller of the Company.

"*Opinion of Counsel*" means a written opinion from legal counsel who may be an employee of or counsel to the Company, or who may be other counsel reasonably satisfactory to the Fiscal Agent.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Place of Payment*" means, when used with respect to Securities, the place or places where the principal of, premium, if any, and interest, if any, on the Securities are payable.

"*Qualified Institutional Buyer*" means a "qualifed institutional buyer" as defined in Rule 144A.

"*Responsible Officer*" means any officer in the Corporate Trust Division of the Fiscal Agent or any other officer of the Fiscal Agent assigned by the Fiscal Agent to administer its corporate trust matters.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated the Securities Act.

"*SEC*" means the Securities and Exchange Commission.

"*Securities*" means the 6.125% Senior Notes due 2016 of the Company (including, without limitation, any Additional Securities) issued under this Agreement.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time.

"*Securities Custodian*" means the Fiscal Agent, as custodian with respect to the Securities in global form, or any successor entity thereto.

"*U.S. Government Obligations*" means direct obligations of the United States for the payment of which the full faith and credit of the United States is pledged.

Section 1.02. *Other Definitions.*

Term	Defined in Section
"Bankruptcy Law"	6.01
"Cash Equivalents"	8.03
"Comparable Treasury Issue"	3.06
"Comparable Treasury Price"	3.06
"Covenant Defeasance"	8.03
"Custodian"	6.01
"Definitive Securities"	2.01
"Discharge"	8.05
"DTC"	2.01
"DTC Participants"	2.01
"Event of Default"	6.01
"Fair Value"	4.04
"Indebtedness"	4.01
"Insurance Subsidiaries"	4.01
"Legal Holiday"	2.16
"Lien"	4.01
"Make Whole Amount"	3.06
"Notice of Default"	6.01
"Obligations"	11.01
"Outstanding Securities	2.08
"144A Global Security"	2.01
"Paying Agent"	2.03
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"Private Placement Legend"	2.06
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"Reference Treasury Dealer"	3.06
"Reference Treasury Dealer Quotations"	3.06
"Register"	2.03
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"Regulation S Global Security"	2.01
"Subsidiary"	4.01
"Successor Company"	5.01
"Symetra Life"	4.01
"Taxes"	4.02
"Temporary Regulation S Global Security"	2.01
"Treasury Rate"	3.06
"United States"	4.01

All other terms used in this Agreement that are defined by SEC rule have the meanings assigned to them.

Section 1.03. *Rules of Construction.*

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term, not otherwise defined, has the meaning assigned to it in accordance with generally accepted accounting principles;

(3) "or" is not exclusive; and

(4) words in the singular include the plural, and in the plural include the singular.

ARTICLE TWO

The Securities

Section 2.01. *Form and Dating.*

(a) *General Form of Securities.* The Securities and the Fiscal Agent's certificate of authentication shall be substantially in the form of Exhibit A hereto, which Exhibit is part of this Agreement. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication. The Securities shall be in minimum denominations of $2,000 and integral multiples of $1,000. The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Agreement and the Company and the Fiscal Agent, by their execution and delivery of this Agreement, expressly agree to such terms and provisions and to be bound thereby.

Securities offered and sold to Qualified Institutional Buyers in reliance on Rule 144A under the Securities Act will initially be issued only in the form of one or more global Securities in definitive, fully registered form without interest coupons (each a *"144A Global Security"*). The 144A Global Securities shall be substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided for herein.

Securities offered and sold outside the United States in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more temporary global Securities (the *"Temporary Regulation S Global Security"*), without interest coupons. Temporary Regulation S Global Securities shall be substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided for herein. The Temporary Regulation S Global Securities, which will be deposited on behalf of the purchasers of the Securities represented thereby with the Fiscal Agent, as custodian for DTC, and registered in the name of DTC or a nominee of DTC for the accounts of Euroclear and Clearstream, shall be duly executed by the Company and authenticated by the Fiscal Agent as hereinafter provided. Beneficial interests in the Temporary Regulation S Global Security will be exchanged for beneficial interests in one or more corresponding permanent global Securities, in definitive, fully registered form without interest coupons (each a *"Regulation S Global Security"*; collectively with 144A Global Securities, the *"Global Securities"*), substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided for herein within a reasonable period after the expiration of the Distribution Compliance Period (as defined below) upon delivery of a certificate in the form of Exhibit C hereto. Prior to the expiration of the Distribution Compliance Period, interests in the Temporary Regulation S Global Security may only be

transferred to non-U.S. persons pursuant to Regulation S, unless exchanged for interests in a Global Security in accordance with the transfer and certification requirements described herein.

(b) *Form of Global Securities.*

(i) Each Global Security (A) shall represent such portion of the outstanding Securities as shall be specified therein, (B) shall provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions, (C) shall be registered in the name of the Depositary or its nominee, duly executed by the Company and authenticated by the Fiscal Agent as provided herein, for credit to the respective accounts of the Holders (or such accounts as they may direct) at the Depositary, (D) shall be delivered by the Fiscal Agent or its Agent to the Depositary or a Securities Custodian pursuant to the Depositary's instructions and (E) shall bear the applicable legends required by Section 2.06(d) hereof.

(ii) Members of, or participants in, the Depositary *("DTC Participants"*) shall have no rights under this Agreement with respect to any Global Security held on their behalf by the Depositary, and the Depositary may be treated by the Company, the Fiscal Agent, and any agent of the Company or the Fiscal Agent as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Fiscal Agent, or any agent of the Company or the Fiscal Agent from giving effect to any written certification, proxy or other authorization furnished to the Depositary or impair, as between the Depositary and its agent members, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

Any endorsement of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Fiscal Agent or the Securities Custodian, at the direction of the Fiscal Agent, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Form of Definitive Securities. Subject to the provisions of Section 2.06 hereof, Definitive Securities may be produced in any manner determined by the Officers of the Company executing such Securities, as evidenced by their execution of such Securities. The Fiscal Agent must register Definitive Securities so issued in the name of, and cause the same to be delivered to, such Person (or its nominee).

(d) Provisions Applicable to Forms of Securities. The Securities may also have such additional provisions, omissions, variations or substitutions as are not inconsistent with the provisions of this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with this Agreement, any applicable law or with any rules made pursuant there to or with the

rules of any securities exchange or governmental agency or as may be determined consistently herewith by the Officer of the Company executing such Securities, as conclusively evidenced by their execution of such Securities. All Securities shall be otherwise substantially identical except as provided herein.

Subject to the provisions of this Article 2, a registered Holder in a Global Security may grant proxies and otherwise authorize any Person to take any action that a Holder is entitled to take under this Agreement or the Securities.

Section 2.02. *Execution and Authentication.*

An Officer shall sign the Securities for the Company by manual or facsimile signature. The Company's seal may be reproduced on the Securities and may be in facsimile form.

If an Officer whose signature is on a Security no longer holds that office at the time a Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid or obligatory for any purpose or entitled to the benefits of this Agreement until authenticated by the manual signature of the Fiscal Agent or its authenticating agent. The signature shall be conclusive evidence that the Security has been authenticated under this Agreement.

The Fiscal Agent shall authenticate Securities for original issue up to an initial maximum aggregate principal amount of $300,000,000 on the Issuance Date. Any Additional Securities issued by the Company in accordance with Section 2.15 hereof shall be authenticated by the Fiscal Agent on the date of their issuance in an aggregate principal amount specified in a Board Resolution and an Officers' Certificate provided pursuant to Section 2.15.

The Fiscal Agent may appoint an authenticating agent reasonably acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Fiscal Agent may do so. Each reference in this Agreement to authentication by the Fiscal Agent includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Section 2.03. *Fiscal Agent, Registrar and Paying Agent.*

The Company hereby appoints U.S. Bank National Association, at its principal office in Cincinnati, Ohio, as the Fiscal Agent hereunder and U.S. Bank National Association hereby accepts such appointment. The Fiscal Agent shall have the powers and authority granted to and conferred upon it in the Securities and hereby and such further powers and authority to act on behalf of the Company as may be mutually agreed upon by the Company and the Fiscal Agent, and the Fiscal Agent shall keep a copy of this Agreement available for inspection during normal business hours at its principal office in Cincinnati, Ohio.

The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange *("Registrar")* and an office or agency where Securities may be presented for payment *("Paying Agent").* The Registrar shall keep a register

("Register") of the Securities and of their transfer and exchange. The Company may also from time to time appoint one or more co-registrars and one or more additional paying agents. The term *"Registrar"* includes any co-registrar and the term *"Paying Agent"* includes any additional paying agent. The Company may change any Paying Agent or Registrar upon notice to the Holders. The Company shall notify the Fiscal Agent in writing of the name and address of any Agent not a party to this Agreement. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Fiscal Agent shall act, subject to the penultimate paragraph of this Section 2.03, as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar; *provided*, *however*, that none of the Company, its Subsidiaries or the Affiliates of the foregoing shall act as Paying Agent or Registrar if a Default or Event of Default has occurred and is continuing.

The Company initially appoints the Fiscal Agent to act as the Registrar and Paying Agent and to act as Securities Custodian with respect to the Global Securities.

All of the terms and provisions with respect to such powers and authority contained in the Securities are subject to and governed by the terms and provisions hereof.

The Fiscal Agent may resign as Registrar or Paying Agent upon 30 days prior written notice to the Company.

The Company initially appoints DTC to act as Depositary with respect to the Global Securities.

Section 2.04. *Paying Agent to Hold Money in Trust.*

The Company shall require each Paying Agent other than the Fiscal Agent to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Fiscal Agent all money and Cash Equivalents held by the Paying Agent for the payment of principal of, or premium, if any, or interest on, the Securities, and shall notify the Fiscal Agent of any default by the Company in making any such payment. While any such default continues, the Fiscal Agent may require a Paying Agent to pay all money and Cash Equivalents held by it to the Fiscal Agent. The Company at any time may require a Paying Agent to pay all money and Cash Equivalents held by it to the Fiscal Agent. Upon payment of all such money and Cash Equivalents over to the Fiscal Agent, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money and Cash Equivalents. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders, all money and Cash Equivalents held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Fiscal Agent shall serve as Paying Agent for the Securities.

Section 2.05. *Holder Lists.*

The Fiscal Agent shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Fiscal Agent is not the Registrar, the Company shall furnish to the Fiscal Agent at least seven business days before each interest payment date, and at such other times as the Fiscal Agent may request in

writing, a list in such form and as of such date as the Fiscal Agent may reasonably require of the names and addresses of the Holders of Securities.

Section 2.06. *Transfer and Exchange.*

(a) Transfer and Exchange of Global Securities. A Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. Global Securities may be exchanged or replaced, in whole or in part, as provided in this Section 2.06 and Section 2.07 hereof. Every Security authenticated and delivered in exchange for, or in lieu of, a Global Security or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Security. A Global Security may not be exchanged for another Security other than as provided in this Section 2.06(a) and Section 2.06(c) hereof; however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 2.06(b) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Securities. The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depositary, in accordance with the provisions of this Agreement and the Applicable Procedures. Beneficial interests in the Global Securities shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Securities also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Security.* Beneficial interests in any Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i), the transferer of such beneficial interest must deliver to the Registrar (A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged and (B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase. In addition, the Registrar must receive the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Security, then the transferer must

deliver a certificate in the forai of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof;

provided that, after any Distribution Compliance Period, the Registrar need not receive such certificate in respect of a transfer of a beneficial interest in the Regulation S Global Security. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Agreement and the Securities or otherwise applicable under the Securities Act, the Fiscal Agent shall adjust the principal amount of the relevant Global Security(s) pursuant to Section 2.06(e) hereof.

(c) *Exchange for Definitive Securities.*

(i) Except as provided below, owners of beneficial interests in Global Securities will not be entitled to receive Definitive Securities. Definitive Securities shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Security if (A) DTC notifies the Company that it is unwilling or unable to continue as depositary for such Global Security or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Company within 90 days of such notice, (B) the Company executes and delivers to the Fiscal Agent and Registrar an Officers' Certificate stating that such Global Security shall be so exchangeable; provided that in no event shall the Temporary Regulation S Global Security be exchanged by the Company for Definitive Securities prior to the expiration of the Distribution Compliance Period or (C) an Event of Default has occurred and is continuing and the Registrar has received a request from DTC.

(ii) In connection with the transfer of an entire Global Security to beneficial owners pursuant to this Section 2.06(c), such Global Security shall be deemed to be surrendered to the Fiscal Agent for cancellation, and the Company shall execute, and the Fiscal Agent shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Security, an equal aggregate principal amount of Definitive Securities of authorized denominations. Any Definitive Security delivered in exchange for an interest in a Global Security pursuant to this Section 2.06(c) shall bear the Private Placement Legend.

(d) *Legends.* The following legends shall appear on the face of all Securities issued under this Agreement unless specifically stated otherwise in the applicable provisions of this Agreement.

(i) *Private Placement Legend.* Each Security (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form (the *"Private Placement Legend").*

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ONE OF ITS AFFILIATES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (2) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER, THE FISCAL AGENT AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATION OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE FISCAL AGENT. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "UNITED

STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

(ii) *Global Security Legend*. Each Global Security shall bear legends in substantially the following form:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION *("DTC")*, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE FISCAL AGENCY AGREEMENT GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE FISCAL AGENT MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06(b)(ii) AND SECTION 2.06(e) OF THE FISCAL AGENCY AGREEMENT, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE FISCAL AGENCY AGREEMENT, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE FISCAL AGENT FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE FISCAL AGENCY AGREEMENT AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(e) *Cancellation and/or Adjustment of Global Securities.* At such time as all beneficial interests in a particular Global Security have been exchanged for Definitive Securities or a particular Global Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security shall be returned to or retained and canceled by the Fiscal Agent in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or exchanged for Definitive Securities pursuant to Section 2.06(c) hereof, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Fiscal Agent or by the Depositary at the direction of the Fiscal Agent to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement shall be made on such other Global Security by the Fiscal Agent or by the Depositary at the direction of the Fiscal Agent to reflect such increase.

(f) *General Provisions Relating to Transfers and Exchanges.*

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Fiscal Agent shall authenticate Global Securities and Definitive Securities upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange by or transfer to the same Holder pursuant to Sections 2.06 or 9.04 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(iv) All Securities issued upon any registration of transfer or exchange pursuant to the terms of this Agreement shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Securities surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of any selection of Securities for redemption under Section 3.02 hereof and ending at the close of business on the day of selection or (B) to register the transfer of or to exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(vi) Prior to due presentment for the registration of a transfer of any Security, the Fiscal Agent, any Agent and the Company may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of, premium, if any, and interest on such Securities and for ail other purposes, and none of the Fiscal Agent, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Fiscal Agent shall authenticate Securities in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(ix) The Fiscal Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Agreement or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Agreement, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.07. *Replacement Securities.*

If any mutilated Security is surrendered to the Fiscal Agent, or the Company and the Fiscal Agent receive evidence to their satisfaction of the destruction, loss or theft of any Security, the Company shall, upon the written request of the Holder thereof, issue and the Fiscal Agent, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Security if the Fiscal Agent's requirements are met. If required by the Fiscal Agent or the Company, an indemnity bond must be supplied by such Holder that is sufficient in the judgment of the Fiscal Agent and the Company to protect the Company, the Fiscal Agent, any Agent and any authenticating agent from any loss that any of them may suffer if a Security is replaced. The Company may charge such Holder for its expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company and shall be entitled to all of the benefits of this Agreement equally and proportionately with all other Securities duly issued hereunder.

The provisions of this Section 2.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.08. *Outstanding Securities.*

The Securities outstanding at any time (the *"Outstanding Securities")* are all the Securities authenticated by the Fiscal Agent except for those cancelled by it (or its agent), those delivered to it (or its agent) for cancellation, those reductions in the beneficial interest in a Global Security effected by the Fiscal Agent in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Fiscal Agent receives proof satisfactory to it that the replaced Security is held by a "protected purchaser" (as such term is defined in Section 8-303 of the Uniform Commercial Code as in effect in the State of New York).

If the principal amount of any Security is considered paid under Section 4.02 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money or Cash Equivalents sufficient to pay all of the principal of, premium (if any) and interest on Securities payable on that date, then on and after that date such Securities shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09. *Treasury Securities.*

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding and shall be disregarded, except that for the purposes of determining whether the Fiscal Agent shall be protected in relying on any such direction, waiver or consent, only Securities that a Responsible Officer of the Fiscal Agent has actual knowledge are so owned shall be so disregarded.

Section 2.10. *Temporary Securities.*

In lieu of formal printed Definitive Securities, or until such Definitive Securities are ready for delivery, the Company may prepare and the Fiscal Agent shall authenticate temporary Securities upon a written order of the Company signed by two Ofiicers of the Company. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Company considers appropriate for temporary Securities and as shall be reasonably acceptable to the Fiscal Agent. At the Company's election, the Company may prepare and the Fiscal Agent shall authenticate Definitive Securities in exchange for temporary Securities.

Unless and until any such exchange, Holders of temporary Securities shall be entitled to all of the benefits of this Agreement.

Section 2.11. *Cancellation.*

The Company at any time may deliver Securities to the Fiscal Agent or its agent for cancellation. The Registrar and Paying Agent shall forward to the Fiscal Agent any Securities surrendered to them for registration of transfer, exchange or payment. The Fiscal Agent (or its agent) and no one else shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Securities (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all cancelled Securities shall be delivered to the Company, upon written request, from time to time. The Company may not issue new Securities to replace Securities that it has paid or that have been delivered to the Fiscal Agent (or its agent) for cancellation. If the Company acquires any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Fiscal Agent (or its agent) for cancellation pursuant to this Section 2.11.

Section 2.12. *Defaulted Interest.*

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawfal manner plus, to the extent lawfiil, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Securities. The Company shall notify the Fiscal Agent in writing of the amount of defaulted interest proposed to be paid on each Security and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Fiscal Agent in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such defaulted interest to be paid.

Section 2.13. *Persons Deemed Owners.*

Prior to due presentment for the registration of a transfer of any Security, the Fiscal Agent, any Agent, the Company and any agent of the foregoing shall deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for all purposes (including the purpose of receiving payment of principal of, premium, if any, and interest on such Securities; provided that defaulted interest shall be paid as set forth in Section 2.12), and none of the Fiscal Agent, any Agent, the Company or any agent of the foregoing shall be affected by notice to the contrary.

Section 2.14. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will print CUSIP numbers on the Securities, and the Fiscal Agent may use CUSIP numbers in notices of redemption and purchase as a convenience to Holders; *provided, however,* that any such notices may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or purchase and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption or purchase shall not be affected by any defect or omission in such numbers.

Section 2.15. *Issuance of Additional Securities.*

The Company shall be entitled to issue Additional Securities under this Agreement at any time. Additional Securities shall have identical terms as the Securities, other than with respect to the date of issuance and issue price. The Securities and any Additional Securities shall be treated as a single class for all purposes under this Agreement.

With respect to any issuance of Additional Securities, the Company shall deliver to the Fiscal Agent a Board Resolution and an Officers' Certificate, and, if the Company elects, a supplement or amendment to this Agreement, which shall together provide the following information:

(1) the aggregate principal amount of Additional Securities to be authenticated and delivered pursuant to this Agreement;

(2) the issue price and the issue date of such Additional Securities; and

(3) whether such Additional Securities shall be transfer restricted Securities.

Section 2.16. *Legal Holidays.*

A *"Legal Holiday"* is a Saturday, a Sunday or a day on which banking institutions in a jurisdiction in which an action is required hereunder are not required to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

ARTICLE THREE

Redemption

Section 3.01. *Notice to Fiscal Agent of Election to Redeem.*

The election of the Company pursuant to Section 3.06 hereof to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of all or less than ail of the Securities, the Company, shall, at least 60 days prior to the Redemption Date by the Company (unless a shorter notice shall be satisfactory to the Fiscal Agent), notify the Fiscal Agent in writing of such Redemption Date and of the principal amount of Securities of such series to be redeemed. Any such notice to the Fiscal Agent may be cancelled and rescinded by the Company at any time prior to the mailing of such notice to any Holder pursuant to Section 3.03. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Agreement, the Company shall furnish the Fiscal Agent with an Officers' Certificate evidencing compliance with such restriction.

Section 3.02. *Selection of Securities to be Redeemed.*

In an optional redemption pursuant to Section 3.06, if less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected, not more than 60 days prior to the applicable Redemption Date, by the Fiscal Agent, from the Outstanding Securities of such series not previously called for redemption, on a pro rata basis, by lot or by such other method as the Fiscal Agent, in its sole discretion, shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal amount of Securities of a denomination larger than the minimum authorized denomination for the Securities.

The Fiscal Agent shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Agreement, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

The Fiscal Agent may select for redemption portions of the principal amount of the Securities that have denominations larger than $2,000. Securities and portions of them it selects shall be in amounts of $2,000 or integral multiples of $1,000.

Section 3.03. *Notice of Redemption.*

Notice of redemption to the Holders of Securities to be redeemed as a whole or in part at the option of the Company pursuant to Section 3.06 shall be given by mailing notice of such redemption by first-class mail, postage prepaid, at least 30 days and not more than 60 days prior to the Redemption Date to such Holders of Securities at their last addresses as they shall appear on the Register. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice. Failure to give notice by mail, or any defect in the notice, to the Holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

The notice of redemption to each such Holder shall specify the CUSIP number (if any) and the principal amount of each Security held by such Holder to be redeemed, the Redemption Date, the redemption price, the name of the Paying Agent, Place or Places of Payment, that payment will be made upon presentation and surrender of such Securities, that interest accrued to the Redemption Date will be paid as specified in such notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. In case any Security is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the Redemption Date, upon surrender of such Security, a new Security or Securities of such series, in principal amount equal to the unredeemed portion thereof, will be issued.

The notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's timely request, by the Fiscal Agent in the name and at the expense of the Company.

At least one business day prior to the Redemption Date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Fiscal Agent or with one or more paying agents (or, if the Company is acting as Paying Agent, set aside, segregate and hold in trust as provided in Section 2.04) an amount of money or Cash Equivalents, or combination thereof, sufficient to redeem on the redemption date all the Securities so called for redemption at the appropriate redemption price, together with accrued interest, if any, to the Redemption Date. Promptly following the Redemption Date, the Paying Agent shall return to the Company any amounts of money and Cash Equivalents so deposited which are not required to redeem the Securities called for redemption.

Section 3.04. *Payment of Securities Called for Redemption.*

If notice of redemption has been given as above provided, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the Redemption Date, and on and after said Redemption Date (unless the Company shall default in the payment of such Securities at the redemption price, together with interest, if any, accrued to the Redemption Date) any interest on the Securities or portions of Securities so called for redemption shall cease to accrue and such Securities shall cease from and after the Redemption Date to be entitled to any benefit or security under this Agreement, and the Holders thereof shall have no right in respect of such Securities except the right to receive the redemption price thereof and unpaid interest to the Redemption Date. On presentation and surrender of such Securities at a Place of Payment specified in said notice, said Securities or the specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with any interest accrued thereon to the Redemption Date; provided that any semiannual payment of interest becoming due on the Redemption Date shall be payable to the Holders of such Securities registered as such in the Register on the relevant record date.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the Redemption Date at the rate of interest borne by the Security.

Upon presentation of any Security redeemed in part only, the Company shall execute and the Fiscal Agent shall authenticate and deliver to or on the order of the Holder thereof, at the expense of the Company, a new Security or Securities of such series, of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

Section 3.05. *Exclusion of Certain Securities from Eligibility for Selection for Redemption.*

In the case of an optional redemption pursuant to Section 3.06 hereof, Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number or other distinguishing symbol in a written statement signed by an authorized officer of the Company and delivered to the Fiscal Agent at least 40 days prior to the last date on which notice of redemption may be given as being owned of record and beneficially by, and not pledged or hypothecated by either (a) the Company or (b) an entity specifically identified in such written statement as directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

Section 3.06. *Optional Redemption.*

The Securities shall be subject to redemption at the option of the Company, in whole or in part, at any time or from time to time, prior to maturity at the Company's option, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed, or (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed (not including any portion of such payments of interest accrued as of the

Redemption Date) discounted to such Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 25 basis points (the "Make Whole Amount"), plus, in each case, accrued and unpaid interest on the Securities to be redeemed to the Redemption Date. The Company shall pay any interest due on an interest payment date which occurs on or prior to a Redemption Date (as defined below) to the registered Holders of the Securities as of the close of business on the regular record date immediately preceding that interest payment date.

For purposes of determining the Make Whole Amount, the following definitions apply:

The term "*Comparable Treasury Issue*" means the U.S. Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized at the time of selection, and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities to be redeemed.

The term "*Comparable Treasury Price*" means (1) the average of three Reference Treasury Dealer Quotations (as defined below) for the Redemption Date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or (2) if the Fiscal Agent obtains fewer than five Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

The term "*Quotation Agent* means one of the Reference Treasury Dealers appointed by the Fiscal Agent after consultation with the Company.

"*Redemption Date*" means the date fixed for redemption of the Securities.

The term "*Reference Treasury Dealer*" means Lehman Brothers Inc., Banc of America Securities LLC, J.P. Morgan Securities Inc. and two other primary U.S. Government securities dealers.

The term "*Reference Treasury Dealer Quotations*" means the average, as determined by the Fiscal Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Fiscal Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding the Redemption Date.

The term "*Treasury Rate*" means the rate per annum equal to the semiannual equivalent or interpolated (on a day-count basis) yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

ARTICLE FOUR

COVENANTS

Section 4.01. *Certain Definitions.*

The following capitalized terms used in this Agreement shall have the meanings ascribed to them below.

"*Indebtedness*" means the principal, premium and interest due on indebtedness of a Person whether outstanding on the date of this Agreement or thereafter created, incurred or assumed, which is indebtedness for borrowed money, and any amendments, renewals, extensions, modifications and refimdings of any such indebtedness. For purposes of this definition, "indebtedness for borrowed money" means: (1) any obligation of, or any obligation guaranteed by, such person for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments; (2) any obligation of, or any such obligation guaranteed by, such person evidenced by bonds, debentures, notes or similar written instruments, including obligations assumed or incurred in connection with the acquisition of property, assets or businesses, provided, however, that the deferred purchase price of any property, assets or businesses will not be considered indebtedness if the purchase price thereof is payable in full within 90 days from the date on which such indebtedness was created; (3) any obligation of such person as lessee under any lease required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles or under any lease of property or assets made as part of any sale and lease-back transaction to which such person is a party; and (4) any obligation of, or any obligation guaranteed by, any person for the payment of amounts due under a swap agreement or similar instrument or agreement, or under a foreign currency hedge exchange or similar instrument or agreement

"*Insurance Subsidiaries*" shall mean Symetra National Life Insurance Company, a Washington corporation and First Symetra National Life Insurance Company of New York, a New York corporation.

"*Lien*" means any mortgage, deed of trust, pledge, lien, security interest or other encumbrance (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, and any filing or agreement to give a lien or file a financing statement as a debtor under the Uniform Commercial Code or any similar statute, other than to reflect ownership by a third party of property leased to the Company under a lease which is not in the nature of a conditional sale or title retention agreement).

"*Subsidiary*" means a direct or indirect subsidiary of the Company.

"*Symetra Life*" shall mean Symetra Life Insurance Company, a Washington corporation.

"*United States*" means the United States of America including its territories and possessions.

Section 4.02. *Payment of Securities.*

(a) The Company shall pay the principal of, premium, if any, and interest on the Securities on the date and in the manner provided in the Securities and this Agreement. An installment of principal or interest shall be considered paid on the date it is due if the Fiscal Agent or Paying Agent holds on that date money irrevocably designated for and sufficient to pay the installment. At the Company's option, it may pay any interest on any Securities by mailing checks by first class mail to the Holders of such Securities at their address as shown on the Registrar's books; *provided* that all payments with respect to Global Securities and Definitive Securities the Holders of which hâve given wire transfer instructions to the Company will be required to be made by wire transfer of same day fonds to the accounts in the United States specified by the Holders thereof. The Company shall pay interest on overdue principal and premium, if any, at the rate or rates borne by the Securities; it shall, to the extent lawful, pay interest on overdue installments of interest at the same rate or rates.

The Company hereby further agrees that all payments made by the Company or any successor entity of the Company (each a *"Payor")* on the Securities will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature *("Taxes")* unless the withholding or deduction of such Taxes is then required by law.

(b) The Payor will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of any Securities or any other document or instrument referred to therein.

Section 4.03. *Limitation on Liens of Capital Stock.*

As long as any Securities are outstanding, the Company shall not, and it shall not permit Symetra Life or any Insurance Subsidiary to, directly or indirectly, create, assume, incur or permit to exist any Lien on the capital stock of Symetra Life or any Insurance Subsidiary to secure any Indebtedness unless the Securities are secured equally and ratably with such Indebtedness for at least the time period such Indebtedness is so secured.

Section 4.04. *Limitation on Disposition of Stock.*

As long as any Securities are outstanding, the Company shall not, and it shall not permit Symetra Life or any Insurance Subsidiary to issue, sell, transfer or otherwise dispose of any shares of Capital Stock of Symetra Life or any Insurance Subsidiary, or any securities convertible into or exercisable or exchangeable for shares of Capital Stock of Symetra Life or any Insurance Subsidiary, or warrants, rights or options to subscribe for or purchase shares of Capital Stock of Symetra Life or any Insurance Subsidiary, unless such issuance, sale, transfer or other disposition is for at least fair value (as determined by the Board of Directors acting in good faith) *("Fair Value")* and the Company will own, directly or indirectly, at least 80% of the Capital Stock of Symetra Life or any Insurance Subsidiary after giving effect to that transaction. The foregoing covenant shall not prohibit any issuance or disposition of securities by any of our Subsidiaries (other than Symetra Life or any Insurance Subsidiary) either (i) to the Company in

accordance with applicable law or (ii) if required by any regulation or order or any governmental regulatory authority.

The Company shall not permit Symetra Life or any Insurance Subsidiary to (a) merge or consolidate with or into any corporation or other person, unless such merger or consolidation is for at least Fair Value and (i) the surviving corporation or person is the Company, or (ii) at least 80% of the surviving corporation's issued and outstanding voting stock is owned, directly or indirectly, by the Company; or (b) lease, sell, assign or transfer all or substantially all of its properties and assets to any corporation or other person (other than the Company), unless such lease, sale, assignment or transfer is for at least Fair Value and at least 80% of the issued and outstanding voting stock of that corporation or other person is owned, directly or indirectly, by the Company.

Notwithstanding anything to the contrary in this Section 4.04, the Company may (i) merge or consolidate any of its Subsidiaries (including any Insurance Subsidiary) into or with another of the Company's wholly-owned Subsidiaries and (ii) sell, transfer or otherwise dispose of the Company's business in accordance with Article 5.

Section 4.05. *Compliance Certificate.*

The Company shall deliver to the Fiscal Agent within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating whether or not the signers know of any Default by the Company in performing its covenants and obligations hereunder that occurred during the fiscal year and is continuing. If they do know of such a Default, the Certificate shall describe the nature and status of the Default. The Certificate need not comply with Section 11.03.

Section 4.06. *Certain Financial Information of the Company.*

The Company will furnish to the Fiscal Agent and the Holders of the Securities, (i) annually, within 90 days of the year end date, audited Consolidated financial statements of the Company and (ii) quarterly, within 45 days of the quarter end date, unaudited Consolidated balance sheet, income statement and statement of cash flows of the Company. In addition, for so long as any of the Securities remain outstanding, the Company has agreed to make available to any Holder of the Securities or prospective purchaser of the Securities, at their request, the information required by Rule 144A(d)(4) under the Securities Act if, at the time of such request the Company is not subject to the reporting requirements under Section 13 or 15(d) of the Exchange Act.

ARTICLE FIVE

Successor Company

Section 5.01. *When the Company May Merge, etc.*

The Company may not consolidate with or merge into, or sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to another person or entity, unless (a) (i) the Company is the continuing corporation, or (ii) the entity (if other than the

Company) (the *"Successor Company")* formed by the consolidation or into which the Company is merged or the entity that acquires all or substantially all of the properties and assets of the Company is a corporation, partnership or trust organized and validly existing under the laws of United States, any State or the District of Columbia, and expressly assumes payment of the principal of and any premium and interest on all the Securities and the performance of all of the Company's covenants applicable to the Indebtedness; (b) immediately thereafter, no Event of Default (and no event that, after notice or lapse of time, or both, would become an Event of Default) has occurred and is continuing; and (c) the Company has delivered to the Fiscal Agent required certificates and opinions relating to the transaction.

The predecessor Company shall be released from its obligations under this Agreement and the Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement, but, in the case of a lease of all or substantially all its assets, the predecessor Company shall not be released from the obligation to pay the principal of and any premium and interest on the Securities.

ARTICLE SIX

Defaults and Remedies

Section 6.01. *Events of Default.*

An *"Event of Default"* occurs with respect to the Securities if:

(1) the Company defaults in the payment of any installment of interest on any Security when the same becomes due and payable and such Default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of, or premium, if any, on, any Security when the same becomes due and payable at maturity, upon redemption or otherwise;

(3) the Company defaults in the performance of, or fails to comply with any other term, covenant or agreement in the Securities or this Agreement (other than those referred to in (1) or (2) above) and the default continues for the period and after the notice specified below in the last paragraph of this Section 6.01;

(4) the Company defaults under any other series of debt securities or any agreements, indentures or instruments under which the Company then has outstanding indebtedness in excess of $25 million in the aggregate which indebtedness, if not already matured in accordance with its terms, has been accelerated and the acceleration has not been rescinded or annulled or the indebtedness has not been discharged within ten days after notice is given to the Company by the trustee thereunder or to the Company and the trustee by the holders of at least 25% in aggregate principal amount of outstanding debt securities of the series, unless (a) prior to the entry of judgment in favor of the trustee thereunder, the default under that indenture or instrument is remedied or cured by the Company or waived by the holders of the indebtedness, or (b) the default results from an

action of the United States government or a foreign government which prevents the Company from performing its obligations under the agreement, indenture or instrument;

(5) the Company pursuant to or within the meaning of any Bankruptcy Law:

(a) commences a voluntary case;

(b) consents to the entry of any order for relief from claims against it in an involuntary case;

(c) consents to the appointment of a Custodian of it or for all or substantially all of its property; or

(d) makes a general assignment for the benefit of its creditors;

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company in an involuntary case;

(b) appoints a Custodian of the Company for all or substantially all of its property; or

(c) orders the liquidation of the Company;

and the order or decree remains unstayed and in effect for 90 days.

The term *"Bankruptcy Law"* means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term *"Custodian"* means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default with respect to the Securities under clause (3) is not an Event of Default until the Fiscal Agent notifies the Company or the Holders of at least 25% in principal amount of the outstanding Securities notify the Fiscal Agent and the Company of the Default and the Company does not cure the Default within 60 days after-receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a *"Notice of Default"*.

Section 6.02. *Acceleration.*

If an Event of Default occurs and is continuing with respect to Securities, the Fiscal Agent by notice to the Company, or the Holders of at least 25% in principal amount of outstanding Securities by notice to the Company and the Fiscal Agent, may declare that the principal of, premium, if any, and accrued interest on the Securities shall be due and payable immediately, except that such amount shall become due and payable automatically in the case of an Event of Default described in clauses (5) and (6) of Section 6.01. Upon such declaration, such principal (or specified amount), premium, if any, and accrued interest shall be due and payable immediately. The Holders of a majority in principal amount of the outstanding Securities by notice to the Company and the Fiscal Agent may rescind an acceleration and its consequences if

the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal, interest or premium, if any, that has become due solely because of the acceleration.

Section 6.03. *Other Remedies.*

If an Event of Default with respect to Securities occurs and is continuing, the Fiscal Agent may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, interest or premium, if any, on, the Securities or to enforce the performance of any provision of the Securities or this Agreement. If an Event of Default occurs and is continuing, the Fiscal Agent must exercise such of its rights and powers under this Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Fiscal Agent may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Fiscal Agent or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04. *Waiver of Past Defaults.*

Subject to Section 9.02, the Holders of a majority in principal amount of the outstanding Securities on behalf of the Holders of the outstanding Securities by notice to the Fiscal Agent may waive an existing past Default or Event of Default and its consequences but such waiver shall not extend to any future Event of Default. When a Default or Event of Default is waived by the Holders of Securities, it is cured and stops continuing.

Section 6.05. *Control by Majority.*

The Holders of a majority in principal amount of the outstanding Securities may direct the time, method and place of (1) conducting any proceeding for any remedy available to the Fiscal Agent with respect to the Securities; or (2) exercising any trust or power conferred on the Fiscal Agent with respect to the Securities. However, the Fiscal Agent may refuse to follow any direction that conflicts with law or this Agreement, or, subject to Section 7.01, that the Fiscal Agent determines would be unduly prejudicial to the rights of other Securityholders or that would involve the Fiscal Agent in personal liability. The Fiscal Agent may require indemnity satisfactory to it from the Holders requesting the Fiscal Agent to enforce this Agreement or the Securities before doing so.

Section 6.06. *Limitation on Suits.*

A Securityholder may pursue a remedy with respect to this Agreement or the Securities only if:

(1) the Holder gives to the Fiscal Agent written notice of a continuing Event of Default;

(2) the Holders of at least 25% in principal amount of the outstanding Securities make a written request to the Fiscal Agent to pursue the remedy;

(3) such Holder or Holders offer to the Fiscal Agent indemnity satisfactory to the Fiscal Agent against any loss, liability or expense;

(4) the Fiscal Agent does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Securities do not give the Fiscal Agent a direction inconsistent with the request.

A Holder of Securities may not use any provision of this Agreement to prejudice the rights of another Holder of any Securities or to obtain a preference or priority over another Holder of any Securities.

Section 6.07. *Rights of Holders to Receive Payment.*

Notwithstanding any other provision of this Agreement, the right of any Holder of a Security to receive payment of principal of, interest and premium, if any, on the Security, on or after the respective due dates expressed in the Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

Section 6.08. *Collection Suit by Fiscal Agent.*

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Fiscal Agent may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal, interest and any premium remaining unpaid on the Securities.

Section 6.09. *Fiscal Agent May File Proofs of Claim.*

The Fiscal Agent may file such proofs of claim and other papers or documents as may be necessary or advisable in order to hâve the claims of the Fiscal Agent and the Holders of Securities allowed in any judicial proceedings relative to the Company, its creditors or its property.

Section 6.10. *Priorities.*

If the Fiscal Agent collects any money or Cash Equivalents pursuant to this Article, it shall pay out the money or Cash Equivalents in the following order:

FIRST: to the Fiscal Agent and any predecessor fiscal agent of it for amounts due under Section 7.05;

SECOND: to Holders of Securities for amounts due and unpaid on the Securities for principal, interest and premium, if any, ratably without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, interest and premium, if any, respectively; and

THIRD: to the Company.

The Fiscal Agent may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10.

Section 6.11. *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Agreement or in any suit against the Fiscal Agent for any action taken or omitted by it as Fiscal Agent, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Fiscal Agent, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 25% in principal amount of the Securities.

Section 6.12. *Notice to Holders by Fiscal Agent.*

The Fiscal Agent shall, within 90 days after the occurrence of a Default known to it, give Holders of the Securities notice of Default; however, the Fiscal Agent may withhold from Holders of the Securities notice of any continuing Default (except a Default in the payment of principal, interest or premium, if any) if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Holders of the Securities.

ARTICLE SEVEN

Fiscal Agent

Section 7.01. *Duties of Fiscal Agent.*

The Fiscal Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights of Holders of Securities are subject:

(1) In acting under this Agreement and in connection with the Securities, the Fiscal Agent is acting solely as an agent of the Company and does not assume any responsibility for the correctness of the recitals in the Securities (except for the correctness of the statement of the Fiscal Agent in its certificate of authentication thereon) or any obligation or relationship of agency, for or with any of the owners or Holders of the Securities.

(2) The Fiscal Agent shall (except as ordered by a court of competent jurisdiction or as required by any applicable law), notwithstanding any notice to the contrary, be entitled to treat the Holder of any Security as the owner thereof as set forth in Section 2.13, shall not be liable for so doing and shall be indemnified and held harmless by the Company against any loss, liability, claim, demand or expense arising from or based upon it so doing.

(3) Except as may otherwise be agreed, the Fiscal Agent shall not be under any liability for interest on monies at any time received by it pursuant to any of the provisions of this Agreement or of the Securities.

(4) The Fiscal Agent may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Agreement and the Securities shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(5) The Fiscal Agent shall not be charged with knowledge of any Default or Event of Default with respect to the Securities, unless either (a) a Responsible Officer shall have actual knowledge of such Default or Event of Default or (b) written notice of such Default or Event of Default shall have been given to the Fiscal Agent by the Company or by any Holder of the Securities and such notice references this Agreement and the Securities.

(6) The permissive rights of the Fiscal Agent enumerated herein shall not be construed as duties.

(7) The duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Agreement and the Securities and the Fiscal Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement and the Securities, and no implied covenants or obligations shall be read into this Agreement or the Securities against the Fiscal Agent.

Section 7.02. *Rights of Fiscal Agent.*

(1) The Fiscal Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Security, notice, direction, consent, certificate, affedavit, statement, or other document to the extent that such communication conforms to the provisions set forth herein, believed by it, in good faith and without negligence, to be genuine and to have been passed or signed by the proper parties.

(2) Before the Fiscal Agent acts or refrains from acting, it may require an Officers' Certificate or any Opinion of Counsel. The Fiscal Agent shall not be liable for any action it takes or omits to take in good faith in reliance on the Certificate or Opinion.

(3) The Fiscal Agent may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(4) The Fiscal Agent shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

Section 7.03. *Individual Rights of Fiscal Agent.*

The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company with the same rights it would have if it were not Fiscal Agent. Any Agent may do the same with like rights.

Section 7.04. *Fiscal Agent's Disclaimer.*

The Fiscal Agent makes no representation as to the validity or adequacy of this Agreement or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

Section 7.05. *Compensation and Indemnity.*

The Company shall pay to the Fiscal Agent, from time to time, reasonable compensation for its services under this Agreement. The Company shall reimburse the Fiscal Agent upon request for all reasonable out-of-pocket expenses incurred by it in the performance of its duties under this Agreement. Such expenses shall include the reasonable compensation and expenses of the Fiscal Agent's agents and counsel.

Except as provided below in this paragraph, the Company shall indemnify the Fiscal Agent, any predecessor fiscal agent of it and each director, officer, employee and agent of the Fiscal Agent or predecessor fiscal agent against any loss, liability, cost, claim, action, demand or expense (including reasonable fees and expenses of legal counsel) incurred by it in connection with its appointment, or the performance of its duties hereunder, including all reasonable costs and expenses in defending itself against any claim or liability in connection with the exercise or performance of any of its powers and duties under this Agreement, or performance of any other duties pursuant to the terms and conditions hereof, except such as may result from the gross negligence, bad faith or willful misconduct of any such Person. The Fiscal Agent shall notify the Company promptly of any claim for which it may seek indemnity but failure to do so shall not relieve the Company of its obligations under this Section 7.05. The Company need not pay for any settlement made by the Fiscal Agent without the Company's consent, which consent shall not be unreasonably withheld. The Company need not reimburse any expense or indemnify against any loss or liability incurred by either the Fiscal Agent or any predecessor fiscal agent of it through its own gross negligence, bad faith or willful misconduct. In respect of the Company's payment obligations in this Section 7.05, the Fiscal Agent shall have a senior claim to which the Securities are hereby made subordinate on all money or property held or collected by the Fiscal Agent as such and not in its individual capacity, except for money or property held in trust for the benefit of the Holders to pay the principal of and interest and premium, if any, on particular Securities. Notwithstanding anything contained in this Agreement to the contrary, the indemnity agreement set forth in this paragraph shall survive the termination of this Agreement and the resignation or removal of the Fiscal Agent.

Section 7.06. *Replacement of Fiscal Agent.*

The Fiscal Agent may resign upon 30 days' written notice to the Company. The Holders of a majority in principal amount of the outstanding Securities may remove the Fiscal Agent by notifying the removed Fiscal Agent and the Company. Those Holders may appoint a successor Fiscal Agent with the Company's consent. The Company may remove the Fiscal Agent without prior notice if:

(1) the Fiscal Agent is adjudged a bankrupt or an insolvent;

(2) a receiver or public officer takes charge of the Fiscal Agent or its property; or

(3) the Fiscal Agent becomes incapable of acting.

If the Fiscal Agent resigns or is removed or if a vacancy exists in the office of Fiscal Agent for any reason, the Company shall promptly appoint a successor Fiscal Agent. Within one year after the successor Fiscal Agent takes office, the Holders of a majority in principal amount of the Securities may appoint a successor Fiscal Agent to replace the successor Fiscal Agent appointed by the Company.

If a successor Fiscal Agent does not take office within 60 days after the retiring Fiscal Agent resigns or is removed, the retiring Fiscal Agent, the Company or the Holders of a majority in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

A successor Fiscal Agent shall deliver a written acceptance of its appointment to the retiring Fiscal Agent and to the Company. Immediately after that, the retiring Fiscal Agent shall transfer all property held by it as Fiscal Agent to the successor Fiscal Agent, the resignation or removal of the retiring Fiscal Agent shall become effective, and the successor Fiscal Agent shall hâve all the rights, powers and duties of the Fiscal Agent under this Agreement. A successor Fiscal Agent shall mail notice of its succession to each Holder of Securities for which it acts as Fiscal Agent.

If at the time a successor to the Fiscal Agent succeeds to the trusts created by this Agreement any of the Securities shall have been authenticated but not delivered, the successor to the Fiscal Agent may adopt the certificate of authentication of any predecessor fiscal agent and deliver the Securities so authenticated. If at that time any of the Securities shall not have been authenticated, any successor to the Fiscal Agent may authenticate the Securities either in the name of any predecessor fiscal agent hereunder or in the name of the successor fiscal agent. In all such cases the certificate of authentication shall have the same force and effect which the provisions of the Securities or this Agreement provided that certificates of authentication of the Fiscal Agent shall have, except that the right to adopt the certificate of authentication of any predecessor Fiscal Agent or to authenticate the Securities in the name of any predecessor Fiscal Agent shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.07. *Successor Fiscal Agent by Merger, etc.*

If the Fiscal Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust assets to, another corporation, the successor corporation shall be the successor Fiscal Agent, without any further act.

ARTICLE EIGHT

Defeasance and Discharge

Section 8.01. *Option to Effect Covenant Defeasance.*

The Company may, at the option of its Board of Directors evidenced by a Board Resolution set forth in an Officers' Certificate, at any time, elect to have Section 8.02 hereof be applied to all outstanding Securities upon compliance with the conditions set forth below in this Article 8.

Section 8.02. *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, and subject to the satisfaction of the conditions set forth in Section 8.03 hereof, the Company shall be released from its obligations under the covenants contained in Sections 4.03, 4.04 and 4.05 and Article 5 on and after the date the conditions set forth below are satisfied (hereinafter, *"Covenant Defeasance"),* and the Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Agreement and such Securities shall be unaffected thereby.

Section 8.03. *Conditions to Covenant Defeasance.*

In order to exercise Covenant Defeasance, the Company must irrevocably deposit, or caused to be deposited, with the Fiscal Agent (or another fiscal agent satisfying the requirements of this Agreement), in trust for such purpose, (1) money in an amount, (2) U.S. Government Obligations that through the payment of principal and interest in accordance with their terms will provide money in an amount *("Cash Equivalents"),* or (3) a combination thereof, sufficient in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Fiscal Agent, to pay the principal of, premium, if any, and interest on, the outstanding Securities at maturity or upon redemption, together with all other amounts payable by the Company under this Agreement. Such Covenant Defeasance will become effective 91 days after such deposit if and only if:

(i) no Default or Event of Default with respect to the Securities has occurred and is continuing immediately prior to the time of such deposit;

(ii) no Default or Event of Default shall have occurred at any time in the period ending on the 91st day after the date of such deposit and shall be continuing on such 91st day;

(iii) such defeasance does not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound (and, in furtherance of such condition, no Default or Event of Default shall result under this Agreement due to the incurrence of indebtedness to fund such deposit and the entering into of customary documentation in connection therewith, even though such documentation may contain provisions that would otherwise give rise to a Default or Event of Default); and

(iv) the Company has delivered to the Fiscal Agent (A) an Opinion of Counsel to the effect that the Holders of the Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and (B) an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to such Covenant Defeasance have been complied with.

Section 8.04. *Discharge*.

If (i) the Company shall deliver to the Fiscal Agent for cancellation all Securities theretofore authenticated and delivered (other than any Securities which shall have been destroyed, lost or stolen and in lieu of or in substitution for which other Securities shall have been authenticated and delivered) and not theretofore cancelled, or (ii) all Securities not theretofore surrendered or delivered to the Fiscal Agent for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Fiscal Agent, and the Company shall irrevocably deposit with the Fiscal Agent, as trust fonds solely for the benefit of the Holders for that purpose, an amount sufficient to pay at maturity or upon redemption all of the Securities (other than any Securities which shall have been destroyed, lost or stolen and in lieu of or in substitution for which other Securities shall have been authenticated and delivered) not theretofore surrendered or delivered to the Fiscal Agent for cancellation, including principal, premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be, then this Agreement shall cease to be of further force or effect (except as to rights of registration of transfer or exchange of the Securities provided in this Agreement) and, at the written request of the Company, accompanied by an Officers' Certificate and Opinion of Counsel, each stating that all conditions precedent provided for herein relating to the satisfaction and discharge of this Agreement have been complied with, and upon payment of the costs, charges and expenses incurred or to be incurred by the Fiscal Agent in relation thereto or in carrying out the provisions of this Agreement, the Fiscal Agent shall satisfy and discharge this

Agreement *("Discharge"); provided* that the Company's obligations with respect to the payment of principal, premium, if any, and interest will not terminate until the same shall apply the moneys so deposited to the payment to the Holders of Securities of all sums due and to become due thereon.

Section 8.05. *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and Cash Equivalents (including the proceeds thereof) deposited with the Fiscal Agent (or other qualifying fiscal agent, collectively for purposes of this Section 8.05, the *"Fiscal Agent")* pursuant to Section 8.02 hereof in respect of the outstanding Securities shall be held in trust and applied by the Fiscal Agent, in accordance with the provisions of such Securities and this Agreement, to the payment, either directly or through the Paying Agent as the Fiscal Agent may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest but such money and Cash Equivalents need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Fiscal Agent against any tax, fee or other charge imposed on or assessed against the money or Cash Equivalents deposited pursuant to this Section 8.05 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article 8 to the contrary notwithstanding, the Fiscal Agent shall deliver or pay to the Company from time to time upon the request of the Company any money or Cash Equivalents held by it as provided in this Section 8.05 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Fiscal Agent (which may be the opinion delivered under Section 8.03 hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Covenant Defeasance or Discharge.

Section 8.06. *Repayment to Company.*

Any money and Cash Equivalents deposited with the Fiscal Agent or any Paying Agent, or then held by the Company or any of its Subsidiaries, in trust for the payment of the principal of, or premium, if any, or interest on, any Security and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company or any of its Subsidiaries) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Fiscal Agent or such Paying Agent with respect to such trust money and Cash Equivalents, and all liability of the Company or any of its Subsidiaries or Affiliates as fiscal agent thereof, shall thereupon cease; *provided, however,* that the Fiscal Agent or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times, The Wall Street Journal (national edition) and such foreign publication as may be required by applicable law, notice that such money and Cash Equivalents

remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money and Cash Equivalents then remaining will be repaid to the Company.

Section 8.07. *Reinstatement*

If the Fiscal Agent or Paying Agent is unable to apply any United States dollars or Cash Equivalents in accordance with Section 8.02 or 8.04 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Agreement and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.04 hereof until such time as the Fiscal Agent or Paying Agent is permitted to apply all such assets in accordance with Section 8.02 or 8.04 hereof, as the case may be; *provided, however,* that, if the Company makes any payment of principal of, or premium, if any, or interest on, any Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money and Cash Equivalents held by the Fiscal Agent or Paying Agent.

ARTICLE NINE

Amendments, Supplements and Waivers

Section 9.01. *Without Consent of Holders.*

The Company and the Fiscal Agent may amend or supplement this Agreement or the Securities without notice to or consent of any Securityholder:

(1) to cure any ambiguity, omission, defect or inconsistency or to make other formal changes;

(2) to comply with Article Four or Five;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(4) to add to the covenants of the Company or to add any additional Events of Default for the benefit of all the Securities;

(5) to add to or change any of the provisions of this Agreement to such extent as shall be necessary to permit or facilitate the issuance of Securities in (i) bearer form, registrable or not registrable as to principal, and/or (ii) coupon form, registrable or not registrable as to principal, and to provide for exchangeability of such Securities with Securities issued hereunder in fully registered form;

(6) to add to or change any provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Fiscal Agent;

(7) to issue Additional Securities pursuant to Section 2.15; or

(8) to make any change that does not adversely affect the rights of any Securityholder;

but none of such changes shall adversely affect the rights of any Securityholder.

Section 9.02. *With Consent of Holders.*

The Company and the Fiscal Agent may amend this Agreement or the Securities with the written consent of the Holders of at least a majority in principal amount of the outstanding Securities affected by such supplement or amendment. The Holders of a majority in principal amount of the outstanding Securities may waive compliance by the Company in a particular instance with any provision of this Agreement or the Securities without notice to any Holder of Securities. Without the consent of each Securityholder affected, however, an amendment, supplement or waiver, including a waiver pursuant to Section 6.04, may not:

(1) change the stated maturity of the principal of, or any installment of principal of or interest on, the Securities;

(2) reduce the principal amount of (or premium, if any) or any interest on the Securities;

(3) change the place of payment on any Security;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to the Securities on or after its stated maturity (or, in the case of redemption, on or after the Redemption Date); or

(5) reduce the percentage in principal amount of outstanding Securities of any series, the consent of the Holders of which is required for modification or amendment of this Agreement or for waiver of compliance with certain provisions of this Agreement or for waiver of certain defaults.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed supplement, but it shall be sufficient if such consent approves the substance thereof.

Section 9.03. *Revocation and Effect of Consents.*

A consent to an amendment, supplement or waiver by a Holder of a Security is a continuing consent, irrevocable for a period of nine months from the date given or, if earlier, until the amendment, supplement or waiver becomes effective, both as to the Holder giving such consent and as to every subsequent Holder of a Security or a portion of a Security that evidences

the same debt as the consenting Holder's Security, even if notation of the consent is not made on each Security. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder.

Section 9.04. *Notation on or Exchange of Securities.*

If an amendment, supplement or waiver changes the term of a Security, the Fiscal Agent may require the Holder of the Security to deliver it to the Fiscal Agent. The Fiscal Agent may place an appropriate notation on the Security about an amendment, supplement or waiver and return it to the Holder. Alternatively, the Company in exchange for Securities may issue and the Fiscal Agent shall authenticate new Securities that reflect an amendment, supplement or waiver.

Section 9.05. *Fiscal Agent to Sign Amendments, etc.*

The Fiscal Agent need not sign any supplement or amendment to this Agreement that adversely affects its rights. In signing any amendment, supplement or waiver, the Fiscal Agent shall be entitled to receive, and (subject to Section 7.02) shall be fully protected in relying upon an Officers' Certificate and Opinion of Counsel stating that such amendment, supplement or waiver is not prohibited by the Agreement.

ARTICLE TEN

MISCELLANEOUS

Section 10.01. *Notices.*

Any notice or communication shall be in writing and delivered in person or mailed by first-class mail to the other's address as follows:

If to the Company:	Symetra Financial Corporation Symetra Financial Center P.O. Box 34690 Seattle, Washington 98124-1690 Attn: General Counsel
With a copy to:	Orrick Herrington & Sutcliffe LLP 719 Second Avenue, Suite 900 Seattle, Washington 98104 Attn: Stephen M. Graham
If to the Fiscal Agent:	U.S. Bank National Association Corporate Trust Services CN-OH-W6CT 425 Walnut Street Cincinnati, Ohio 45202 Attn: William E. Sicking

The Company or the Fiscal Agent by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Holder of a Security shall be mailed by first class mail to his or her address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

In case, by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impossible to mail any notice as required by this Agreement, then such method of notification as shall be made with the approval of the Fiscal Agent shall constitute a sufficient mailing of such notice.

Section 10.02. *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Fiscal Agent to take any action under this Agreement, the Company shall furnish to the Fiscal Agent:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action hâve been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent hâve been complied with.

Section 10.03. *Statements Required in Certificate or Opinion.*

Each Certificate or Opinion with respect to compliance with a condition or covenant provided for in this Agreement shall include:

(1) a statement that the person making such Certificate or Opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Certificate or Opinion are based;

(3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 10.04. *Rules by Fiscal Agent, Paying Agent, Registrar.*

The Fiscal Agent may make reasonable rules for action by or a meeting of Securityholders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 10.05. *Governing Law.*

THIS AGREEMENT AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 10.06. *No Recourse Against Others.*

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

Section 10.07. *Successors.*

All agreements of the Company in this Agreement and the Securities shall bind its successor. All agreements of the Fiscal Agent in this Agreement shall bind its successor.

Section 10.08. *Execution in Counterparts.*

The parties may sign this Agreement in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same agreement.

SIGNATURES

SYMETRA FINANCIAL CORPORATION

By /s/ Margaret A. Meister
Name: Margaret A. Meister
Title: Executive Vice President and
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION

By /s/ William E. Sicking
Name: William E. Sicking
Title: Vice President and Trust Officer

Exhibit 4.3

MASTER PROMISSORY NOTE
(FEDERAL FUNDS RATE)

$25,000,000 October 17, 2005

FOR VALUE RECEIVED, SYMETRA FINANCIAL CORPORATION (the "Borrower"), hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank") at its One Wall Street, New York, New York office, the principal sum of Twenty Five Million Dollars ($25,000,000) or the aggregate unpaid principal amount of all advances made by the Bank to the Borrower (which aggregate unpaid principal amount shall be equal to the amount duly indorsed and set forth opposite the date last appearing on the schedule attached to this note), whichever is less. Advances evidenced by this note shall be payable ON DEMAND.

The Borrower agrees to pay interest on the unpaid principal balance of each advance evidenced hereby from the date such advance is made at a rate per annum equal to the Federal Funds Rate plus 0.2%, but not to exceed the maximum rate permitted by law. If any payment which is to be made hereunder is not paid when due, the Borrower agrees to pay interest on such payment, payable on demand, at a rate per annum equal to the rate specified in the preceding sentence plus 2%, but not to exceed the maximum rate permitted by law. Interest shall be computed on the basis of a 360 day year for the actual number of days elapsed and shall be payable on the last day of each month and at maturity of each advance evidenced by this note (whether by acceleration or otherwise).

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded, if necessary, to the next greater 1/100 of 1%) equal to the rate at which the Bank is offered overnight Federal funds by a Federal funds broker selected by the Bank on such day (or if such day is not a business day, the Federal Funds Rate for such day shall be such rate at which the Bank is offered overnight Federal funds by such Federal funds broker, on the next preceding business day).

If any payment of principal of or interest on the advances evidenced by this note becomes due and payable on a Saturday, Sunday or other day on which the Bank is permitted or required by law to be closed, then such payment shall be extended to the next succeeding business day, and interest shall be payable at the rate set forth above during such extension.

Advances evidenced by this note may be prepaid at any time without penally, but with interest on the amount being prepaid through the date of prepayment.

If the Bank shall make a new advance on a day on which the Borrower is to repay an advance hereunder, the Bank shall apply the proceeds of the new advance to make such repayment and only the amount by which the amount being advanced exceeds the amount being repaid shall be made available to the Borrower in accordance with the terms of this note.

The Borrower authorizes the Bank to accept oral (including telephonic) and written (including facsimile) instructions from the Borrower or an authorized representative of the Borrower to make an advance hereunder or receive any payment hereof and to indorse on the schedule attached hereto the amount of all advances hereunder and all principal payments hereof received by the Bank. The Borrower agrees that the Bank may rely on instructions believed by the Bank to be genuine and given by the Borrower or an authorized representative of the Borrower.

At the Borrower's option, the Bank shall credit a deposit account maintained by the Borrower in the name of the Borrower at the Bank in the amount of an advance hereunder or transfer the

proceeds of an advance hereunder to a bank designated by the Borrower for credit to an account designated by the Borrower maintained at such bank. The Borrower agrees that the crediting of the amount of an advance to the Borrower's deposit account maintained at the Bank or the origination of a payment order for a funds transfer of the proceeds of an advance in accordance with the instructions of the Borrower shall constitute conclusive evidence that such advance was made, and neither the failure of the Bank to indorse on the schedule attached hereto the amount of such advance, nor the failure of the bank designated by the Borrower to credit the proceeds of the advance to the designated account maintained at such bank, shall affect the Borrower's obligations hereunder.

The Borrower acknowledges that the advances evidenced hereby are payable on demand and payment thereof may be demanded by the Bank at any time for any reason in the sole and absolute discretion of the Bank.

All advances evidenced hereby together with all accrued interest thereon shall become immediately and automatically due and payable, without demand, presentment, protest or notice of any kind, upon the commencement by or against the Borrower, any guarantor of this note or any hypothecator of collateral securing this note of a case or proceeding under any bankruptcy, insolvency or other law relating to the relief of debtors, the readjustment, composition or extension of indebtedness or reorganization or liquidation.

The Borrower waives presentment, demand, protest and notice of protest, non-payment or dishonor of this note.

The Borrower agrees to pay all out of pocket costs and expenses incurred by the Bank incidental to or in any way relating to the Bank's enforcement of the obligations of the Borrower hereunder or the protection of the Bank's rights in connection herewith, including, but not limited to, reasonable attorneys' fees and expenses, whether or not litigation is commenced.

All obligations of the Borrower to the Bank under this note are secured pursuant to the terms of a security agreement executed by the Borrower in favor of the Bank dated of even date herewith as such agreement may be amended or modified from time to time, and the Bank shall be entitled to all the benefits thereof.

Promptly upon the Bank's request, the Borrower agrees to furnish to the Bank such information (including, without limitation, financial statements and tax returns of the Borrower, a statement of assets and liabilities of the Borrower as of the end of the each quarter of the Borrower's fiscal years, a statement as to the investment portfolio of the Series as of the end of each quarter of the Borrower's fiscal years, proxy materials, and such other information as the Bank shall reasonably request from time to time) and to permit the Bank to inspect the books and records of the Borrower, as the Bank shall reasonably request from time.

The Borrower waives any right to claim or interpose any counterclaim or set-off of any kind in any litigation relating to this note or the transactions contemplated hereby.

This note may not be amended, and compliance with its terms may not be waived, orally or by course of dealing, but only by a writing signed by an authorized officer of the Bank.

This note may be assigned or indorsed by the Bank and its benefits shall inure to the successors, indorsees and assigns of the Bank.

No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive of any other right, remedy or power, and may be exercised by the Bank at any time and from time to time.

Every provision of this note is intended to be severable; if any term or provision of this note shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

All obligations of the Borrower under this note are secured pursuant to the terms of a security agreement executed by the Borrower in favor of the Bank dated of even date herewith and the Bank is entitled to all of the benefits thereof.

The Borrower represents and warrants that the Borrower is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; that the execution, delivery and performance of this note are within the Borrower's corporate powers and have been duly authorized by all necessary action of its board of directors and shareholders; and that each person executing this note has the authority to execute and deliver this note on behalf of the Borrower.

THE PROVISIONS OF THIS NOTE SHALL BE CONSTRUED AND INTERPRETED, AND ALL RIGHTS AND OBLIGATIONS HEREUNDER DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS. THE BORROWER SUBMITS TO THE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE CITY AND STATE OF NEW YORK IN PERSONAM AND AGREES THAT ALL ACTIONS AND PROCEEDINGS RELATING DIRECTLY OR INDIRECTLY TO THIS NOTE SHALL BE LITIGATED ONLY IN SAID COURTS OR COURTS LOCATED ELSEWHERE AS SELECTED BY THE BANK AND THAT SUCH COURTS ARE CONVENIENT FORUMS. THE BORROWER WAIVES PERSONAL SERVICE UPON IT AND CONSENTS TO SERVICE OF PROCESS BY MAILING A COPY THEREOF TO IT BY REGISTERED OR CERTIFIED MAIL.

THE BORROWER AND THE BANK WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SYMETRA FINANCIAL CORPORATION

By: /s/ Oscar C. Tengtio
Name: Oscar C. Tengtio
Title: Executive Vice President & CFO

By: /s/ Daniel B. Schaaf
Name: Daniel B. Schaaf
Title: Assistant Secretary

ADDRESS OF BORROWER

777 108th AVE. NE
Bellevue, WA 98004

Exhibit 4.4

SECURITY AGREEMENT

One Wall Street, New York, New York 10286 October 17, 2005
(Banking Office)

FOR VALUE RECEIVED, and in order to induce THE BANK OF NEW YORK (the "Bank"), in its discretion, to make loans or otherwise extend credit at any time, and from time to time to, or at the request of, the undersigned (the "Debtor"), whether the loans or credit so extended shall be absolute or contingent, the Debtor (jointly and severally, if more than one and whether executing the same or separate instruments) grants to the Bank, as security for all present or future obligations or liabilities of any and all kinds of the Debtor to it, whether incurred by the Debtor as maker, indorser, drawer, acceptor, guarantor, accommodation party, counterparty, purchaser, seller or otherwise, whether due or to become due, secured or unsecured, absolute or contingent, joint and/or several, and howsoever or whensoever acquired by the Bank including interest accruing thereon before or after the commencement of any insolvency, bankruptcy or reorganization proceeding of the Debtor whether or not such interest is an allowable claim in any proceeding and irrespective of the discharge or release of the Debtor in such proceeding (all of which are referred to collectively as the "Obligations"), a security interest in and a lien upon all personal property and fixtures of the Debtor or in which the Debtor has an interest wherever located and whether now or hereafter existing or now owned or hereafter acquired and whether or not subject to the Uniform Commercial Code (the "Code") specified in Schedule A hereto, and also including all interest, dividends and other distributions thereon paid and payable in cash or in property, and all replacements and substitutions for, and all accessions and additions to, and all products and proceeds of, all of the foregoing (all of which are referred to as the "Collateral").

The Debtor agrees to deliver to the Bank whenever called for by it such additional collateral security of a kind and of a market value satisfactory to the Bank, so that there will, at all times, be with the Bank a margin of security for the payment of all Obligations which shall be satisfactory to it. In addition to the Bank's security interest in the Collateral, it shall have, and the Debtor hereby grants to the Bank, a security interest and a lien for all the Obligations in and upon any personal property of the Debtor or in which the Debtor may have an interest which is now or may at any time hereafter come into the possession or control of the Bank, or of any third party acting on its behalf, whether for the express purpose of being used by the Bank as collateral security or held in custody or for any other or different purpose, including such personal property as may be in transit by mail or carrier for any purpose, or covered or affected by any documents in the Bank's possession or control, or in the possession or control of any third party acting on its behalf (said additional personal property is also referred to as the "Collateral"). The Debtor hereby authorizes the Bank in its discretion, at any time, whether or not the Collateral is deemed by it adequate, to appropriate and apply upon any of the Obligations, whether or not due, any of such property of the Debtor and to charge any of the Obligations against any balance of any account standing to the credit of the Debtor on the books of the Bank.

Upon failure of the Debtor to pay any Obligation when becoming or made due, in accordance with its terms, the Bank shall have, in addition to all other rights and remedies allowed by law, the rights and remedies of a secured party under the Code and, without limiting the generality of the foregoing, the Bank may immediately, without demand of performance and without notice of intention to sell or otherwise dispose of or of time or place of sale or other disposition or of redemption or other notice or demand whatsoever to the Debtor, all of which, to the extent permitted by law, are hereby expressly waived, and without advertisement, (a) sell at public or private sale, grant options to purchase or otherwise realize upon, in the State of New York, or elsewhere, the whole or from time to time any part of the Collateral upon which the Bank shall have a security interest or lien as aforesaid, or any interest which the Debtor may have therein, and (b) exercise any and all rights, options, powers, benefits or privileges

given to the Bank upon any life insurance policies held as Collateral. After deducting from the proceeds of any such sale or other disposition of the Collateral all expenses (including, but not limited to, reasonable attorneys' fees and expenses and other expenses as set forth below), the Bank shall apply the residue of such proceeds toward the payment of any of the Obligations, in such order as the Bank shall elect, the Debtor remaining liable for any deficiency, plus interest thereon, remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, the Debtor hereby agrees that a notice sent at least five days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Debtor also agrees to assemble the Collateral at such place or places as the Bank designates by written notice.

At any such sale or other disposition the Bank or any other person designated by the Bank may itself purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Debtor, which right, to the extent permitted by law, is hereby waived and released.

The Bank may, without any notice to the Debtor, in its discretion, whether or not any of the Obligations are due, in its name or in the name of the Debtor, demand, sue for, collect and receive any money or property at any time due, payable or receivable on or on account of or in exchange for, and may compromise, settle or extend the time of payment of, any of the demands or obligations represented by any of the Collateral, and may also exchange any of the Collateral for other property upon the reorganization, recapitalization or other readjustment of the issuer, maker or other person who is obligated on or otherwise has liabilities with respect to the Collateral, and in connection (herewith may deposit any of the Collateral with any committee or depositary upon such terms as the Bank may in its discretion deem appropriate, and the Debtor does hereby constitute and appoint the Bank the Debtor's true and lawful attorney to compromise, settle or extend payment of said demands or obligations and exchange such Collateral as the Debtor might or could do personally; all without liability or responsibility for action herein authorized and taken or not taken in good faith. The Bank is entitled at any time in its discretion to notify an account debtor or the obligor on any instalment to make payment to it, regardless of whether or not the Debtor had been previously making collections on the Collateral, and the Bank may take control of any proceeds of any of the Collateral. Upon request of the Bank, the Debtor shall receive and hold all proceeds of the Collateral in trust for the Bank and not commingle any collections with any of its own funds and immediately deliver such collections to the Bank.

The Debtor agrees that the Collateral secures, and further agrees to pay on demand, all expenses (including, but not limited to, reasonable attorneys' fees and expenses and costs of any insurance and payment of taxes or other charges) of, or incidental to, the custody, care, sale or collection of, or realization upon, any of the Collateral or in any way relating to the enforcement or protection of the rights of the Bank hereunder, whether or not litigation is commenced.

The Debtor agrees to mark its books and records as the Bank shall request in order to reflect the rights of the Bank granted herein, and the Bank may, in its sole discretion, take possession of the Collateral at any time, either prior to or subsequent to a default under any of the Obligations. The Debtor agrees to maintain such insurance on the Collateral as the Bank may require. The Bank may, without any notice to the Debtor, in its discretion, and for its own benefit, lend, use, transfer or repledge to any third party all or any part of the Collateral by itself or commingled with the property of others, in bulk or otherwise. The Bank may, without any notice to the Debtor, sell, assign or transfer any of the Obligations and the Bank's rights and duties hereunder, and may deliver the Collateral, or any part thereof, to the assignee or transferee of any of the Obligations, who shall become vested with all the rights, remedies, powers, security interests and liens herein given to the Bank in respect thereto; and the Bank shall thereafter be relieved and fully discharged from any liability or responsibility in the premises.

The Bank may, without any notice to the Debtor, in its discretion, transfer, or cause to be transferred, all or any part of the Collateral to its name, or to the name of its nominee, vote the Collateral so transferred, and receive income and make or receive collections, including money, thereon and hold said income and collections as Collateral or apply said income and collections to any of the Obligations, the manner and distribution of the application to be made as the Bank shall elect.

Calls for Collateral, demand for payment or notice to the Debtor may be given by leaving same at the address given below or any other address hereafter filed with the Bank, or by mailing same to such address with the same effect as if delivered personally. Such notice given in the manner herein provided shall be effective whether or not received by the Debtor. The Debtor agrees not to change its name, any of its places of business, remove any records of the Debtor relating to any of the Collateral or move any of the Collateral without giving the Bank thirty days' prior written notice.

With respect to the Collateral, the Bank shall be under no duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management thereof and its only duty with respect thereto shall be to use reasonable care in its custody and preservation while in its possession, which shall not include any steps necessary to preserve, obtain, secure or acquire rights or property against or from any parties.

The Debtor authorizes the Bank, at the Debtor's expense, to file one or more financing statements and amendments thereto to perfect the security interests granted herein, without the Debtor's signature thereon, and to take all actions necessary to perfect (whether by filing, possession, control or otherwise) its security interest in the Collateral under any applicable law or regulation, and the Debtor agrees to do, file, record, make, execute and deliver all such acts, deeds, things, agreements, notices, instruments and financing statements as the Bank may request in order to perfect and enforce the rights of the Bank herein.

If at any time it is necessary in the opinion of counsel to the Bank that any or all of the securities held as Collateral (the "Pledged Securities") be registered under the Securities Act of 1933, as amended, or that an indenture with respect thereto be qualified under the Trust Indenture Act of 1939, as amended, in order to permit the sale or other disposition of the Pledged Securities, the Debtor shall at the Bank's request and at the expense of the Debtor use the best efforts of the Debtor promptly to cause the registration of the Pledged Securities and the qualification of such indenture and to continue such registration and qualification under such laws and in such jurisdictions and for as long as deemed appropriate by the Bank.

The Debtor hereby authorizes the Bank to date this agreement as of the date of the granting of any Obligation secured hereby and to complete any blank space herein (including any schedule hereto) according to the terms upon which said Obligation was granted.

This agreement may not be amended, or compliance with its terms waived, orally or by course of dealing, but only by a writing signed by an authorized officer of the Bank.

No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive of any other right, remedy or power, and may be exercised by the Bank at any time and from time to time.

This agreement may be assigned by the Bank and its benefits shall inure to the successors, indorsees and assigns of the Bank.

This agreement shall be construed and interpreted, and all rights and obligations hereunder shall be determined, in accordance with the laws of the State of New York without regard to principles of conflict of laws.

Unless otherwise defined or the text otherwise requires, all terms used herein shall have the meanings specified in the Code.

Every provision of this agreement is intended to be severable; if any term or provision of this agreement shall be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Any notice to the Bank shall be effective only upon receipt by the Bank and if directed to the Bank at its banking office set forth above or any other address hereafter specified by written notice from the Bank to the Debtor.

The Debtor represents and warrants that at the time the Collateral becomes subject to the Bank's security interest, the Debtor shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest in the Collateral to the Bank and the Collateral shall be free and clear of all other claims, liens, charges, security interests and encumbrances except as permitted in writing by the Bank. The Debtor represents and warrants to the Bank that any information furnished to the Bank regarding the Collateral is true and correct on the date hereof and is complete in all material respects.

The Debtor represents and warrants that the Debtor is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; that the execution, delivery and performance of this agreement are within the Debtor's corporate powers and have been duly authorized by all necessary action of its board of directors and shareholders; and that each person executing this agreement has the authority to execute and deliver this agreement on behalf of the Debtor.

THE DEBTOR SUBMITS TO THE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE CITY AND STATE OF NEW YORK IN PERSONAM AND AGREES THAT ALL ACTIONS AND PROCEEDINGS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT SHALL BE LITIGATED ONLY IN SAID COURTS OR IN COURTS LOCATED ELSEWHERE AS THE BANK MAY SELECT AND THAT SUCH COURTS ARE CONVENIENT FORUMS AND WAIVES PERSONAL SERVICE UPON IT AND CONSENTS TO SERVICE OF PROCESS OUT OF SAID COURTS BY MAILING A COPY THEREOF TO IT BY REGISTERED OR CERTIFIED MAIL.

THE DEBTOR AND THE BANK WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SYMETRA FINANCIAL CORPORATION

ADDREESS OF DEBTOR

777 108th AVE. NE
Bellevue, WA 98004

[SCHEDULE A ON THE FOLLOWING PAGE MUST BE COMPLETED]

By: /s/ Oscar C. Tengtio
Name: Oscar C. Tengtio
Title: Executive Vice President & CFO

By: /s/ Daniel B. Schaaf
Name: Daniel B. Schaaf
Title: Assistant Secretary

Exhibit 4.5

MASTER PROMISSORY NOTE
(FEDERAL FUNDS RATE)

$25,000,000 October 17, 2005

FOR VALUE RECEIVED, SYMETRA LIFE INSURANCE COMPANY (the "Borrower"), hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank") at its One Wall Street, New York, New York office, the principal sum of Twenty Five Million Dollars ($25,000,000) or the aggregate unpaid principal amount of all advances made by the Bank to the Borrower (which aggregate unpaid principal amount shall be equal to the amount duly indorsed and set forth opposite the date last appearing on the schedule attached to this note), whichever is less. Advances evidenced by this note shall be payable ON DEMAND.

The Borrower agrees to pay interest on the unpaid principal balance of each advance evidenced hereby from the date such advance is made at a rate per annum equal to the Federal Funds Rate plus 0.2%, but not to exceed the maximum rate permitted by law. If any payment which is to be made hereunder is not paid when due, the Borrower agrees to pay interest on such payment, payable on demand, at a rate per annum equal to the rate specified in the preceding sentence plus 2%, but not to exceed the maximum rate permitted by law, interest shall be computed on the basis of a 360 day year for the actual number of days elapsed and shall be payable on the last day of each month and at maturity of each advance evidenced by this note (whether by acceleration or otherwise).

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded, if necessary, to the next greater 1/100 of 1%) equal to the rate at which the Bank is offered overnight Federal funds by a Federal funds broker selected by the Bank on such day (or if such day is not a business day, the Federal Funds Rate for such day shall be such rate at which the Bank is offered overnight Federal funds by such Federal funds broker, on the next preceding business day).

If any payment of principal of or interest on the advances evidenced by this note becomes due and payable on a Saturday, Sunday or other day on which the Bank is permitted or required by law to be closed, then such payment shall be extended to the next succeeding business day, and interest shall be payable at the rate set forth above during such extension.

Advances evidenced by this note may be prepaid at any time without penalty, but with interest on the amount being prepaid through the date of prepayment.

If the Bank shall make a new advance on a day on which the Borrower is to repay an advance hereunder, the Bank shall apply the proceeds of the new advance to make such repayment and only the amount by which the amount being advanced exceeds fee amount being repaid shall be made available to the Borrower in accordance with the terms of this note.

The Borrower authorizes the Bank to accept oral (including telephonic) and written (including facsimile) instructions from the Borrower or an authorized representative of the Borrower to make an advance hereunder or receive any payment hereof and to indorse on the schedule attached hereto the amount of all advances hereunder and all principal payments hereof received by the Bank. The Borrower agrees that the Bank may rely on instructions believed by the Bank to be genuine and given by the Borrower or an authorized representative of the Borrower.

At the Borrower's option, the Bank shall credit a deposit account maintained by the Borrower in the name of the Borrower at the Bank in the amount of an advance hereunder or transfer the

proceeds of an advance hereunder to a bank designated by the Borrower for credit to an account designated by the Borrower maintained at such bank. The Borrower agrees that the crediting of the amount of an advance to the Borrower's deposit account maintained at the Bank or the origination of a payment order for a funds transfer of the proceeds of an advance in accordance with the instructions of the Borrower shall constitute conclusive evidence that such advance was made, and neither the failure of the Bank to indorse on the schedule attached hereto the amount of such advance, nor the failure of the bank designated by the Borrower to credit the proceeds of the advance to the designated account maintained at such bank, shall affect the Borrower's obligations hereunder.

The Borrower acknowledges that the advances evidenced hereby are payable on demand and payment thereof may be demanded by the Bank at any time for any reason in the sole and absolute discretion of the Bank.

All advances evidenced hereby together with all accrued interest thereon shall become immediately and automatically due and payable, without demand, presentment, protest or notice of any kind, upon the commencement by or against the Borrower, any guarantor of this note or any hypothecator of collateral securing this note of a case or proceeding under any bankruptcy, insolvency or other law relating to the relief of debtors, the readjustment, composition or extension of indebtedness or reorganization or liquidation.

The Borrower waives presentment, demand, protest and notice of protest, non-payment or dishonor of this note.

The Borrower agrees to pay all out of pocket costs and expenses incurred by the Bank incidental to or in any way relating to the Bank's enforcement of the obligations of the Borrower hereunder or the protection of the Bank's rights in connection herewith, including, but not limited to, reasonable attorneys' fees and expenses, whether or not litigation is commenced.

All obligations of the Borrower to the Bank under this note are secured pursuant to the terms of a security agreement executed by the Borrower in favor of the Bank dated of even date herewith as such agreement may be amended or modified from time to time, and the Bank shall be entitled to all the benefits thereof.

Promptly upon the Bank's request, the Borrower agrees to furnish to the Bank such information (including, without limitation, financial statements and tax returns of the Borrower, a statement of assets and liabilities of the Borrower as of the end of the each quarter of the Borrower's fiscal years, a statement as to the investment portfolio of the Series as of the end of each quarter of the Borrower's fiscal years, proxy materials, and such other information as the Bank shall reasonably request from time to time) and to permit toe Bank to inspect the books and records of the Borrower, as the Bank shall reasonably request from time.

The Borrower waives any right to claim or interpose any counterclaim or set-off of any kind in any litigation relating to this note or the transactions contemplated hereby.

This note may not be amended, and compliance with its terms may not be waived, orally or by course of dealing, but only by a writing signed by an authorized officer of the Bank.

This note may be assigned or indorsed by the Bank and its benefits shall inure to the successors, indorsees and assigns of the Bank.

No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive of any other right, remedy or power, and may be exercised by the Bank at any time and from time to time.

Every provision of this note is intended to be severable; if any term or provision of this note shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

All obligations of the Borrower under this note are secured pursuant to the terms of a security agreement executed by the Borrower in favor of the Bank dated of even date herewith and the Bank is entitled to all of the benefits thereof.

The Borrower represents and warrants that the Borrower is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; that the execution, delivery and performance of this note are within the Borrower's corporate powers and have been duly authorized by all necessary action of its board of directors and shareholders; and that each person executing this note has the authority to execute and deliver this note on behalf of the Borrower.

THE PROVISIONS OF THIS NOTE SHALL BE CONSTRUED AND INTERPRETED, AND ALL RIGHTS AND OBLIGATIONS HEREUNDER DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS. THE BORROWER SUBMITS TO THE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE CITY AND STATE OF NEW YORK IN PERSONAM AND AGREES THAT ALL ACTIONS AND PROCEEDINGS RELATING DIRECTLY OR INDIRECTLY TO THIS NOTE SHALL BE LITIGATED ONLY IN SAID COURTS OR COURTS LOCATED ELSEWHERE AS SELECTED BY THE BANK AND THAT SUCH COURTS ARE CONVENIENT FORUMS. THE BORROWER WAIVES PERSONAL SERVICE UPON IT AND CONSENTS TO SERVICE OF PROCESS BY MAILING A COPY THEREOF TO IT BY REGISTERED OR CERTIFIED MAIL.

THE BORROWER AND THE BANK WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SYMETRA LIFE INSURANCE COMPANY

By: /s/ Oscar C. Tengtio
Name: Oscar C. Tengtio
Title: Executive Vice President & CFO

By: /s/ Daniel B. Schaaf
Name: Daniel B. Schaaf
Title: Assistant Secretary

ADDRESS OF BORROWER

777 108th AVE. NE
Bellevue, WA 98004

Exhibit 4.6

SECURITY AGREEMENT

One Wall Street, New York, New York 10286 **October 17, 2005**
(Banking Office)

FOR VALUE RECEIVED, and in order to induce THE BANK OF NEW YORK (the "Bank"), in its discretion, to make loans or otherwise extend credit at any time, and from time to time to, or at the request of, the undersigned (the "Debtor"), whether the loans or credit so extended shall be absolute or contingent, the Debtor (jointly and severally, if more than one and whether executing the same or separate instruments) grants to the Bank, as security for all present or future obligations or liabilities of any and all kinds of the Debtor to it, whether incurred by the Debtor as maker, indorser, drawer, acceptor, guarantor, accommodation party, counterparty, purchaser, seller or otherwise, whether due or to become due, secured or unsecured, absolute or contingent, joint and/or several, and howsoever or whensoever acquired by the Bank including interest accruing thereon before or after the commencement of any insolvency, bankruptcy or reorganization proceeding of the Debtor whether or not such interest is an allowable claim in any proceeding and irrespective of the discharge or release of the Debtor in such proceeding (all of which are referred to collectively as the "Obligations"), a security interest in and a lien upon all personal property and fixtures of the Debtor or in which the Debtor has an interest wherever located and whether now or hereafter existing or now owned or hereafter acquired and whether or not subject to the Uniform Commercial Code (the "Code") specified in Schedule A hereto, and also including all interest, dividends and other distributions thereon paid and payable in cash or in property, and all replacements and substitutions for, and all accessions and additions to, and all products and proceeds of, all of the foregoing (all of which are referred to as the "Collateral").

The Debtor agrees to deliver to the Bank whenever called for by it such additional collateral security of a kind and of a market value satisfactory to the Bank, so that there will, at all times, be with the Bank a margin of security for the payment of all Obligations which shall be satisfactory to it. In addition to the Bank's security interest in the Collateral, it shall have, and the Debtor hereby grants to the Bank, a security interest and a lien for all the Obligations in and upon any personal property of the Debtor or in which the Debtor may have an interest which is now or may at any time hereafter come into the possession or control of the Bank, or of any third party acting on its behalf, whether for the express purpose of being used by the Bank as collateral security or held in custody or for any other or different purpose, including such personal property as may be in transit by mail or carrier for any purpose, or covered or affected by any documents in the Bank's possession or control, or in the possession or control of any third party acting on its behalf (said additional personal property is also referred to as the "Collateral"). The Debtor hereby authorizes the Bank in its discretion, at any time, whether or not the Collateral is deemed by it adequate, to appropriate and apply upon any of the Obligations, whether or not due, any of such property of the Debtor and to charge any of the Obligations against any balance of any account standing to the credit of the Debtor on the books of the Bank.

Upon failure of the Debtor to pay any Obligation when becoming or made due, in accordance with its terms, the Bank shall have, in addition to all other rights and remedies allowed by law, the rights and remedies of a secured party under the Code and, without limiting the generality of the foregoing, the Bank may immediately, without demand of performance and without notice of intention to sell or otherwise dispose of or of time or place of sale or other disposition or of redemption or other notice or demand whatsoever to the Debtor, all of which, to the extent permitted by law, are hereby expressly waived, and without advertisement, (a) sell at public or private sale, grant options to purchase or otherwise realize upon, in the State of New York, or elsewhere, the whole or from time to time any part of the Collateral upon which the Bank shall have a security interest or lien as aforesaid, or any interest which the Debtor may have therein, and (b) exercise any and all rights, options, powers, benefits or privileges

given to the Bank upon any life insurance policies held as Collateral. After deducting from the proceeds of any such sale or other disposition of the Collateral all expenses (including, but not limited to, reasonable attorneys' fees and expenses and other expenses as set forth below), the Bank shall apply the residue of such proceeds toward the payment of any of the Obligations, in such order as the Bank shall elect, the Debtor remaining liable for any deficiency, plus interest thereon, remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, the Debtor hereby agrees that a notice sent at least five days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Debtor also agrees to assemble the Collateral at such place or places as the Bank designates by written notice.

At any such sale or other disposition the Bank or any other person designated by the Bank may itself purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Debtor, which right, to the extent permitted by law, is hereby waived and released.

The Bank may, without any notice to the Debtor, in its discretion, whether or not any of the Obligations are due, in its name or in the name of the Debtor, demand, sue for, collect and receive any money or property at any time due, payable or receivable on or on account of or in exchange for, and may compromise, settle or extend fee time of payment of, any of the demands or obligations represented by any of the Collateral, and may also exchange any of the Collateral for other property upon the reorganization, recapitalization or other readjustment of the issuer, maker or other person who is obligated on or otherwise has liabilities with respect to the Collateral, and in connection therewith may deposit any of the Collateral with any committee or depositary upon such terms as the Bank may in its discretion deem appropriate, and the Debtor does hereby constitute and appoint the Bank the Debtor's true and lawful attorney to compromise, settle or extend payment of said demands or obligations and exchange such Collateral as the Debtor might or could do personally; all without liability or responsibility for action herein authorized and taken or not taken in good faith. The Bank is entitled at any time in its discretion to notify an account debtor or the obligor on any instrument to make payment to it, regardless of whether or not the Debtor had been previously making collections on the Collateral, and the Bank may take control of any proceeds of any of the Collateral, Upon request of the Bank, the Debtor shall receive and hold all proceeds of the Collateral in trust for the Bank and not commingle any collections with any of its own funds and immediately deliver such collections to the Bank.

The Debtor agrees that the Collateral secures, and further agrees to pay on demand, all expenses (including, but not limited to, reasonable attorneys' fees and expenses and costs of any insurance and payment of taxes or other charges) of, or incidental, to, the custody, care, sale or collection of, or realization upon, any of the Collateral or in any way relating to the enforcement or protection of the rights of the Bank hereunder, whether or not litigation is commenced.

The Debtor agrees to mark its books and records as the Bank shall request in order to reflect the rights of the Bank granted herein, and the Bank may, in its sole discretion, take possession of the Collateral at any time, either prior to or subsequent to a default under any of the Obligations. The Debtor agrees to maintain such insurance on the Collateral as the Bank may require. The Bank may, without any notice to the Debtor, in its discretion, and for its own benefit, lend, use, transfer or repledge to any third party all or any part of the Collateral by itself or commingled with the property of others, in bulk or otherwise. The Bank may, without any notice to the Debtor, sell, assign or transfer any of the Obligations and the Bank's rights and duties hereunder, and may deliver the Collateral, or any part thereof, to the assignee or transferee of any of the Obligations, who shall become vested with all the rights, remedies, powers, security interests and liens herein given to the Bank in respect thereto; and the Bank shall thereafter be relieved and fully discharged from any liability or responsibility in the premises.

The Bank may, without any notice to the Debtor, in its discretion, transfer, or cause to be transferred, all or any part of the Collateral to its name, or to the name of its nominee, vote the Collateral so transferred, and receive income and make or receive collections, including money, thereon and hold said income and collections as Collateral or apply said income and collections to any of the Obligations, the manner and distribution of the application to be made as the Bank shall elect.

Calls for Collateral, demand for payment or notice to the Debtor may be given by leaving same at the address given below or any other address hereafter filed with the Bank, or by mailing same to such address with the same effect as if delivered personally. Such notice given in the manner herein provided shall be effective whether or not received by the Debtor, The Debtor agrees not to change its name, any of its places of business, remove any records of the Debtor relating to any of the Collateral or move any of the Collateral without giving the Bank thirty days' prior written notice.

With respect to the Collateral, the Bank shall be under no duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management thereof and its only duty with respect thereto shall be to use reasonable care in its custody and preservation while in its possession, which shall not include any steps necessary to preserve, obtain, secure or acquire rights or property against or from any parties.

The Debtor authorizes the Bank, at the Debtor's expense, to file one or more financing statements and amendments thereto to perfect the security interests granted herein, without the Debtor's signature thereon, and to take all actions necessary to perfect (whether by filing, possession, control or otherwise) its security interest in the Collateral under any applicable law or regulation, and the Debtor agrees to do, file, record, make, execute and deliver all such acts, deeds, things, agreements, notices, instruments and financing statements as the Bank may request in order to perfect and enforce the rights of the Bank herein.

If at any time it is necessary in the opinion of counsel to the Bank that any or all of the securities held as Collateral (the "Pledged Securities") be registered under the Securities Act of 1933, as amended, or that an indenture with respect thereto be qualified under fee Trust Indenture Act of 1939, as amended, in order to permit the sale or other disposition of the Pledged Securities, the Debtor shall at the Bank's request and at the expense of the Debtor use the best efforts of the Debtor promptly to cause the registration of the Pledged Securities and the qualification of such indenture and to continue such registration and qualification under such laws and in such jurisdictions and for as long as deemed appropriate by the Bank.

The Debtor hereby authorizes the Bank to date this agreement as of the date of the granting of any Obligation secured hereby and to complete any blank space herein (including any schedule hereto) according to the terms upon which said Obligation was granted.

This agreement may not be amended, or compliance with its terms waived, orally or by course of dealing, but only by a writing signed by an authorized officer of the Bank.

No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive of any other right, remedy or power, and may be exercised by the Bank at any time and from time to time.

This agreement may be assigned by the Bank and its benefits shall inure to the successors, indorsees and assigns of the Bank.

This agreement shall be construed and interpreted, and all rights and obligations hereunder shall be determined, in accordance with the laws of the State of New York without regard to principles of conflict of laws.

Unless otherwise defined or the text otherwise requires, all terms used herein shall have the meanings specified in the Code.

Every provision of this agreement is intended to be severable; if any term or provision of this agreement shall be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Any notice to the Bank shall be effective only upon receipt by the Bank and if directed to the Bank at its banking office set forth above or any other address hereafter specified by written notice from the Bank to the Debtor.

The Debtor represents and warrants that at the time the Collateral becomes subject to the Bank's security interest, the Debtor shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest in the Collateral to the Bank and the Collateral shall be free and clear of all other claims, liens, charges, security interests and encumbrances except as permitted in writing by the Bank. The Debtor represents and warrants to the Bank that any information furnished to the Bank regarding the Collateral is true and correct on the date hereof and is complete in all material respects.

The Debtor represents and warrants that the Debtor is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; that the execution, delivery and performance of this agreement are within the Debtor's corporate powers and have been duly authorized by all necessary action of its board of directors and shareholders; and that each person executing this agreement has the authority to execute and deliver this agreement on behalf of the Debtor.

THE DEBTOR SUBMITS TO THE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE CITY AND STATE OF NEW YORK IN PERSONAM AND AGREES THAT ALL ACTIONS AND PROCEEDINGS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT SHALL BE LITIGATED ONLY IN SAID COURTS OR IN COURTS LOCATED ELSEWHERE AS THE BANK MAY SELECT AND THAT SUCH COURTS ARE CONVENIENT FORUMS AND WAIVES PERSONAL SERVICE UPON IT AND CONSENTS TO SERVICE OF PROCESS OUT OF SAID COURTS BY MAILING A COPY THEREOF TO IT BY REGISTERED OR CERTIFIED MAIL.

THE DEBTOR AND THE BANK WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SYMETRA LIFE INSURANCE COMPANY

By: /s/ Oscar C. Tengtio
Name: Oscar C. Tengtio
Title: Executive Vice President & CFO

ADDRESS OF DEBTOR

777 108th AVE, NE
Bellevue, WA 98004

[SCHEDULE A ON THE FOLLOWING PAGE MUST BE COMPLETED]

By: /s/ Daniel B. Schaaf
Name: Daniel B. Schaaf
Title: Assistant Secretary

November 28, 2005

Tonny Pinilla
Bank of New York
1 Wall Street, 17th Floor
New York, NY 10286

Dear Tonny:

Effective immediately, the following people are authorized to request disbursements against lines of credit at the Bank of New York for Symetra Financial Corporation and Symetra Life Insurance Company:

Roger F. Harbin (425) 256-8055	/s/ Roger F. Harbin
Oscar C. Tengtio (425) 256-8880	/s/ Oscar C. Tengtio
Daniel B. Schaaf (425) 256-5331	/s/ Daniel B. Schaaf

If there are any questions or you require further information, please contact Erin Keyes at 425-256-5204. Thank you for your prompt attention to this matter.

Sincerely,

/s/ Oscar C. Tengtio
Oscar C. Tengtio
Executive Vice President & CFO
Symetra Financial Corporation
& Symetra Life Insurance Company

Exhibit 4.7

EXHIBIT C

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS (I) (A) A REGISTRATION STATEMENT IS IN EFFECT UNDER THE SECURITIES ACT WITH RESPECT TO SUCH SECURITIES, OR (B) A WRITTEN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY IS PROVIDED TO THE COMPANY TO THE EFFECT THAT NO SUCH REGISTRATION IS REQUIRED, AND (II) THE TRANSFEREE IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT.

IN ADDITION, ANY SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY, AND THE RIGHTS ATTACHING TO THESE SECURITIES ARE SUBJECT TO, THE TERMS AND CONDITIONS CONTAINED HEREIN AND THE SHAREHOLDERS AGREEMENT DATED AS OF MARCH 8, 2004 (THE "SHAREHOLDERS AGREEMENT"), AS IT MAY BE AMENDED FROM TIME TO TIME, WHICH ARE AVAILABLE FOR EXAMINATION BY HOLDERS OF SECURITIES AT THE REGISTERED OFFICE OF THE COMPANY. THE HOLDER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE, BY ACQUIRING AND HOLDING SUCH SECURITIES, SHALL BE DEEMED A PARTY TO SUCH SHAREHOLDERS AGREEMENT FOR ALL PURPOSES AND SHALL BE REQUIRED TO AGREE IN WRITING TO BE BOUND BY AND PERFORM ALL OF THE TERMS AND PROVISIONS OF SUCH SHAREHOLDERS AGREEMENT, ALL AS MORE FULLY PROVIDED THEREIN. IN ADDITION, ANY TRANSFEREE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE DEEMED TO BE A PARTY TO SUCH SHAREHOLDERS AGREEMENT FOR ALL PURPOSES AND SHALL BE REQUIRED BY THE TRANSFEROR TO AGREE IN WRITING TO ACQUIRE AND HOLD SUCH SECURITIES SUBJECT TO ALL OF THE TERMS OF SUCH SHAREHOLDERS AGREEMENT, ALL AS MORE FULLY PROVIDED THEREIN, WHICH TERMS ARE TO BE ENFORCED BY THE SHAREHOLDERS OF THE COMPANY.

OCCUM ACQUISITION CORP.

WARRANT

Certificate No.: W — 2 **Date: July 29, 2004**

FOR CONSIDERATION RECEIVED, Occum Acquisition Corp., a Delaware corporation (the "Company"), hereby grants to Berkshire Hathaway Inc. (the "Warrant Holder") this warrant certificate (this "Warrant") to purchase, in accordance with the terms set forth herein, 1,090,560 shares (the "Warrant Shares") of the Company's common shares, initially having a par value of U.S. $0.01 per share (the "Common Shares"), at a price per share equal to U.S. $100, as adjusted from time to time

pursuant to Section 2 hereof (the "Exercise Price") but at no time shall the Exercise Price be less than the then current par value of any share to be issued pursuant hereto.

This Warrant is issued pursuant to a letter agreement, dated as of March 8, 2004, between the Company and the Warrant Holder.

This Warrant is subject to the following provisions:

SECTION 1. Warrant Terms. (a) This Warrant is for the purchase of the Warrant Shares at the Exercise Price.

(b) This Warrant shall expire on the tenth anniversary of the date hereof (the "Expiration Date"). The Warrant exercise procedure set forth in Section 3 hereof must be commenced by the Warrant Holder by 3:30 p.m. New York City time on such Expiration Date.

SECTION 2. Anti-dilution Provisions. In order to prevent dilution of the purchase rights granted under Section 1 hereof, the Exercise Price shall be subject to adjustment from time to time pursuant to this Section 2; provided, however, that under no circumstances will the Exercise Price be less than the then current par value of any share to be issued under this Warrant.

(a) Effect on Exercise Price of Certain Events. For purposes of determining the adjusted Exercise Price, the following shall be applicable:

(1) Share Dividend, Subdivision or Consolidation/Combination of Common Shares. If the Company, at any time while this Warrant is outstanding, (A) shall pay a stock or bonus share dividend on its Common Shares or pay any other distribution in Common Shares, (B) subdivide the class of Common Shares into a larger number of shares or (C) consolidate/combine the class of Common Shares into a smaller number of shares, then the Exercise Price thereafter shall be determined by multiplying the Exercise Price by a fraction (x) the numerator of which shall be the number of Common Shares (excluding treasury shares, if any) issued and outstanding before such event and (y) the denominator of which shall be the number of Common Shares (excluding treasury shares, if any) issued and outstanding after such event. Any adjustment made pursuant to this Section 2(a)(1) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(2) Issuance of Additional Common Shares. In case the Company at any time or from time to time after the date hereof shall issue or sell additional Common Shares, other than any issuance to which Section 2(a)(1) shall apply, without consideration or for a consideration per share less than the Fair Market Value of the Common Shares on the day immediately prior to such issue or sale, then, and in each such case, subject to Section 2(b)(iv), the Exercise Price shall be

reduced, concurrently with such issue or sale, to a price determined by multiplying such Exercise Price by a fraction

(x) the numerator of which shall be (i) the number of Common Shares outstanding immediately prior to such issue or sale plus (ii) the number of Common Shares which the aggregate consideration received by the Company for the total number of such additional Common Shares so issued or sold would purchase at such Fair Market Value of the Common Shares, and

(y) the denominator of which shall be the number of Common Shares outstanding immediately after such issue or sale;

provided that for the purposes of this Section 2(a)(2), treasury shares shall not be deemed to be outstanding.

(3) Dividends and Distributions. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including any distribution of other or additional stock or other securities or property or options, warrants or other rights to purchase Common Shares or Convertible Securities (as hereinafter defined) (other than options granted to employees of the Company) (collectively, "Assets") by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Shares, other than a dividend payable in additional Common Shares (which is the subject of Section 2(a)(1) hereof), then, and in each such case, the Company shall make the same dividend or distribution to Warrant Holders as it makes to holders of Common Shares pro rata based on the number of Common Shares for which such Warrants are then exercisable, and the Exercise Price shall not be adjusted in respect thereof.

(4) Consolidation, Merger, etc.

(A) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Company after the date hereof (i) shall consolidate with or merge into any other Person (as hereinafter defined) and shall not be the continuing or surviving corporation of such consolidation or merger, (ii) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Shares shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, (iii) shall transfer all or substantially all of its properties or assets to any other Person, (iv) shall effect a capital reorganization or reclassification of the Common Shares (other than a capital reorganization or reclassification resulting in an adjustment to the Exercise Price as provided in another paragraph of this Section 2), or (v) shall effect any other transaction in which the Common Shares are

changed into or exchanged for stock or other securities of any other Person, then, except and insofar as otherwise provided in Section 2(a)(4)(C) in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect at the time of such consummation for all Common Shares issuable upon such exercise immediately prior to such consummation), in lieu of the Common Shares issuable upon such exercise prior to such consummation, the amount of securities, cash or other property to which such holder would actually have been entitled as a shareholder upon such consummation if such holder had exercised the rights represented by this Warrant immediately prior thereto. As used herein, "Person" shall mean an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

(B) Assumption of Obligations. Notwithstanding anything contained in this Warrant or in the Shareholders Agreement to the contrary, the Company will not effect any of the transactions described in Sections 2(a)(4)(A)(i)-(v) unless, prior to the consummation thereof, each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the holder of this Warrant, the obligations of the Company under this Warrant (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Warrant). Nothing in this Section 2(a)(4) shall be deemed to authorize the Company to enter into any transaction not otherwise permitted by the Shareholders Agreement or the By-laws.

(C) Qualifying Transactions. (1) In the event that, after the date hereof, the Company shall effect a transaction of the type contemplated by subparagraph (A) above and in connection therewith (x) the Common Shares are exchanged in whole or in part for cash (other than cash in lieu of fractional shares), securities (other than Voting Common Stock (as defined below)) or other property (collectively, "Non-Common Consideration") and (y) the Per Share Value (as defined below) exceeds the Subscription Price (as defined below) (any such transaction being referred to herein as a "Qualifying Transaction"), then (i) the holder of this Warrant shall receive, upon the consummation of the Qualifying Transaction, an amount in cash equal to the Intrinsic Value Amount (as defined below) and (ii) if any portion of the consideration to be received by holders of Common Shares in such Qualifying Transaction consists of Voting Common Stock (as defined below), the holder of the Warrant, upon the exercise hereof at any time after the consummation of such

Qualifying Transaction, shall be entitled to receive, at the aggregate exercise price determined pursuant to subparagraph (C)(3) below, the number of shares of Voting Common Stock determined pursuant to subparagraph (C)(3) below.

(2) Certain Definitions. For purposes of this Section 2(a)(4), the following terms have the following meanings:

"Per Share Value" means the average value of the consideration to be received in respect of each outstanding Common Share pursuant to the Qualifying Transaction as determined by mutual agreement of the Independent Directors (as defined in Section 2(b)(ii) below) and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

"Subscription Price" means U.S. $100.00; provided, however, that such amount shall be (i) adjusted in an appropriate and proportionate manner consistent with the provisions for adjusting the Exercise Price in Section 2(a)(1) for any events that require an adjustment in the Exercise Price pursuant to such section and (ii) reduced by an amount equal to the pre-tax value (determined pursuant to Section 2(b)(i)) per Common Share of any dividend or other distribution described in Section 2(a)(3).

"Voting Common Stock" means, as to any issuer, (i) voting equity securities of such issuer having no preference as to dividends or in a liquidation over any other securities of such issuer, (ii) nonvoting equity securities of such issuer which are in all other respects identical to, and are expected to have, after completion of the Qualifying Transaction, liquidity substantially equivalent to or greater than, the outstanding voting equity securities of such issuer that would fit the description in the preceding clause (i), or (iii) securities convertible into or exchangeable for the voting or nonvoting securities described in clause (i) or (ii).

"Intrinsic Value Amount" means (i) the Applicable Black-Scholes Value minus (ii) the Applicable Reduction, if any.

"Applicable Black-Scholes Value" shall mean the product of (i) the Black-Scholes Value and (ii) the Non-Common Stock Portion.

"Non-Common Stock Portion" means (i) one minus (ii) the Common Stock Portion.

"Common Stock Portion" means the quotient obtained by dividing (i) the total value of the shares of Voting Common Stock to be issued in respect of the outstanding Common Shares pursuant to the Qualifying Transaction by (ii) the total value of the shares of Voting Common Stock and Non-Common Consideration to be issued in respect of the outstanding Common Shares pursuant to the Qualifying Transaction, in each case as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

"Applicable Reduction" means the product of (i) the Reduction Amount and (ii) the Non-Common Stock Portion.

"Reduction Amount" means the product of (i) the Discount Factor and (ii) the amount by which (x) the Black-Scholes Value exceeds (y) the Total Spread.

"Discount Factor" means (A) one minus (B) the quotient obtained by dividing (i) the amount by which (x) the Per Share Value exceeds (y) the Subscription Price by (ii) the amount by which (x) the Hurdle Price exceeds (y) the Subscription Price; provided, that if the quotient determined pursuant to clause (B) is greater than one, such quotient shall be deemed to be one.

"Total Spread" means the product of (i) the total number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (ii) the Spread.

"Spread" means the amount by which (i) the Per Share Value exceeds (ii) the Subscription Price; provided, however, that in the event the Subscription Price exceeds the Per Share Value, the Spread shall be deemed to be zero.

"Hurdle Price" means U.S. $155.00; provided, however, that such amount shall be (i) adjusted in an appropriate and proportionate manner consistent with the provisions for adjusting the Exercise Price in Section 2(a)(1) for any events that require an adjustment in the Exercise Price pursuant to such section and (ii) reduced by an amount equal to the pre-tax value (determined pursuant to Section 2(b)(i)) per Common Share of any dividend or other distribution described in Section 2(a)(3).

"Investment Bank" means an independent nationally-recognized U.S. investment banking firm selected by the Independent Directors with the consent of the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision (which consent shall not be unreasonably withheld), the fees and expenses of which shall be shared equally by the Company on the one hand and such holders on the other.

"Black-Scholes Value" means the value of this Warrant immediately prior to consummation of the Qualifying Transaction, as calculated by an Investment Bank, using the Black-Scholes calculation method for valuing options and the following assumptions:

Volatility =	25%
Risk Free Rate =	the then current effective U.S. Federal government interest rate for a bond or note with a remaining time to maturity equal to the Term of the Warrant then in effect
Dividend Yield =	0%

Exercise Price = the Exercise Price in effect immediately prior to the consummation of the Qualifying Transaction

Term of the Warrant = the lesser of five years and the remaining term of the Warrant, measured from the date of completion of the Qualifying Transaction to the Expiration Date

The underlying security price for purposes of the Black-Scholes calculation shall be the Per Share Value.

Exhibit C to this Warrant contains examples illustrating certain of the calculations required by this Section 2(a)(4)(C).

(3) Voting Common Stock Consideration. In the event of a Qualifying Transaction in which any portion of the consideration to be received by holders of Common Shares in such Qualifying Transaction consists of Voting Common Stock, then proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such Qualifying Transaction, shall be entitled to receive (at the aggregate exercise price determined pursuant to this subparagraph (3)) a number of shares of Voting Common Stock equal to the product of (i) the product of (x) the aggregate number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (y) the Common Stock Portion and (ii) the Calculated Exchange Ratio. The aggregate exercise price of this Warrant after the consummation of such Qualifying Transaction shall be equal to the product of (i) the aggregate Exercise Price of this Warrant for the number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (ii) the Common Stock Portion.

For purposes of this subparagraph (3):

"Calculated Exchange Ratio" means the quotient obtained by dividing (i) the Per Share Value by (ii) the Average Closing Price of the Voting Common Stock.

"Average Closing Price" means (a) the average of the closing prices per share of the Voting Common Stock on the national securities exchange or automated quotation system on which such stock is then listed for the 10 consecutive trading days immediately preceding the closing date of the Qualifying Transaction, or (b) if such Voting Common Stock is not so listed, the fair market value per share of such Voting Common Stock, determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

(4) Cancelation of Warrant. In the event of a Qualifying Transaction in which the Common Stock Portion is zero, then the holder of this Warrant shall surrender this Warrant at the time of payment of the Intrinsic Value Amount,

whereupon this Warrant shall be canceled and all rights hereunder shall expire. In the event of a Qualifying Transaction in which the Common Stock Portion is more than zero, then the holder of this Warrant shall surrender this Warrant at the time of payment of the Intrinsic Value Amount in exchange for a warrant of like tenor representing the right to purchase the number of shares of Voting Common Stock determined pursuant to Section 2(a)(4)(C)(3) at the aggregate exercise price as determined pursuant to Section 2(a)(4)(C)(3).

(5) Cash Elections; etc. In the event that the type of consideration to be received per Common Share in a Qualifying Transaction is subject to the election of the holders thereof, such election permits such holder to elect to receive Voting Common Stock and there is no limitation on the number of shares of Voting Common Stock to be issued in the Qualifying Transaction, then (i) after the consummation of such transaction this Warrant shall be exercisable solely for Voting Common Stock, (ii) such transaction shall not be deemed to constitute a Qualifying Transaction and (iii) the provisions of Section 2(a)(4)(A) shall apply.

(6) All Reasonable Efforts. In the case of a Qualifying Transaction in which any portion of the consideration to be received by the holders of Common Shares consists of Voting Common Stock, the holder of this Warrant and the Company shall use all reasonable efforts to cause this Warrant to become exercisable solely for Voting Common Stock and, if the Person who shall be issuing Voting Common Stock in such transaction agrees in writing that this Warrant shall be exercisable solely for Voting Common Stock, then (i) such transaction shall not be deemed to constitute a Qualifying Transaction and (ii) the provisions of Section 2(a)(4)(A) shall apply.

(b) Other Provisions Applicable to Adjustments Under This Section. The following provisions shall be applicable to the making of adjustments to the number of Warrant Shares for which the Warrant is exercisable provided for in this Section 2.

(i) Adjustment in Number of Warrant Shares. Upon each adjustment of the Exercise Price pursuant to Sections 2(a)(1) or 2(a)(2), the number of Common Shares for which this Warrant is exercisable shall be adjusted by multiplying the number of Common Shares for which this Warrant was exercisable prior to such adjustment by a fraction (i) whose numerator is the Exercise Price in effect immediately prior to such adjustment and (ii) whose denominator is the Exercise Price in effect immediately after such adjustment.

(ii) Computation of Asset Value and Fair Market Value for Purposes of Section 2. To the extent that the Company shall distribute Assets other than cash, except as herein otherwise expressly provided, then the value of such Assets shall be determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank. The "Fair Market Value" of the Common Shares at any given time shall mean (a) if the Common Shares are listed on a

securities exchange (or quoted in a securities quotation system), the average closing sale price of the Common Shares on such exchange (or in such quotation system), or, if the Common Shares are listed on (or quoted in) more than one exchange (or quotation system), the average closing sale price of the Common Shares on the principal securities exchange (or quotation system) on which the Common Shares are then traded, or, if the Common Shares are not then listed on a securities exchange (or quotation system) but are traded in the over-the-counter market, the average of the latest bid and asked quotations for the Common Shares in such market, in each case for the last five trading days immediately preceding the day on which such Fair Market Value is determined in accordance with the applicable provision of this Section 2 or (b) if no such closing sales prices or quotations are available because such shares are not publicly traded or otherwise, the fair value of such shares as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank. As used herein, the term "Independent Director" shall mean each member of the Board of Directors of the Company that is not (x) a director, officer or employee of any Warrant Holder or any affiliate of any Warrant Holder, (y) the holder of a 10% or greater equity interest in any Warrant Holder or any affiliate of any Warrant Holder or (z) a member of the immediate family of any director, officer or employee of any Warrant Holder or any holder of a 10% or greater equity interest in any such Warrant Holder or any affiliate of any Warrant Holder.

(iii) When Adjustment To Be Made. The adjustments required by this Section 2 shall be made whenever and as often as any specified event requiring an adjustment shall occur. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(iv) Fractional Interest: Rounding. In computing adjustments under this Section 2, fractional interests in Common Shares shall be taken into account to the nearest 1/10th of a share, and adjustments in the Exercise Price shall be made to the nearest $.001.

(v) Certain Exclusions. No adjustment in the number of Common Shares purchasable under this Warrant or the Exercise Price therefor shall be made as a result of (x) any adjustment in the number of Common Shares purchasable under any other Warrant or the exercise price thereunder, or (y) for the issuance of any employee stock options or any Common Shares issuable under employee stock options, employee stock purchase plans, or any other form of equity based compensation granted to employees of the Company.

(vi) Computation of Consideration. For the purposes of this Section 2,

(A) the consideration for the issue or sale of any additional Common Shares shall, irrespective of the accounting treatment of such consideration,

(x) insofar as it consists of cash, be computed at the net amount of cash received by the Company,

(y) insofar as it consists of property (including securities) other than cash, be computed at the fair value thereof at the time of such issue or sale, as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing adjustment provisions of like tenor to the applicable adjustment provision contained in this Warrant, or, if they shall fail to agree, by an Investment Bank, and

(z) in case additional Common Shares are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be the portion of such consideration so received, computed as provided in clauses (x) and (y) above, allocable to such additional Common Shares, all as determined in good faith by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing adjustment provisions of like tenor to the applicable adjustment provision contained in this Warrant, or, if they shall fail to agree, by an Investment Bank;

(B) additional Common Shares deemed, pursuant to Section 2(c), to have been issued, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(x) the total amount, if any, received and receivable by the Company as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to the Company upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as provided in the foregoing subdivision (A),

by

(y) the maximum number of Common Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and

(C) additional Common Shares deemed to have been issued pursuant to Section 2(a)(1), relating to stock dividends, stock splits, etc., shall be deemed to have been issued for no consideration.

(c) Treatment of Options and Convertible Securities. In case the Company at any time or from time to time after the date hereof shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any class of securities of the Company other than the Common Shares entitled to receive, any (x) options, warrants or other rights to purchase Common Shares (other than options granted to employees) or Convertible Securities (as defined below) ("Options") or (y) securities convertible into or exchangeable for Common Shares ("Convertible Securities"), then, and in each such case, the maximum number of additional Common Shares (as set forth in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed for purposes of Section 2(a)(2) to be additional Common Shares issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the Common Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); provided, however, that such additional Common Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to section 2(b)(vi)) would be less than the Fair Market Value on the date immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be, and provided further that in any such case in which additional Common Shares are deemed to be issued:

(i) no further adjustment of the Exercise Price shall be made upon the subsequent issue or sale of Convertible Securities or Common Shares upon the exercise of such Options or the conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or decrease or increase in the number of additional Common Shares issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the

record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

(iii) upon the expiration (or purchase by the Company and cancellation or retirement) of any such Options which shall not have been exercised or the expiration of any rights of conversion or exchange under any such Convertible Securities which (or purchase by the Company and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(A) in the case of Options for Common Shares or Convertible Securities, the only additional Common Shares issued or sold were the additional Common Shares, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was (x) an amount equal to (1) the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (2) the consideration actually received by the Company upon such exercise, minus (3) the consideration paid by the Company for any purchase of such Options which were not exercised, or (y) an amount equal to (1) the consideration actually received by the Company for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus (2) the additional consideration, if any, actually received by the Company upon such conversion or exchange, minus (3) the consideration paid by the Company for any purchase of such Convertible Securities the rights of conversion or exchange under which were not exercised, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by the Company for the additional Common Shares deemed to have then been issued was an amount equal to (x) the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (y) the consideration deemed to have been received by the Company (pursuant to section 2(b)(vi)) upon the issue or sale of such Convertible Securities with respect to which such Options

were actually exercised, minus (z) the consideration paid by the Company for any purchase of such Options which were not exercised;

(iv) no readjustment pursuant to subdivision (ii) or (iii) above shall have the effect of increasing the Exercise Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(v) in the case of any such Options which expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in subdivision (iii) above.

(d) Other Dilutive Events. In case any event shall occur as to which the provisions of Section 2 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights (including the rights provided under Section 2(a)(4)(C)) represented by this Warrant in accordance with the essential intent and principles of such Sections, then, in each such case, the Independent Directors of the Company shall appoint an Investment Bank, which shall give its opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in Section 2, necessary to preserve, without dilution, the purchase rights represented by this Warrant. Upon receipt of such opinion, the Company will promptly mail a copy thereof to the holder of this Warrant and shall make the adjustments described therein.

(e) Notices. Immediately upon any adjustment of the Exercise Price, the Company shall give, or cause to be given, written notice thereof, executed by the Chief Financial Officer (or, if none, the Chief Executive Officer or President) of the Company, to the Warrant Holder, setting forth in reasonable detail and certifying the event requiring the adjustment, the method by which the adjustment was calculated, the number of Warrant Shares for which the Warrant is exercisable and the Exercise Price after giving effect to such adjustment. The Company shall keep at its registered office copies of all such written notices and cause the same to be available for inspection during normal business hours by the Warrant Holder. The Company shall give, or cause to be given, written notice to the Warrant Holder at least 10 days prior to the date on which the Company closes its books or takes a record (i) with respect to any dividend or distribution upon Common Shares, (ii) with respect to any pro rata subscription offer to holders of Common Shares or (iii) for determining rights to vote with respect to any transaction described in Section 2(a)(4), dissolution or liquidation. The Company shall also give, or cause to be given, written notice to the Warrant Holder at least 10 days prior to the date on which any transaction described in Section 2(a)(4) shall take place.

SECTION 3. Exercise of Warrant. (a) Exercise Procedure. The Warrant Holder may exercise all or a portion of this Warrant for all or a portion of the Warrant Shares at any time and from time to time commencing after the date hereof until 3:30 p.m. New York City time, on the Expiration Date by irrevocably surrendering at the

registered office of the Company this Warrant and a completed Exercise Agreement (substantially in the form of Exhibit A attached hereto) setting forth the number of Warrant Shares being exercised, and by paying the Exercise Price in one of the following manners:

(i) Cash Exercise. The Warrant Holder shall deliver to the Company by wire transfer of immediately available funds an amount equal to the Exercise Price per Warrant Share exercised in the Exercise Agreement; or

(ii) Cashless Exercise. After the date of issuance of this Warrant, if the Common Shares are listed on a national securities exchange, automated quotation system or are available for sale in the over-the-counter market, the Warrant Holder shall have the right to surrender this Warrant to the Company (including that portion of the Warrant in payment of the Exercise Price to effect such cashless exercise) together with a notice of cashless exercise, in which event the Company shall exchange such portion of the Warrant subject to the Exercise Agreement, as the circumstances require in order for such number of Common Shares to be issued, determined as follows:

X = Y multiplied by (A-B)/A where:

X = the number of Common Shares to be issued to the Warrant Holder

Y = the number of Warrant Shares with respect to which this Warrant is being exercised in the Exercise Agreement

A = the average of the per share Market Price of the Common Shares for the five (5) trading days immediately prior to (but not including) the date of exercise (but not less than the then par value of the Common Shares)

B = the Exercise Price

If the foregoing calculation results in a negative number, then no Warrant Shares shall be issued.

For purposes of Rule 144 promulgated under the Securities Act only, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired and the full purchase price therefor paid by the Warrant Holder, and the holding period for the Warrant Shares shall be deemed to have been commenced on the issue date to the extent permitted by Rule 144.

For purposes hereof, "Market Price" means on any particular date (i) the closing bid price per Common Share on such date on the national securities exchange or automated quotation system on which the Common Shares are then listed or if there is no such price on such date, then the closing bid price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the Common Shares are not then listed on a national

securities exchange or automated quotation system, the closing bid price for each Common Share in the over-the-counter market, as reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices) at the close of business on such date.

(b) The Company shall cause certificates for the Warrant Shares to be issued in the name of and delivered to the Warrant Holder, or subject to the transfer restrictions referred to in the legend endorsed hereon, as the Warrant Holder may direct, as soon as practicable and in any event within ten (10) business days after receipt by the Company of the items required by Section 3(a) for the respective method or methods of exercise. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company shall prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall, within such 10-business-day period, deliver such new Warrant to such Warrant Holder.

(c) Any Warrant Shares issuable upon the proper exercise of this Warrant shall be deemed to have been issued to the Warrant Holder on the date the Company receives the completed Exercise Agreement and payment of the Exercise Price, if any, and the Warrant Holder shall be deemed for all purposes to have become the record holder of such Common Shares on such date.

(d) The issuance of certificates for the Warrant Shares shall be made without charge to the Warrant Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such exercise and the related issuance of the Warrant Shares.

(e) The Company shall at all times reserve and keep available such number of authorized but unissued Common Shares, solely for the purpose of issuance upon exercise of this Warrant, as are issuable upon exercise of this Warrant. All Warrant Shares shall, when issued, be duly and validly issued, fully paid and nonassessable (meaning that no further sums are required to be paid by the holders thereof in connection with the issue thereof) and free from all taxes, liens and charges. The Company shall take such actions as may be necessary to ensure that the Warrant Shares may be so issued without violation of any applicable law or governmental regulation or any requirements of any securities exchange upon which its shares may be listed (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

(f) Without prejudice to the rights of the Warrant Holders as signatory to the Shareholders Agreement as set forth in Section 5 hereof, the Company shall have the option, in its sole discretion, to deliver Warrant Shares which are (i) subject to the securities law transfer restrictions referred to in the legend endorsed hereon or (ii) subject to a registration statement filed under the Securities Act.

SECTION 4. Warrant Transfer Restrictions. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights

hereunder are transferable, in whole or in part, without charge to the Warrant Holder, upon surrender of this Warrant with a properly executed Assignment (substantially in the form of Exhibit B hereto) at the registered office of the Company; provided, however, that (i) such transfer shall comply with Section 2 of the Shareholders Agreement and (ii) prior to such transfer, the transferee shall enter into the Shareholders Agreement with the Company.

SECTION 5. Shareholders Agreement; Registration Rights. The Warrant Holder, as signatory to the Shareholders Agreement, shall have the rights set forth in Section 3 of the Shareholders Agreement with respect to this Warrant and any Warrant Shares issued hereunder.

SECTION 6. Amendment and Waiver. Except as otherwise provided herein, the provisions of this Warrant may be amended only if the Company has obtained the written consent of the Warrant Holder and a majority of the Independent Directors has approved the amendment.

SECTION 7. Descriptive Headings. The descriptive headings of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

SECTION 8. Definitions. Terms used in this Warrant unless otherwise defined herein shall have the meaning ascribed to them in the Shareholders Agreement.

SECTION 9. Governing Law. This Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York. Each party hereby irrevocably submits to the nonexclusive jurisdiction of the courts of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that (i) it is not personally subject to the jurisdiction of any such court, and/or (ii) that such suit, action or proceeding is not brought in the proper forum. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

SECTION 10. Complete Agreement; Severability. Except as otherwise expressly set forth herein, this Warrant embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. In case any provision of this Warrant shall be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not in any way affect or impair any other provision of this Warrant.

SECTION 11. Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, facsimile, or air courier guaranteeing overnight delivery.

If to the Company:	Occum Acquisition Corp. 370 Church Street Guilford, CT 06437 Attention: Reid Campbell, Treasurer
With a copy to:	Cravath, Swaine & Moore LLP 825 Eighth Avenue New York, New York 10019 Attention: William J. Whelan, III, Esq.
If to the Warrant Holder:	Berkshire Hathaway Inc. [ ]

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; five business days after the date of deposit in the U.S. mail, if mailed by first-class air mail; when receipt is acknowledged by the recipient facsimile machine, if sent by facsimile; and three business days after being delivered to a next-day air courier.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed and attested by its duly authorized officer and to be dated the date of issuance hereof.

OCCUM ACQUISITION CORP.,

By: _____

Name:
Title:

Accepted and Agreed to:

BERKSHIRE HATHAWAY INC.,

By: _____

Name:
Title:

Exhibit 4.8

EXHIBIT C

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS (I) (A) A REGISTRATION STATEMENT IS IN EFFECT UNDER THE SECURITIES ACT WITH RESPECT TO SUCH SECURITIES, OR (B) A WRITTEN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY IS PROVIDED TO THE COMPANY TO THE EFFECT THAT NO SUCH REGISTRATION IS REQUIRED, AND (II) THE TRANSFEREE IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT.

IN ADDITION, ANY SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY, AND THE RIGHTS ATTACHING TO THESE SECURITIES ARE SUBJECT TO, THE TERMS AND CONDITIONS CONTAINED HEREIN AND THE SHAREHOLDERS AGREEMENT DATED AS OF MARCH 8, 2004 (THE "SHAREHOLDERS AGREEMENT"), AS IT MAY BE AMENDED FROM TIME TO TIME, WHICH ARE AVAILABLE FOR EXAMINATION BY HOLDERS OF SECURITIES AT THE REGISTERED OFFICE OF THE COMPANY. THE HOLDER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE, BY ACQUIRING AND HOLDING SUCH SECURITIES, SHALL BE DEEMED A PARTY TO SUCH SHAREHOLDERS AGREEMENT FOR ALL PURPOSES AND SHALL BE REQUIRED TO AGREE IN WRITING TO BE BOUND BY AND PERFORM ALL OF THE TERMS AND PROVISIONS OF SUCH SHAREHOLDERS AGREEMENT, ALL AS MORE FULLY PROVIDED THEREIN. IN ADDITION, ANY TRANSFEREE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE DEEMED TO BE A PARTY TO SUCH SHAREHOLDERS AGREEMENT FOR ALL PURPOSES AND SHALL BE REQUIRED BY THE TRANSFEROR TO AGREE IN WRITING TO ACQUIRE AND HOLD SUCH SECURITIES SUBJECT TO ALL OF THE TERMS OF SUCH SHAREHOLDERS AGREEMENT, ALL AS MORE FULLY PROVIDED THEREIN, WHICH TERMS ARE TO BE ENFORCED BY THE SHAREHOLDERS OF THE COMPANY.

OCCUM ACQUISITION CORP.

WARRANT

Certificate No.: W - 2 **Date: July 29, 2004**

FOR CONSIDERATION RECEIVED, Occum Acquisition Corp., a Delaware corporation (the "Company"), hereby grants to White Mountains Re Group, Ltd. (the "Warrant Holder") this warrant certificate (this "Warrant") to purchase, in accordance with the terms set forth herein, 1,090,560 shares (the "Warrant Shares") of the Company's common shares, initially having a par value of U.S. $0.01 per share (the "Common Shares"), at a price per share equal to U.S. $100, as adjusted from time to time

pursuant to Section 2 hereof (the "Exercise Price") but at no time shall the Exercise Price be less than the then current par value of any share to be issued pursuant hereto.

This Warrant is issued pursuant to a letter agreement, dated as of March 8, 2004, between the Company and the Warrant Holder.

This Warrant is subject to the following provisions:

SECTION 1. Warrant Terms. (a) This Warrant is for the purchase of the Warrant Shares at the Exercise Price.

(b) This Warrant shall expire on the tenth anniversary of the date hereof (the "Expiration Date"). The Warrant exercise procedure set forth in Section 3 hereof must be commenced by the Warrant Holder by 3:30 p.m. New York City time on such Expiration Date.

SECTION 2. Anti-dilution Provisions. In order to prevent dilution of the purchase rights granted under Section 1 hereof, the Exercise Price shall be subject to adjustment from time to time pursuant to this Section 2; provided, however, that under no circumstances will the Exercise Price be less than the then current par value of any share to be issued under this Warrant.

(a) Effect on Exercise Price of Certain Events. For purposes of determining the adjusted Exercise Price, the following shall be applicable:

(1) Share Dividend, Subdivision or Consolidation/Combination of Common Shares. If the Company, at any time while this Warrant is outstanding, (A) shall pay a stock or bonus share dividend on its Common Shares or pay any other distribution in Common Shares, (B) subdivide the class of Common Shares into a larger number of shares or (C) consolidate/combine the class of Common Shares into a smaller number of shares, then the Exercise Price thereafter shall be determined by multiplying the Exercise Price by a fraction (x) the numerator of which shall be the number of Common Shares (excluding treasury shares, if any) issued and outstanding before such event and (y) the denominator of which shall be the number of Common Shares (excluding treasury shares, if any) issued and outstanding after such event. Any adjustment made pursuant to this Section 2(a)(1) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(2) Issuance of Additional Common Shares. In case the Company at any time or from time to time after the date hereof shall issue or sell additional Common Shares, other than any issuance to which Section 2(a)(1) shall apply, without consideration or for a consideration per share less than the Fair Market Value of the Common Shares on the day immediately prior to such issue or sale, then, and in each such case, subject to Section 2(b)(iv), the Exercise Price shall be

reduced, concurrently with such issue or sale, to a price determined by multiplying such Exercise Price by a fraction

(x) the numerator of which shall be (i) the number of Common Shares outstanding immediately prior to such issue or sale plus (ii) the number of Common Shares which the aggregate consideration received by the Company for the total number of such additional Common Shares so issued or sold would purchase at such Fair Market Value of the Common Shares, and

(y) the denominator of which shall be the number of Common Shares outstanding immediately after such issue or sale;

provided that for the purposes of this Section 2(a)(2), treasury shares shall not be deemed to be outstanding.

(3) Dividends and Distributions. In case the Company at any time or from time to time after the date hereof shall declare, order, pay or make a dividend or other distribution (including any distribution of other or additional stock or other securities or property or options, warrants or other rights to purchase Common Shares or Convertible Securities (as hereinafter defined) (other than options granted to employees of the Company) (collectively, "Assets") by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement) on the Common Shares, other than a dividend payable in additional Common Shares (which is the subject of Section 2(a)(1) hereof), then, and in each such case, the Company shall make the same dividend or distribution to Warrant Holders as it makes to holders of Common Shares pro rata based on the number of Common Shares for which such Warrants are then exercisable, and the Exercise Price shall not be adjusted in respect thereof.

(4) Consolidation, Merger, etc.

(A) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc. In case the Company after the date hereof (i) shall consolidate with or merge into any other Person (as hereinafter defined) and shall not be the continuing or surviving corporation of such consolidation or merger, (ii) shall permit any other Person to consolidate with or merge into the Company and the Company shall be the continuing or surviving Person but, in connection with such consolidation or merger, the Common Shares shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, (iii) shall transfer all or substantially all of its properties or assets to any other Person, (iv) shall effect a capital reorganization or reclassification of the Common Shares (other than a capital reorganization or reclassification resulting in an adjustment to the Exercise Price as provided in another paragraph of this Section 2), or (v) shall effect any other transaction in which the Common Shares are

changed into or exchanged for stock or other securities of any other Person, then, except and insofar as otherwise provided in Section 2(a)(4)(C) in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect at the time of such consummation for all Common Shares issuable upon such exercise immediately prior to such consummation), in lieu of the Common Shares issuable upon such exercise prior to such consummation, the amount of securities, cash or other property to which such holder would actually have been entitled as a shareholder upon such consummation if such holder had exercised the rights represented by this Warrant immediately prior thereto. As used herein, "Person" shall mean an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

(B) Assumption of Obligations. Notwithstanding anything contained in this Warrant or in the Shareholders Agreement to the contrary, the Company will not effect any of the transactions described in Sections 2(a)(4)(A)(i)-(v) unless, prior to the consummation thereof, each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the holder of this Warrant, the obligations of the Company under this Warrant (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Warrant). Nothing in this Section 2(a)(4) shall be deemed to authorize the Company to enter into any transaction not otherwise permitted by the Shareholders Agreement or the By-laws.

(C) Qualifying Transactions. (1) In the event that, after the date hereof, the Company shall effect a transaction of the type contemplated by subparagraph (A) above and in connection therewith (x) the Common Shares are exchanged in whole or in part for cash (other than cash in lieu of fractional shares), securities (other than Voting Common Stock (as defined below)) or other property (collectively, "Non-Common Consideration") and (y) the Per Share Value (as defined below) exceeds the Subscription Price (as defined below) (any such transaction being referred to herein as a "Qualifying Transaction"), then (i) the holder of this Warrant shall receive, upon the consummation of the Qualifying Transaction, an amount in cash equal to the Intrinsic Value Amount (as defined below) and (ii) if any portion of the consideration to be received by holders of Common Shares in such Qualifying Transaction consists of Voting Common Stock (as defined below), the holder of the Warrant, upon the exercise hereof at any time after the consummation of such

Qualifying Transaction, shall be entitled to receive, at the aggregate exercise price determined pursuant to subparagraph (C)(3) below, the number of shares of Voting Common Stock determined pursuant to subparagraph (C)(3) below.

(2) Certain Definitions. For purposes of this Section 2(a)(4), the following terms have the following meanings:

"Per Share Value" means the average value of the consideration to be received in respect of each outstanding Common Share pursuant to the Qualifying Transaction as determined by mutual agreement of the Independent Directors (as defined in Section 2(b)(ii) below) and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

"Subscription Price" means U.S. $100.00; provided, however, that such amount shall be (i) adjusted in an appropriate and proportionate manner consistent with the provisions for adjusting the Exercise Price in Section 2(a)(1) for any events that require an adjustment in the Exercise Price pursuant to such section and (ii) reduced by an amount equal to the pre-tax value (determined pursuant to Section 2(b)(i)) per Common Share of any dividend or other distribution described in Section 2(a)(3).

"Voting Common Stock" means, as to any issuer, (i) voting equity securities of such issuer having no preference as to dividends or in a liquidation over any other securities of such issuer, (ii) nonvoting equity securities of such issuer which are in all other respects identical to, and are expected to have, after completion of the Qualifying Transaction, liquidity substantially equivalent to or greater than, the outstanding voting equity securities of such issuer that would fit the description in the preceding clause (i), or (iii) securities convertible into or exchangeable for the voting or nonvoting securities described in clause (i) or (ii).

"Intrinsic Value Amount" means (i) the Applicable Black-Scholes Value minus (ii) the Applicable Reduction, if any.

"Applicable Black-Scholes Value" shall mean the product of (i) the Black-Scholes Value and (ii) the Non-Common Stock Portion.

"Non-Common Stock Portion" means (i) one minus (ii) the Common Stock Portion.

"Common Stock Portion" means the quotient obtained by dividing (i) the total value of the shares of Voting Common Stock to be issued in respect of the outstanding Common Shares pursuant to the Qualifying Transaction by (ii) the total value of the shares of Voting Common Stock and Non-Common Consideration to be issued in respect of the outstanding Common Shares pursuant to the Qualifying Transaction, in each case as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

"Applicable Reduction" means the product of (i) the Reduction Amount and (ii) the Non-Common Stock Portion.

"Reduction Amount" means the product of (i) the Discount Factor and (ii) the amount by which (x) the Black-Scholes Value exceeds (y) the Total Spread.

"Discount Factor" means (A) one minus (B) the quotient obtained by dividing (i) the amount by which (x) the Per Share Value exceeds (y) the Subscription Price by (ii) the amount by which (x) the Hurdle Price exceeds (y) the Subscription Price; provided, that if the quotient determined pursuant to clause (B) is greater than one, such quotient shall be deemed to be one.

"Total Spread" means the product of (i) the total number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (ii) the Spread.

"Spread" means the amount by which (i) the Per Share Value exceeds (ii) the Subscription Price; provided, however, that in the event the Subscription Price exceeds the Per Share Value, the Spread shall be deemed to be zero.

"Hurdle Price" means U.S. $155.00; provided, however, that such amount shall be (i) adjusted in an appropriate and proportionate manner consistent with the provisions for adjusting the Exercise Price in Section 2(a)(1) for any events that require an adjustment in the Exercise Price pursuant to such section and (ii) reduced by an amount equal to the pre-tax value (determined pursuant to Section 2(b)(i)) per Common Share of any dividend or other distribution described in Section 2(a)(3).

"Investment Bank" means an independent nationally-recognized U.S. investment banking firm selected by the Independent Directors with the consent of the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision (which consent shall not be unreasonably withheld), the fees and expenses of which shall be shared equally by the Company on the one hand and such holders on the other.

"Black-Scholes Value" means the value of this Warrant immediately prior to consummation of the Qualifying Transaction, as calculated by an Investment Bank, using the Black-Scholes calculation method for valuing options and the following assumptions:

Volatility =	25%
Risk Free Rate =	the then current effective U.S. Federal government interest rate for a bond or note with a remaining time to maturity equal to the Term of the Warrant then in effect
Dividend Yield =	0%

Exercise Price =	the Exercise Price in effect immediately prior to the consummation of the Qualifying Transaction
Term of the Warrant =	the lesser of five years and the remaining term of the Warrant, measured from the date of completion of the Qualifying Transaction to the Expiration Date

The underlying security price for purposes of the Black-Scholes calculation shall be the Per Share Value.

Exhibit C to this Warrant contains examples illustrating certain of the calculations required by this Section 2(a)(4)(C).

(3) Voting Common Stock Consideration. In the event of a Qualifying Transaction in which any portion of the consideration to be received by holders of Common Shares in such Qualifying Transaction consists of Voting Common Stock, then proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such Qualifying Transaction, shall be entitled to receive (at the aggregate exercise price determined pursuant to this subparagraph (3)) a number of shares of Voting Common Stock equal to the product of (i) the product of (x) the aggregate number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (y) the Common Stock Portion and (ii) the Calculated Exchange Ratio. The aggregate exercise price of this Warrant after the consummation of such Qualifying Transaction shall be equal to the product of (i) the aggregate Exercise Price of this Warrant for the number of Warrant Shares purchasable pursuant to this Warrant immediately prior to the completion of the Qualifying Transaction and (ii) the Common Stock Portion.

For purposes of this subparagraph (3):

"Calculated Exchange Ratio" means the quotient obtained by dividing (i) the Per Share Value by (ii) the Average Closing Price of the Voting Common Stock.

"Average Closing Price" means (a) the average of the closing prices per share of the Voting Common Stock on the national securities exchange or automated quotation system on which such stock is then listed for the 10 consecutive trading days immediately preceding the closing date of the Qualifying Transaction, or (b) if such Voting Common Stock is not so listed, the fair market value per share of such Voting Common Stock, determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank.

(4) Cancelation of Warrant. In the event of a Qualifying Transaction in which the Common Stock Portion is zero, then the holder of this Warrant shall surrender this Warrant at the time of payment of the Intrinsic Value Amount,

whereupon this Warrant shall be canceled and all rights hereunder shall expire. In the event of a Qualifying Transaction in which the Common Stock Portion is more than zero, then the holder of this Warrant shall surrender this Warrant at the time of payment of the Intrinsic Value Amount in exchange for a warrant of like tenor representing the right to purchase the number of shares of Voting Common Stock determined pursuant to Section 2(a)(4)(C)(3) at the aggregate exercise price as determined pursuant to Section 2(a)(4)(C)(3).

(5) Cash Elections; etc. In the event that the type of consideration to be received per Common Share in a Qualifying Transaction is subject to the election of the holders thereof, such election permits such holder to elect to receive Voting Common Stock and there is no limitation on the number of shares of Voting Common Stock to be issued in the Qualifying Transaction, then (i) after the consummation of such transaction this Warrant shall be exercisable solely for Voting Common Stock, (ii) such transaction shall not be deemed to constitute a Qualifying Transaction and (iii) the provisions of Section 2(a)(4)(A) shall apply.

(6) All Reasonable Efforts. In the case of a Qualifying Transaction in which any portion of the consideration to be received by the holders of Common Shares consists of Voting Common Stock, the holder of this Warrant and the Company shall use all reasonable efforts to cause this Warrant to become exercisable solely for Voting Common Stock and, if the Person who shall be issuing Voting Common Stock in such transaction agrees in writing that this Warrant shall be exercisable solely for Voting Common Stock, then (i) such transaction shall not be deemed to constitute a Qualifying Transaction and (ii) the provisions of Section 2(a)(4)(A) shall apply.

(b) Other Provisions Applicable to Adjustments Under This Section. The following provisions shall be applicable to the making of adjustments to the number of Warrant Shares for which the Warrant is exercisable provided for in this Section 2.

(i) Adjustment in Number of Warrant Shares. Upon each adjustment of the Exercise Price pursuant to Sections 2(a)(1) or 2(a)(2), the number of Common Shares for which this Warrant is exercisable shall be adjusted by multiplying the number of Common Shares for which this Warrant was exercisable prior to such adjustment by a fraction (i) whose numerator is the Exercise Price in effect immediately prior to such adjustment and (ii) whose denominator is the Exercise Price in effect immediately after such adjustment.

(ii) Computation of Asset Value and Fair Market Value for Purposes of Section 2. To the extent that the Company shall distribute Assets other than cash, except as herein otherwise expressly provided, then the value of such Assets shall be determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank. The "Fair Market Value" of the Common Shares at any given time shall mean (a) if the Common Shares are listed on a

securities exchange (or quoted in a securities quotation system), the average closing sale price of the Common Shares on such exchange (or in such quotation system), or, if the Common Shares are listed on (or quoted in) more than one exchange (or quotation system), the average closing sale price of the Common Shares on the principal securities exchange (or quotation system) on which the Common Shares are then traded, or, if the Common Shares are not then listed on a securities exchange (or quotation system) but are traded in the over-the-counter market, the average of the latest bid and asked quotations for the Common Shares in such market, in each case for the last five trading days immediately preceding the day on which such Fair Market Value is determined in accordance with the applicable provision of this Section 2 or (b) if no such closing sales prices or quotations are available because such shares are not publicly traded or otherwise, the fair value of such shares as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing this provision, or, if they shall fail to agree, by an Investment Bank. As used herein, the term "Independent Director" shall mean each member of the Board of Directors of the Company that is not (x) a director, officer or employee of any Warrant Holder or any affiliate of any Warrant Holder, (y) the holder of a 10% or greater equity interest in any Warrant Holder or any affiliate of any Warrant Holder or (z) a member of the immediate family of any director, officer or employee of any Warrant Holder or any holder of a 10% or greater equity interest in any such Warrant Holder or any affiliate of any Warrant Holder.

(iii) When Adjustment To Be Made. The adjustments required by this Section 2 shall be made whenever and as often as any specified event requiring an adjustment shall occur. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(iv) Fractional Interest: Rounding. In computing adjustments under this Section 2, fractional interests in Common Shares shall be taken into account to the nearest 1/10th of a share, and adjustments in the Exercise Price shall be made to the nearest $.001.

(v) Certain Exclusions. No adjustment in the number of Common Shares purchasable under this Warrant or the Exercise Price therefor shall be made as a result of (x) any adjustment in the number of Common Shares purchasable under any other Warrant or the exercise price thereunder, or (y) for the issuance of any employee stock options or any Common Shares issuable under employee stock options, employee stock purchase plans, or any other form of equity based compensation granted to employees of the Company.

(vi) Computation of Consideration. For the purposes of this Section 2,

(A) the consideration for the issue or sale of any additional Common Shares shall, irrespective of the accounting treatment of such consideration,

(x) insofar as it consists of cash, be computed at the net amount of cash received by the Company,

(y) insofar as it consists of property (including securities) other than cash, be computed at the fair value thereof at the time of such issue or sale, as determined by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing adjustment provisions of like tenor to the applicable adjustment provision contained in this Warrant, or, if they shall fail to agree, by an Investment Bank, and

(z) in case additional Common Shares are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be the portion of such consideration so received, computed as provided in clauses (x) and (y) above, allocable to such additional Common Shares, all as determined in good faith by mutual agreement of the Independent Directors and the holders of not less than 50% in interest of all outstanding warrants to purchase Common Shares containing adjustment provisions of like tenor to the applicable adjustment provision contained in this Warrant, or, if they shall fail to agree, by an Investment Bank;

(B) additional Common Shares deemed, pursuant to Section 2(c), to have been issued, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(x) the total amount, if any, received and receivable by the Company as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to the Company upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as provided in the foregoing subdivision (A),

by

(y) the maximum number of Common Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and

(C) additional Common Shares deemed to have been issued pursuant to Section 2(a)(1), relating to stock dividends, stock splits, etc., shall be deemed to have been issued for no consideration.

(c) Treatment of Options and Convertible Securities. In case the Company at any time or from time to time after the date hereof shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any class of securities of the Company other than the Common Shares entitled to receive, any (x) options, warrants or other rights to purchase Common Shares (other than options granted to employees) or Convertible Securities (as defined below) ("Options") or (y) securities convertible into or exchangeable for Common Shares ("Convertible Securities"), then, and in each such case, the maximum number of additional Common Shares (as set forth in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed for purposes of Section 2(a)(2) to be additional Common Shares issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the Common Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); provided, however, that such additional Common Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to section 2(b)(vi)) would be less than the Fair Market Value on the date immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the Common Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be, and provided further that in any such case in which additional Common Shares are deemed to be issued:

(i) no further adjustment of the Exercise Price shall be made upon the subsequent issue or sale of Convertible Securities or Common Shares upon the exercise of such Options or the conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or decrease or increase in the number of additional Common Shares issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the

record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

(iii) upon the expiration (or purchase by the Company and cancellation or retirement) of any such Options which shall not have been exercised or the expiration of any rights of conversion or exchange under any such Convertible Securities which (or purchase by the Company and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Exercise Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(A) in the case of Options for Common Shares or Convertible Securities, the only additional Common Shares issued or sold were the additional Common Shares, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was (x) an amount equal to (1) the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (2) the consideration actually received by the Company upon such exercise, minus (3) the consideration paid by the Company for any purchase of such Options which were not exercised, or (y) an amount equal to (1) the consideration actually received by the Company for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus (2) the additional consideration, if any, actually received by the Company upon such conversion or exchange, minus (3) the consideration paid by the Company for any purchase of such Convertible Securities the rights of conversion or exchange under which were not exercised, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by the Company for the additional Common Shares deemed to have then been issued was an amount equal to (x) the consideration actually received by the Company for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (y) the consideration deemed to have been received by the Company (pursuant to section 2(b)(vi)) upon the issue or sale of such Convertible Securities with respect to which such Options

were actually exercised, minus (z) the consideration paid by the Company for any purchase of such Options which were not exercised;

(iv) no readjustment pursuant to subdivision (ii) or (iii) above shall have the effect of increasing the Exercise Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(v) in the case of any such Options which expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in subdivision (iii) above.

(d) Other Dilutive Events. In case any event shall occur as to which the provisions of Section 2 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights (including the rights provided under Section 2(a)(4)(C)) represented by this Warrant in accordance with the essential intent and principles of such Sections, then, in each such case, the Independent Directors of the Company shall appoint an Investment Bank, which shall give its opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in Section 2, necessary to preserve, without dilution, the purchase rights represented by this Warrant. Upon receipt of such opinion, the Company will promptly mail a copy thereof to the holder of this Warrant and shall make the adjustments described therein.

(e) Notices. Immediately upon any adjustment of the Exercise Price, the Company shall give, or cause to be given, written notice thereof, executed by the Chief Financial Officer (or, if none, the Chief Executive Officer or President) of the Company, to the Warrant Holder, setting forth in reasonable detail and certifying the event requiring the adjustment, the method by which the adjustment was calculated, the number of Warrant Shares for which the Warrant is exercisable and the Exercise Price after giving effect to such adjustment. The Company shall keep at its registered office copies of all such written notices and cause the same to be available for inspection during normal business hours by the Warrant Holder. The Company shall give, or cause to be given, written notice to the Warrant Holder at least 10 days prior to the date on which the Company closes its books or takes a record (i) with respect to any dividend or distribution upon Common Shares, (ii) with respect to any pro rata subscription offer to holders of Common Shares or (iii) for determining rights to vote with respect to any transaction described in Section 2(a)(4), dissolution or liquidation. The Company shall also give, or cause to be given, written notice to the Warrant Holder at least 10 days prior to the date on which any transaction described in Section 2(a)(4) shall take place.

SECTION 3. Exercise of Warrant. (a) Exercise Procedure. The Warrant Holder may exercise all or a portion of this Warrant for all or a portion of the Warrant Shares at any time and from time to time commencing after the date hereof until 3:30 p.m. New York City time, on the Expiration Date by irrevocably surrendering at the

registered office of the Company this Warrant and a completed Exercise Agreement (substantially in the form of Exhibit A attached hereto) setting forth the number of Warrant Shares being exercised, and by paying the Exercise Price in one of the following manners:

(i) Cash Exercise. The Warrant Holder shall deliver to the Company by wire transfer of immediately available funds an amount equal to the Exercise Price per Warrant Share exercised in the Exercise Agreement; or

(ii) Cashless Exercise. After the date of issuance of this Warrant, if the Common Shares are listed on a national securities exchange, automated quotation system or are available for sale in the over-the-counter market, the Warrant Holder shall have the right to surrender this Warrant to the Company (including that portion of the Warrant in payment of the Exercise Price to effect such cashless exercise) together with a notice of cashless exercise, in which event the Company shall exchange such portion of the Warrant subject to the Exercise Agreement, as the circumstances require in order for such number of Common Shares to be issued, determined as follows:

X = Y multiplied by (A-B)/A where:

X = the number of Common Shares to be issued to the Warrant Holder

Y = the number of Warrant Shares with respect to which this Warrant is being exercised in the Exercise Agreement

A = the average of the per share Market Price of the Common Shares for the five (5) trading days immediately prior to (but not including) the date of exercise (but not less than the then par value of the Common Shares)

B = the Exercise Price

If the foregoing calculation results in a negative number, then no Warrant Shares shall be issued.

For purposes of Rule 144 promulgated under the Securities Act only, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired and the full purchase price therefor paid by the Warrant Holder, and the holding period for the Warrant Shares shall be deemed to have been commenced on the issue date to the extent permitted by Rule 144.

For purposes hereof, "Market Price" means on any particular date (i) the closing bid price per Common Share on such date on the national securities exchange or automated quotation system on which the Common Shares are then listed or if there is no such price on such date, then the closing bid price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the Common Shares are not then listed on a national

securities exchange or automated quotation system, the closing bid price for each Common Share in the over-the-counter market, as reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices) at the close of business on such date.

(b) The Company shall cause certificates for the Warrant Shares to be issued in the name of and delivered to the Warrant Holder, or subject to the transfer restrictions referred to in the legend endorsed hereon, as the Warrant Holder may direct, as soon as practicable and in any event within ten (10) business days after receipt by the Company of the items required by Section 3(a) for the respective method or methods of exercise. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company shall prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall, within such 10-business-day period, deliver such new Warrant to such Warrant Holder.

(c) Any Warrant Shares issuable upon the proper exercise of this Warrant shall be deemed to have been issued to the Warrant Holder on the date the Company receives the completed Exercise Agreement and payment of the Exercise Price, if any, and the Warrant Holder shall be deemed for all purposes to have become the record holder of such Common Shares on such date.

(d) The issuance of certificates for the Warrant Shares shall be made without charge to the Warrant Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such exercise and the related issuance of the Warrant Shares.

(e) The Company shall at all times reserve and keep available such number of authorized but unissued Common Shares, solely for the purpose of issuance upon exercise of this Warrant, as are issuable upon exercise of this Warrant. All Warrant Shares shall, when issued, be duly and validly issued, fully paid and nonassessable (meaning that no further sums are required to be paid by the holders thereof in connection with the issue thereof) and free from all taxes, liens and charges. The Company shall take such actions as may be necessary to ensure that the Warrant Shares may be so issued without violation of any applicable law or governmental regulation or any requirements of any securities exchange upon which its shares may be listed (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

(f) Without prejudice to the rights of the Warrant Holders as signatory to the Shareholders Agreement as set forth in Section 5 hereof, the Company shall have the option, in its sole discretion, to deliver Warrant Shares which are (i) subject to the securities law transfer restrictions referred to in the legend endorsed hereon or (ii) subject to a registration statement filed under the Securities Act.

SECTION 4. Warrant Transfer Restrictions. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights

hereunder are transferable, in whole or in part, without charge to the Warrant Holder, upon surrender of this Warrant with a properly executed Assignment (substantially in the form of Exhibit B hereto) at the registered office of the Company; provided, however, that (i) such transfer shall comply with Section 2 of the Shareholders Agreement and (ii) prior to such transfer, the transferee shall enter into the Shareholders Agreement with the Company.

SECTION 5. Shareholders Agreement; Registration Rights. The Warrant Holder, as signatory to the Shareholders Agreement, shall have the rights set forth in Section 3 of the Shareholders Agreement with respect to this Warrant and any Warrant Shares issued hereunder.

SECTION 6. Amendment and Waiver. Except as otherwise provided herein, the provisions of this Warrant may be amended only if the Company has obtained the written consent of the Warrant Holder and a majority of the Independent Directors has approved the amendment.

SECTION 7. Descriptive Headings. The descriptive headings of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

SECTION 8. Definitions. Terms used in this Warrant unless otherwise defined herein shall have the meaning ascribed to them in the Shareholders Agreement.

SECTION 9. Governing Law. This Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York. Each party hereby irrevocably submits to the nonexclusive jurisdiction of the courts of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that (i) it is not personally subject to the jurisdiction of any such court, and/or (ii) that such suit, action or proceeding is not brought in the proper forum. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

SECTION 10. Complete Agreement; Severability. Except as otherwise expressly set forth herein, this Warrant embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. In case any provision of this Warrant shall be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not in any way affect or impair any other provision of this Warrant.

SECTION 11. Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, facsimile, or air courier guaranteeing overnight delivery.

If to the Company:	Occum Acquisition Corp. 370 Church Street Guilford, CT 06437 Attention: Reid Campbell, Treasurer
With a copy to:	Cravath, Swaine & Moore LLP 825 Eighth Avenue New York, New York 10019 Attention: William J. Whelan, III, Esq.
If to the Warrant Holder:	White Mountains Re Group, Ltd. [ ]

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered; five business days after the date of deposit in the U.S. mail, if mailed by first-class air mail; when receipt is acknowledged by the recipient facsimile machine, if sent by facsimile; and three business days after being delivered to a next-day air courier.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed and attested by its duly authorized officer and to be dated the date of issuance hereof.

OCCUM ACQUISITION CORP.,

By _____
Name:
Title:

Accepted and Agreed to:

WHITE MOUNTAINS RE GROUP, LTD.,

By: _____
Name:
Title:

Exhibit 4.9

Execution Copy

$370,000,000

CREDIT AGREEMENT,

dated as of June 14, 2004,

among

OCCUM ACQUISITION CORP.,

as the Borrower,

The Several Lenders
from Time to Time Parties Hereto,

and

BANK OF AMERICA, N.A. as Administrative Agent

CUSIP Number _____

BANC OF AMERICA SECURITIES LLC, as Lead Arranger
BANK ONE, NA, as Syndication Agent
THE BANK OF NEW YORK, as Co-Documentation Agent
THE BANK OF TOKYO-MITSUBISHI, LTD., as Co-Documentation Agent
U.S. BANK, as Co-Documentation Agent

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SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT, dated as of June 14, 2004 among (i) OCCUM ACQUISITION CORP., a Delaware corporation (the "Borrower"), (ii) the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders") and (iii) Bank of America, N.A., as administrative agent (the "Administrative Agent").

SECTION 1 DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"Administrative Agent": as defined in the preamble hereto.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.2, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Agent-Related Persons" the Administrative Agent, together with its Affiliates (including, Bank of America, N.A. in its capacity as the Administrative Agent and Banc of America Securities LLC as the Lead Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agreement": this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"A.M. Best Rating". The financial strength rating issued by A.M. Best Company.

"Annual Statement": the annual statutory financial statement of any Insurance Subsidiary required to be filed with the Department of its jurisdiction of incorporation or organization, which statement shall be in the form required by such Insurance Subsidiary's jurisdiction of incorporation or organization or, if no specific form is so required, in the form of financial statements permitted by such Department to be used for filing annual statutory financial statements and shall contain the type of

information permitted or required by such Department to be disclosed therein, together with all exhibits or schedules filed therewith.

"Applicable Margin": the rate per annum set forth below which corresponds with (a) the most current senior unsecured debt rating of the Borrower issued by S&P and/or by Moody's (in the event that the Borrower is rated by both rating agencies and there is a ratings split between S&P and Moody's, the higher rating shall apply, provided that if the S&P and Moody's ratings are split by two or more levels, the rating level that is one level above the lower rating shall apply) or, (b) in the event that both S&P and Moody's do not rate the Borrower's senior unsecured debt, the Debt-to-Capitalization Ratio, as defined in Section 7.1(b), of the Borrower, set forth below, as determined as of the end of the most recently ended fiscal quarter and as shown on the Borrower's most recent Compliance Certificate.

Level	Rating	Debt-to Capitalization Ratio	Applicable Margin
I	[3] A-/A3	< 17.5%	0.400%
II	[3] BBB+/Baa1	[3] 17.5%	0.500%
III	[3] BBB/Baa2	[3] 22.5%	0.600%
IV	[3] BBB-/Baa3	[3] 27.5%	0.925%
V	< BBB-/Baa3	[3] 32.5%	1.250%

Changes in the Applicable Margin shall become effective on the date on which S&P and/or Moody's changes such rating or on the date of delivery of a Compliance Certificate, as applicable, provided that if the Borrower fails to deliver any Compliance Certificate pursuant to §6.2(b) hereof at a time when both S&P and Moody's do not rate the Borrower's senior unsecured debt then, for the period commencing on the date that such Compliance Certificate was due through the date immediately following the date on which such Compliance Certificate is delivered, the Applicable Margin shall be that corresponding to Level V. Notwithstanding anything to the contrary contained herein, the Applicable Margin shall not be at Level I or II at any time on or prior to the date that is six months after the Closing Date.

"Application": an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time used by the Issuing Lender.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit G.

"Attorney Costs" means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel.

"Available Revolving Credit Commitment": with respect to any Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Credit

Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding.

"Base Rate": for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. as its "prime rate." The "prime rate" is a rate set by Bank of America, N.A. based upon various factors including Bank of America N.A.'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loans": Loans for which the applicable rate of interest is based upon the Base Rate.

"Benefited Lender": as defined in Section 10.8.

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble hereto.

"Borrowing Date": any Business Day specified by the Borrower as a date on which the Borrower requests the relevant Lenders to make Loans hereunder.

"Borrowing Request": as defined in Section 2.2 hereto.

"Business Day": means (i) with respect to any borrowing, payment or rate selection of Eurodollar Loans, a day (other than a Saturday or Sunday) on which banks generally are open in New York City and Washington State for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in Dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New York and Washington State for the conduct of substantially all of the commercial lending activities, and interbank wire transfers can be made on the Fedwire system.

"Capital Lease Obligations": with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP; and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital and Surplus": as to any Insurance Subsidiary, as of any date, the total amount shown on line 38, page 3, column 1 of the Annual Statement of such Insurance Subsidiary, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared (or any successor line, page or column that contains the same information).

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock or share capital of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash Collateralize": as defined in Section 3.7.

"Change of Control": White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc., together, ceasing to own a greater percentage of the voting equity interests of the Borrower than the percentage owned by any other equity holder of the Borrower, together with such other equity holder's Affiliates, working or acting as a group.

"Closing Date": The date on which the conditions set forth in Section 5.1 are satisfied or waived, which shall be no later than December 15, 2004.

"Closing Material Adverse Effect": On or prior to the Closing Date, with respect to (a) the Borrower, (b) the Target, (c) any Subsidiaries of the Borrower or (d) any Subsidiaries of the Target (collectively, the "Companies"), any (i) change, (ii) effect, (iii) event, (iv) occurrence or (v) development or developments, which individually or in the aggregate, would reasonably be expected to result in any change or effect that (A) is materially adverse to the business, financial condition, properties, assets, liabilities (contingent or otherwise) or results of operations of the Companies, taken as a whole, since fiscal year end December 31, 2003 or (B) would reasonably be expected to prevent or materially delay the consummation by the Companies, as applicable, of the transactions contemplated by this Agreement; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Closing Material Adverse Effect: (i) changes in laws, rules or regulations of general applicability or interpretations thereof by Governmental Authority, in each case after March 15, 2004, (ii) changes, after March 15, 2004, in applicable GAAP or SAP, (iii) actions or omissions of a party to the Purchase Agreement taken with the prior written consent of the other party to the Purchase Agreement and the Administrative Agent, and (iv) changes, after March 15, 2004, generally affecting (x) any of the industries in which the Companies conduct their business, so long as the changes in such industries do not disproportionately impact (other than as a result of the volume of business transacted) the Companies or (y) general economic and financial market conditions in the United States (including movements in interest rates).

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 (a) (14) of ERISA or that is treated as a single employer with the Borrower under Section 414 of the Code.

"Compliance Certificate": a certificate duly executed by a Responsible Officer of the Borrower substantially in the form of Exhibit A.

"Conditional Common Equity": convertible preferred stock which will convert to common equity upon shareholder approval (provided that such shareholder approval is obtained within the period required by the terms thereof).

"Confidential Information Memorandum": the Confidential Information Memorandum furnished to the Lenders and dated April 2004.

"Consolidated Capitalization": as at any date, the sum of (a) Consolidated Net Worth plus (b) Total Consolidated Debt plus (c) the amounts in respect of Trust Preferred Securities, Mandatory Convertible Securities, Mandatory Redeemable Securities and any other preferred stock that would, in conformity with GAAP, be reflected on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries prepared as of such date and are not already included in (a) or (b) above.

"Consolidated Net Worth": as at any date, the sum of all amounts that would, in conformity with GAAP, but excluding the effects of SFAS 115, be included on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries under stockholders' equity at such date, plus minority interests in Subsidiaries, as determined in accordance with GAAP.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its Property is bound.

"Debt": indebtedness for borrowed money.

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Defaulting Lender": any Lender that defaults in its obligation to make any Loan hereunder, so long as such default is continuing.

"Department": with respect to any Insurance Subsidiary, the insurance commissioner or other Governmental Authority of such Insurance Subsidiary's jurisdiction of domicile with which such Insurance Subsidiary is required to file its Annual Statement.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person,

including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollars" and "$": lawful currency of the United States of America.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Rate" means for any Interest Period with respect to a Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America, N.A.'s and with a term equivalent to such Interest Period would be offered by Bank of America N.A.'s London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"Eurodollar Loans": Loans for which the applicable rate of interest is based upon the Eurodollar Rate.

"Event of Default": any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Facility Fee Rate": the rate per annum set forth below which corresponds with (a) the most current senior unsecured debt rating of the Borrower issued by S&P and/or by Moody's (in the event that the Borrower is rated by both rating agencies and there is a ratings split between S&P and Moody's, the higher rating shall apply, provided that if the S&P and Moody's ratings are split by two or more levels, the rating level that is one level above the lower rating shall apply) or, (b) in the event that both S&P and Moody's do not rate the Borrower's senior unsecured debt, the Debt-to-Capitalization Ratio, as defined in Section 7.1(b), of the Borrower, set forth below, as determined as of the end of the most recently ended fiscal quarter and as shown on the Borrower's most recent Compliance Certificate.

Level	Rating	Debt-to Capitalization Ratio	Facility Fee
I	³ A-/A3	< 17.5%	0.100%
II	³ BBB+/Baal	³ 17.5%	0.125%
III	³ BBB/Baa2	³ 22.5%	0.150%
IV	³ BBB-/Baa3	³ 27.5%	0.200%
V	< BBB-/Baa3	³ 32.5%	0.250%

Changes in the Facility Fee Rate shall become effective on the date on which S&P and/or Moody's changes such rating or on the date of delivery of a Compliance Certificate, as applicable, provided that if the Borrower fails to deliver any Compliance Certificate pursuant to §6.2(b) hereof at a time when both S&P and Moody's do not rate the Borrower's senior unsecured debt then, for the period commencing on the date that such Compliance Certificate was due through the date immediately following the date on which such Compliance Certificate is delivered, the Facility Fee Rate shall be that corresponding to Level V. Notwithstanding anything to the contrary contained herein, the Facility Fee Rate shall not be at Level I or Level II at any time on or prior to the date that is six months after the Closing Date.

"Federal Funds Rate": for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged

to Bank of America, N.A. on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated March 15, 2004, among White Mountains Insurance Group, Ltd., the Administrative Agent and the Lead Arranger.

"Funding Office": the office specified from time to time by the Administrative Agent as its funding office by notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States of America as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof.

"Granting Lender": as defined in Section 10.7(h).

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including any board of insurance, insurance department or insurance commissioner.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the

amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements entered into by the Borrower or its Subsidiaries providing for protection against fluctuations in interest rates or currency exchange rates or otherwise providing for the exchange of nominal interest obligations, either generally or under specific contingencies.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of Property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under acceptance, letter of credit or similar facilities, (g) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on Property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation and (j) for the purposes of Section 8(e) only, all obligations of such Person in respect of Hedge Agreements entered into in the ordinary course of business, and not for speculative purposes.

"Indemnified Liabilities": as defined in Section 10.6.

"Indemnitee": as defined in Section 10.6.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Insurance Regulations": any law, regulation, rule, directive or order applicable to an insurance company.

"Insurance Regulator": any Person charged with the administration, oversight or enforcement of any Insurance Regulation.

"Insurance Subsidiary": any Subsidiary which is required to be licensed by any Department as an insurer or reinsurer and each direct or indirect Subsidiary of such Subsidiary.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof including the right to receive all proceeds and damages therefrom.

"Interest Payment Date": (a) as to any Base Rate Loan, the first day of each January, April, July and October, (b) as to any Eurodollar Loan having an Interest Period of three months or shorter, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan (other than Base Rate Loans), the date of any repayment or prepayment made in respect thereof.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months (or, unless unavailable to any Lender, twelve months) thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months (or, unless unavailable to any Lender, twelve months) thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest end Period into another calendar month in which event such Interest Period shall on the immediately preceding Business Day;

(ii) any Interest Period in respect of the Loans that would otherwise extend beyond the Revolving Credit Termination Date shall end on the Revolving Credit Termination Date, and

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person, other than assets used or useful in the business of the Borrower or its Subsidiaries acquired in the ordinary course of business, consistent with past practices. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of Investment.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the Application, and any other document, agreement and instrument entered into by the Issuing Lender and the Borrower (or any Subsidiary) or in favor the Issuing Lender and relating to any such Letter of Credit.

"Issuing Lender": Bank of America, N.A. and any other Lender from time to time designated by the Borrower as an Issuing Lender, with the consent of such Lender and the Administrative Agent.

"Investor Group" a group of equity investors in the Borrower, including White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc., formed to consummate the acquisition of the Target.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Revolving Credit Percentage.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a borrowing.

"L/C Commitment": $20,000,000, as the same may be reduced from time to time pursuant to Section 2.7.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Fee Payment Date": the first day of each January, April, July and October and the last day of the Revolving Credit Commitment Period.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.3.

"L/C Participants": with respect to any Letter of Credit, the collective reference to all the Lenders other than the Issuing Lender that issued such Letter of Credit.

"Lead Arranger": Banc of America Securities LLC.

"Lenders": as defined in the preamble hereto.

"Letters of "Credit": as defined in Section 3.1 (a).

"License": any license, certificate of authority, permit or other authorization which is required to be obtained from any Governmental Authority in connection with the operation, ownership or transaction of insurance or reinsurance business.

"Lien": any mortgage, pledge, security interest, encumbrance, charge or security interest of any kind.

"Loan": any loan made by any Lender pursuant to this Agreement, including any Swing Line Loan made by the Swing Line Lender.

"Loan Documents": this Agreement, the Applications, and the Notes.

"Majority Lenders": the holders of more than 50% of the Total Revolving Extensions of Credit (or, if no such Revolving Extensions of Credit are outstanding, prior to any termination of the Revolving Credit Commitments, the holders of more than 50% of the Revolving Credit Commitments). The Revolving Credit Commitments in effect (or, when applicable, Revolving Extensions of Credit outstanding) of any Defaulting Lender shall be excluded for purposes of any vote of Majority Lenders.

"Mandatory Convertible Securities": equity securities or subordinated debt securities (which debt securities, if issued by the Borrower, will include subordination to the obligations of the Borrower hereunder), issued by the Borrower or one of its Subsidiaries which (i) are not (w) Mandatory Redeemable Securities or (x) Conditional Common Equity and (ii) provide, pursuant to the terms thereof, that the issuer of such securities (or an affiliate of such issuer) may cause (without the payment of additional cash consideration by the issuer thereof) the conversion of such securities to equity securities of the Borrower or one of its Subsidiaries upon the occurrence of a certain date or of certain events.

"Mandatory Redeemable Securities": debt or equity securities (other than Conditional Common Equity, so long as such Conditional Common Equity may not be

required, by the holder thereof, to be repurchased or redeemed during the period provided for shareholder approval of conversion pursuant to the terms of such Conditional Common Equity) issued by the Borrower or one of its Subsidiaries which provide, pursuant to the terms thereof, that such securities must be repurchased or redeemed, or the holder of such securities may require the issuer of such securities to repurchase or redeem such securities, upon the occurrence of a certain date or of certain events.

"Material Adverse Effect": at all times after the Closing Date, a material adverse effect on (i) the business, assets, property or financial condition of the Borrower and its Subsidiaries taken as a whole since the Closing Date, or (ii) the validity or and enforceability of this Agreement or any of the other Loan Documents or the rights remedies of the Administrative Agent and the Lenders hereunder or thereunder.

"Material Debt Offerings": any Debt issued or incurred by the Borrower or any Subsidiary (other than an Insurance Subsidiary) that (a) has a stated maturity of one year or longer and (b) results in Net Proceeds to the Borrower and its Subsidiaries (other than Insurance Subsidiaries) of $50,000,000 or more, other than (i) any such Debt incurred to refinance or replace other existing Indebtedness of the Borrower or any of its Subsidiaries, (ii) any such Debt incurred to finance the acquisition, construction or improvement of any Property by the Borrower or any Subsidiary and (iii) any such Debt owed to the Borrower or a Subsidiary.

"Material Insurance Subsidiary": any Insurance Subsidiary acquired or formed on or after the Closing Date having Capital and Surplus of $100,000,000 or more.

"Moody's": Moody's Investors Service, Inc. (or any successor thereto).

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001 (a)(3) of ERISA.

"NAIC": the National Association of Insurance Commissioners or any successor thereto, or in the absence of the National Association of Insurance Commissioners or such successor, any other association, agency or other organization performing advisory, coordination or other like functions among insurance departments, insurance commissioners and similar Governmental Authorities of the various states of the United States towards the promotion of uniformity in the practices of such Governmental Authorities.

"Net Proceeds": the aggregate amount of all cash proceeds received by the Borrower or any of its Subsidiaries (other than Insurance Subsidiaries) from any Debt less all fees and expenses (including legal, underwriting and similar fees and expenses) incurred in connection therewith, but only to the extent that the amounts so deducted are properly attributable to such transaction.

"Non-Excluded Taxes": as defined in Section 2.16(a).

"Non-U.S. Lender": as defined in Section 2.16(d).

"Note": any promissory note evidencing any Loan.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participant": as defined in Section 10.7(d).

"Payment Office": the office specified from time to time by the Administrative Agent as its payment office by notice to the Borrower and the Lenders.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permitted Acquisitions": Investments in and/or acquisitions of businesses or entities engaged in the insurance and/or insurance services business or businesses reasonably incident thereto, so long as, in the case of (a) an Investment in and/or acquisition of a majority interest in a Person whose securities are publicly traded or (b) an Investment in and/or acquisition of a Person that would trigger any anti-takeover provisions under any applicable state law or organizational documents of such Person (including any shareholder rights plan), such Investment or acquisition has been approved by the board of directors or other governing body of such Person.

"Permitted Liens": (i) any Lien upon Property to secure any part of the cost of development, construction, alteration, repair or improvement of such Property, or Debt incurred to finance such cost; (ii) any extension, renewal or replacement, in whole or in part, of any Lien referred to in the foregoing clause (i); (iii) any Lien relating to a sale and leaseback transaction; (iv) any Lien in favor of the Borrower or any Subsidiary granted by the Borrower or any Subsidiary in order to secure any intercompany obligations; (v) mechanic's, materialmen's, carriers' or other like Liens arising in the ordinary course of business (including construction of facilities) in respect of obligations which are not due or which are being contested in good faith: (vi) any Lien arising in connection with any legal proceeding which is being contested; (vii) Liens for taxes not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings; (viii) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Debt and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person; (ix) pledges or deposits under workers' compensation laws, unemployment insurance laws or similar social security legislation; (x) any deposit to secure performance of letters of credit, bids, leases, statutory obligations, surety and appeal bonds, performance bonds or other obligations of a like nature in the ordinary course of business; (xi) any interest or title of a lessor under any lease entered into in the ordinary course of business; (xii) Liens

on the assets of any Insurance Subsidiary securing (a) short-term (i.e. with a maturity of less than one-year when issued) Debt incurred to provide short-term liquidity to facilitate claims payments in the event of catastrophe, (b) Debt incurred in the ordinary course of its business or in securing insurance related obligations (that do not constitute Debt) and letters of credit issued for the account of any such Subsidiary in the ordinary course of its business or in securing insurance-related obligations (that do not constitute Debt) or (c) insurance-related obligations (that do not constitute Debt); (xiii) Liens on the assets of any mutual fund Subsidiary securing Debt incurred to provide short-term (i.e. not anticipated to be outstanding for more than one year when incurred) liquidity to facilitate redemption payments by such mutual fund Subsidiary; and (xiv) Liens securing the obligations hereunder.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee pension benefit plan that is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Principal Business": (a) a business of the type engaged in by the Borrower and its Subsidiaries and the Target on the date of this Agreement, (b) any other insurance, insurance services or insurance related business and (c) any business reasonably incident to any of the foregoing.

"Property": any property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Purchase Agreement": as defined in Section 5.1 (f).

"Qualified Mandatory Redeemable Securities": Mandatory Redeemable Securities that, pursuant to the terms thereof, must be redeemed or repurchased, or may be required to be redeemed or repurchased at the option of the holder of such securities (other than upon the occurrence of one or more events or conditions other than the occurrence of a certain date), not sooner than the Revolving Credit Termination Date.

"Quarterly Statement": the quarterly statutory financial statement of any Insurance Subsidiary required to be filed with the Department of its jurisdiction of incorporation, which statement shall be in the form required by such Insurance Subsidiary's jurisdiction of incorporation or, if no specific form is so required, in the form of financial statements permitted by such Department to be used for filing quarterly statutory financial statements and shall contain the type of information permitted or required by such Department to be disclosed therein, together with all exhibits or schedules filed therewith.

"Refunded Swing Line Loans": as defined in Section 2.4.

"Refunding Date": as defined in Section 2.4.

"Register": as defined in Section 10.7(c).

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse an Issuing Lender pursuant to Section 3.3 for amounts drawn under Letters of Credit issued by such Issuing Lender for the account of the Borrower.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person (excluding, in the case of Section 2.15(a)(i), any of the foregoing relating to the Administrative Agent or any Lender), and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Responsible Officer": as to the Borrower or any Insurance Subsidiary the chief executive officer, president, chief financial officer, treasurer, chief accounting officer, any vice president or any managing director of the Borrower or any Insurance Subsidiary, as the context requires.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other equity interest of the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other equity interest or of any option, warrant or other right to acquire any such capital stock or other equity interest.

"Revolving Credit Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Credit Loans and participate in Swing Line Loans and Letters of Credit, in an aggregate principal or face amount not to exceed the amount set forth under the heading "Revolving Credit Commitment" opposite such Lender's name on Schedule 2.1 to this Agreement, or, as the case may be, in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate amount of the Total Revolving Credit Commitments on the date of this Agreement is $370,000,000, subject to decreases pursuant to Section 2.7 and increases pursuant to Section 2.21.

"Revolving Credit Commitment Period": the period from and including the Closing Date to the Revolving Credit Termination Date.

"Revolving Credit Loans": as defined in Section 2.1.

"Revolving Credit Percentage": as to any Lender at any time, the percentage which such Lender's Revolving Credit Commitment then constitutes of the Total Revolving Credit Commitments (or, at any time after the Revolving Credit Commitments shall have expired or terminated, the percentage which the aggregate amount of such Lender's Revolving Extensions of Credit then outstanding constitutes of the amount of the Total Revolving Extensions of Credit then outstanding).

"Revolving Credit Termination Date": The date which is five years from the Closing Date.

"Revolving Extensions of Credit": as to any Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding, (b) the principal amount equal to such Lender's Revolving Credit Percentage of the L/C Obligations then outstanding and (c) the principal amount equal to such Lender's Revolving Credit Percentage of the aggregate principal amount of Swing Line Loans then outstanding.

"S&P": Standard & Poor's Rating Services (or any successor thereto).

"SAP": with respect to any Insurance Subsidiary, the statutory accounting practices prescribed or permitted by the Department in the jurisdiction of such Insurance Subsidiary for the preparation of annual statements and other financial reports by insurance companies of the same type as such Insurance Subsidiary, which are applicable to the circumstances as of the date of determination.

"SEC": the Securities and Exchange Commission (or successors thereto or an analogous Governmental Authority).

"Seller": as defined in Section 5.1(f).

"SEAS": Statements of Financial Accounting Standards adopted by the Financial Accounting Standards Board.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Subsidiary": of a Person means (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Surplus Debentures": as to any Insurance Subsidiary, debt securities of such Insurance Subsidiary the proceeds of which are permitted to be included, in whole or in part, as Capital and Surplus of such Insurance Subsidiary as approved and permitted by the applicable Department.

"Swing Line Commitment": the obligation of the Swing Line Lender to make Swing Line Loans pursuant to Section 2.4 in an aggregate principal amount at any one time outstanding not to exceed $10,000,000.

"Swing Line Lender": Bank of America, N.A., in its capacity as the Lender of Swing Line Loans.

"Swing Line Loans": as defined in Section 2.3.

"Swing Line Participation Amount": as defined in Section 2.4(c).

"Target": certain assets and operations related to the life and investments business of Safeco Corporation to be acquired by the Borrower pursuant to the Purchase Agreement.

"Total Consolidated Debt": at any date, the sum, without duplication, of (a) all amounts that would, in conformity with GAAP, be reflected and classified as debt on a consolidated balance sheet of the Borrower and its consolidated \Subsidaries prepared as of such date, (b) Indebtedness represented by (i) Trust Preferred Securities or Qualified Mandatory Redeemable Securities (in each case, owned by Persons other than the Borrower or any of its consolidated Subsidiaries) but only to the extent that such securities (other than Mandatory Convertible Securities) exceed 15% of Consolidated Capitalization or (ii) Mandatory Redeemable Securities (owned by Persons other than the Borrower or any of its consolidated Subsidiaries) other than Qualified Mandatory Redeemable Securities and (c) Indebtedness represented by Mandatory Convertible Securities (owned by Persons other than the Borrower or any of its consolidated Subsidiaries) but only to the extent that such Mandatory Convertible Securities plus Trust Preferred Securities and Qualified Mandatory Redeemable Securities (in each case, owned by Persons other than the Borrower or any of its consolidated Subsidiaries) exceed 25% of Consolidated Capitalization, provided, that in the event that the notes related to the Mandatory Convertible Securities remain outstanding following the exercise of forward purchase contracts related to such Mandatory Convertible Securities, then such outstanding notes will be included in Total Consolidated Debt thereafter. Total Consolidated Debt shall not, in any event, include (a) Hedge Agreements entered into in the ordinary course of business for non-speculative purposes, (b) Indebtedness of the type described in Sections 7.2(b), (c) and (d), (c) Conditional Common Equity, or (d) any other amounts in respect of Trust Preferred Securities, Mandatory Redeemable Securities or Mandatory Convertible Securities.

"Total Revolving Credit Commitments": at any time, the aggregate amount of the Revolving Credit Commitments then in effect.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Lenders outstanding at such time.

"Transferee": a Participant or an assignee of any Lender's rights and obligations under this Agreement pursuant to an Assignment and Assumption.

"Trust Preferred Securities": preferred securities issued by a special purpose entity, the proceeds of which are used to purchase subordinated debt securities of the Borrower or one of its Subsidiaries having terms that substantially mirror those of such preferred securities issued by the special purpose entity such that the debt securities constitute credit support for obligations in respect of such preferred securities and such preferred securities are reflected on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries in accordance with GAAP.

"Type": as to any Loan, its nature as a Base Rate Loan or a Eurodollar Loan.

1.2 Other Definitional Provisions. Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(a) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Borrower or its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP or SAP, as the case may be.

(b) References herein to particular pages, columns, lines or sections of any Person's Annual Statement shall be deemed, where appropriate, to be references to the corresponding page, column, line or section of such Person's Quarterly Statement, or if no such corresponding page, column, line or section exists or if any report form changes, then to the corresponding item referenced thereby.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) The word "or" is not exclusive and the words "include", "includes" or "including" shall be deemed to be followed by the phrase "without limitation".

(f) References to "preferred stock" includes Capital Stock designated as preferred stock, preference shares, preferred shares or any similar term.

SECTION 2 AMOUNT AND TERMS OF COMMITMENTS

2.1 Revolving Credit Commitments. (a) Subject to the terms and conditions hereof, the Lenders severally agree to make revolving credit loans ("Revolving Credit Loans") to the Borrower from time to time during the Revolving Credit Commitment Period in an aggregate principal amount at any one time outstanding for each Lender which, when added to such Lender's Revolving Credit Percentage of the sum of (i) the L/C Obligations then outstanding and (ii) the aggregate principal amount of the Swing Line Loans then outstanding, does not exceed the amount of such Lender's Revolving Credit Commitment. During the Revolving Credit Commitment Period the Borrower may use the Revolving Credit Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Credit Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.9, provided that no Revolving Credit Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Revolving Credit Termination Date.

(b) The Borrower shall repay all outstanding Revolving Credit Loans made to the Borrower on the Revolving Credit Termination Date.

2.2 Procedure for Revolving Credit Borrowing. The Borrower may borrow under the Revolving Credit Commitments on any Business Day during the Revolving Credit Commitment Period, provided that the Borrower shall give the Administrative Agent a borrowing request in the form of Exhibit B hereto (hereinafter, a "Borrowing Request") (which Borrowing Request must be received by the Administrative Agent prior to 11:00 A.M., New York City time, (a) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) on the requested Borrowing Date, in the case of Base Rate Loans, provided that requests for Base Rate Loans not received prior to 11:00 A.M. on the requested Borrowing Date shall be deemed received on the following Business Day), and must specify (i) the amount and Type of Revolving Credit Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the length of the initial Interest Period therefor. Each borrowing of Revolving Credit Loans under the Revolving Credit Commitments shall be in an amount equal to (x) in the case of Base Rate Loans, $1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Credit Commitments are less than $1,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 or a whole multiple of $1,000,000 in excess thereof; provided, that the Swing Line Lender may request, on behalf of the Borrower, borrowings of Base Rate Loans under the Revolving Credit Commitments in other amounts pursuant to Section 2.4. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Each Lender will make its Revolving Credit Percentage of the amount of each borrowing of Revolving Credit Loans available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in finds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent in like funds as received by the Administrative Agent.

2.3 Swing Line Commitment. (a) Subject to the terms and conditions hereof, the Swing Line Lender agrees that, during the Revolving Credit Commitment Period, it will make available to the Borrower in the form of swing line loans ("Swing Line Loans") a portion of the credit otherwise available to the Borrower under the Revolving Credit Commitments; provided that (i) the aggregate principal amount of Swing Line Loans outstanding at any time shall not exceed the Swing Line Commitment then in effect (notwithstanding that the Swing Line Loans outstanding at any time, when aggregated with the Swing Line Lender's other outstanding Revolving Credit Loans hereunder, may exceed the Swing Line Commitment then in effect or such Swing Line Lender's Revolving Credit Commitment then in effect) and (ii) the Borrower shall not request, and the Swing Line Lender shall not make, any Swing Line Loan if, after giving effect to the making of such Swing Line Loan, the aggregate amount of the Available Revolving Credit Commitments would be less than zero. During the Revolving Credit Commitment Period, the Borrower may use the Swing Line Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swing Line Loans shall be Base Rate Loans only.

(b) The Borrower shall repay all outstanding Swing Line Loans on the Revolving the Credit Termination Date. Each payment in respect of Swing Line Loans shall be made to Swing Line Lender.

2.4 Procedure for Swing Line Borrowing; Refunding of Swing Line Loans. (a) The Borrower may borrow under the Swing Line Commitment on any Business Day during the Revolving Credit Commitment Period, provided, the Borrower shall give the Swing Line Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swing Line Lender not later than 11:00 A.M., Pacific time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date. Each borrowing under the Swing Line Commitment shall be in an amount equal to $500,000 or a whole multiple of $100,000 in excess thereof. Not later than 3:00 P.M., Pacific time, on the Borrowing Date specified in the borrowing notice in respect of any Swing Line Loan, the Swing Line Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of such Swing Line Loan. The Administrative Agent shall make the proceeds of such Swing Line Loan available to the Borrower on such Borrowing Date in like funds as received by the Administrative Agent.

(b) The Swing Line Lender, not less frequently than once each week shall, and at any other time, from time to time, as the Swing Line Lender may elect in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swing Line Lender to act on its behalf), on one Business Day's notice given by the Swing Line Lender no later than 12:00 Noon, New York City time, request each Lender to make, and each Lender hereby agrees to make, a Revolving Credit Loan, in an amount equal to such Lender's Revolving Credit Percentage of the aggregate amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date of such notice, to repay the Swing Line Lender. Each Lender shall make the amount of such Revolving Credit Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such Revolving Credit Loans shall be made immediately available by the Administrative Agent to the Swing Line Lender for application by the Swing Line Lender to the repayment of the Refunded Swing Line

Loans. Upon the written request of any Lender, the Administrative Agent will, within three Business Days of such request, inform such Lender of the aggregate amount of Swing Line Loans outstanding on the date of such request.

(c) If prior to the time a Revolving Credit Loan would have otherwise been made pursuant to Section 2.4(b), one of the events described in Section 8(f) shall have occurred and be continuing with respect to the Borrower, or if for any other reason, as determined by the Swing Line Lender in its sole discretion, Revolving Credit Loans may not be made as contemplated by Section 2.4(b), each Lender shall, on the date such Revolving Credit Loan was to have been made pursuant to the notice referred to in Section 2.4(b) (the "Refunding Date"), purchase for cash an undivided participating interest in the then outstanding Swing Line Loans by paying to the Swing Line Lender an amount (the "Swing Line Participation Amount") equal to (i) such Lender's Revolving Credit Percentage times (ii) the sum of the aggregate principal amount of Swing Line Loans then outstanding which were to have been repaid with such Revolving Credit Loans.

(d) Whenever, at any time after the Swing Line Lender has received from any Lender such Lender's Swing Line Participation Amount, the Swing Line Lender receives any payment on account of the Swing Line Loans, the Swing Line Lender will distribute to such Lender its Swing Line Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swing Line Loans then due); provided, however, that in the event that such payment received by the Swing Line Lender is required to be returned, such Lender will return to the Swing Line Lender any portion thereof previously distributed to it by the Swing Line Lender.

(e) Each Lender's obligation to make the Loans referred to in Section 2.4(b) and to purchase participating interests pursuant to Section 2.4(c) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or the Borrower may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.5 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of the appropriate Lender (i) the then unpaid principal amount on the Revolving Credit Termination Date (or on such earlier date on which the Loans become due and payable pursuant to Section 8) of each Revolving Credit Loan of such Lender made to the Borrower and (ii) the then unpaid principal amount on the Revolving Credit Termination Date (or on such earlier date on which the Loans become due and payable pursuant to Section 8) of each Swing Line Loan of such Swing Line Lender made to the Borrower. The Borrower hereby further agrees to pay interest to the Administrative Agent for the account of the appropriate Lender on the unpaid principal amount

of the Loans made to it from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.11.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 10.7(c), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan to the Borrower made hereunder and any Note evidencing such Loan, the Type of such Loan and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from or for the account of the Borrower and each Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 2.5(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to it by such Lender in accordance with the terms of this Agreement.

(e) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, it will execute and deliver to such Lender a promissory note of the Borrower evidencing any Revolving Credit Loans or Swing Line Loans, as the case may be, made by such Lender to the Borrower, substantially in the forms of Exhibit C-1 or C-2, respectively, with appropriate insertions as to date and principal amount.

2.6 Facility Fee, etc. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee for the period from and including the date hereof until but not including the Closing Date, computed at the Facility Fee Rate applicable to Level III in the definition of Facility Fee Rate, on the average daily amount of the Revolving Credit Commitment of such Lender during the period for which payment is made, payable in arrears on the earlier of the Closing Date or the termination of the Purchase Agreement. The Borrower further agrees to pay to the Administrative Agent for the account of each Lender a day facility fee for the period from and including the Closing Date until but not including the last day of the Revolving Credit Commitment Period, computed at the Facility Fee Rate on the average daily amount of the Revolving Credit Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on the first Business Day of each January, April, July and October and on the Revolving Credit Termination Date, commencing on the first of such dates to occur after the Closing Date.

(b) The Borrower agrees to pay to the Lead Arranger the fees in the amounts and on the dates from time to time agreed to in writing by the Borrower and the Lead Arranger.

(c) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates from time to time agreed to in writing by the Borrower and the Administrative Agent.

2.7 Termination or Reduction of Revolving Credit Commitments. (a) The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the aggregate amount of the Revolving Credit Commitments; provided that no such termination or reduction of Revolving Credit Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Credit Loans and Swing Line Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Credit Commitments; provided, further, that a notice of termination of the Revolving Credit Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Credit Commitments then in effect.

(b) Reasonably contemporaneously with any Material Debt Offering, the Borrower shall provide the Administrative Agent with written notice thereof (a "Material Debt Offering Notice"). The aggregate Revolving Credit Commitments shall be reduced in an amount equal to 100% of the Net Proceeds of any Material Debt Offerings, with such reduction applying pro rata to the Revolving Credit Commitments of the Lenders according to the respective Revolving Credit Percentages of the Lenders; provided, however, that if, pursuant to the Material Debt Offering Notice, the Borrower notifies the Administrative Agent that any Net Proceeds of a Material Debt Offering are intended to be used to (i) finance any Permitted Acquisitions that are anticipated to be consummated within six months after receipt of such Net Proceeds or (ii) refinance any Permitted Acquisitions that have been consummated within six months prior to the Borrower's receipt of such Net Proceeds (which notice shall specify the portion of such Net Proceeds to be so used, which may be up to 100% thereof), then such reduction of the Revolving Credit Commitments shall not be required to the extent such Net Proceeds are so used (x) in the case of clause (i) above, within six months of the date of the receipt of such proceeds and (y) in the case of a Permitted Acquisition under clause (ii) above and which was financed with debt that is still outstanding at the time that the Borrower receives such Net Proceeds, not later than three Business Days after receipt of such proceeds, and provided further that, notwithstanding anything to the contrary contained herein, nothing in this subsection (b) shall require the Revolving Credit Commitments to be reduced to less than $100,000,000.

2.8 Prepayments. (a) The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon notice delivered to the Administrative Agent at least three Business Days prior thereto in the case of Eurodollar Loans and at least one Business Day prior thereto in the case of Base Rate Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or Base Rate Loans; provided, that (i) if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.17 and (ii) no prior notice is required for the prepayment of

Swing Line Loans; provided, further, that, if a notice of prepayment is given in connection with a conditional notice of termination of the Revolving Credit Commitments as contemplated by Section 2.7, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.7. Upon receipt of any such notice the Administrative Agent shall promptly notify the Lenders thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Base Rate Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof. Partial prepayments of Swing Line Loans shall be in an aggregate principal amount of $100,000 or a whole multiple thereof;

(b) If for any reason the Total Revolving Extensions of Credit at any time exceed the Total Revolving Credit Commitments then in effect, the Borrower shall immediately prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.08(b) unless after the prepayment in full of the Loans and Swing Line Loans the Total Revolving Extensions of Credit exceed the Total Revolving Credit Commitments then in effect.

2.9 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to Base Rate Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election. The Borrower may elect from time to time to convert Base Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election (which notice shall specify the length of the initial Interest Period therefor), provided that no Base Rate Loan may be converted into a Eurodollar Loan (i) when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Lenders have determined in its or their sole discretion not to permit such conversions or (ii) after the date that is one month prior to the Revolving Credit Termination Date. Upon receipt of any such notice the Administrative Agent shall promptly notify the Lenders thereof.

(b) The Borrower may elect to continue any Eurodollar Loan as such upon the expiration of the then current Interest Period with respect thereto by giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Lenders have, determined in its or their sole discretion not to permit such continuations or (ii) after the date that is one month prior to the Revolving Credit Termination Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso, such Loans shall be converted automatically to Base Rate Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify the Lenders thereof.

2.10 Maximum Number of Eurodollar Loans. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions, continuations and optional prepayments

of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that no more than seven Eurodollar Loans shall be outstanding at any one time.

2.11 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the Base Rate.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum that is equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to Base Rate Loans plus 2%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any facility fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of non-payment until such amount is paid in full (after as well as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.12 Computation of Interest and Fees. (a) Interest, fees and commissions payable pursuant hereto shall be calculated on the basis of a 365-day (or 366-day, as the case may be) year for the actual days elapsed, except that, with respect to Eurodollar Loans, the interest thereon shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Base Rate shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

2.13 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the

relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period with respect thereto, to Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

2.14 Pro Rata Treatment and Payments. (a) Each borrowing, other than borrowings of Swing Line Loans, by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any facility fee or Letter of Credit fee, and any reduction of the Revolving Credit Commitments of the Lenders, shall be made pro rata according to the respective Revolving Credit Percentages of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Credit Loans of the Borrower shall be made pro rata according to the respective outstanding principal amounts of the Revolving Credit Loans of the Borrower then held by the Lenders. Each payment in respect of Reimbursement Obligations in respect of any Letter of Credit shall be made to the relevant Issuing Lender.

(c) The application of any payment of Loans shall be made, first, to Base Rate Loans and, second, to Eurodollar Loans. Each payment of Eurodollar Loans shall be accompanied by accrued interest to the date of such payment on the amount paid.

(d) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the relevant Lenders, at the Payment Office, in Dollars and in immediately available funds. Any payment made by the Borrower after 12:00 Noon, New York City time, on any Business Day shall be deemed to have been made on the next following Business Day. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next

succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Revolving Credit Percentage of the Loan included in the applicable borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Revolving Credit Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (e) shall be conclusive, absent manifest error.

(f) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no

Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

2.15 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.16 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans to the Borrower or issuing or participating in Letters of Credit issued at the request of the Borrower, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) In addition to, and without duplication of, amounts which may become payable from time to time pursuant to paragraphs (a) and (b) of this Section 2.15, the Borrower agrees to pay to each Lender which requests compensation under this paragraph (c) by notice to the Borrower, on the last day of each Interest Period with respect to any Eurodollar Loan made by such Lender to the Borrower, at any time when such Lender shall be required to maintain reserves against "Eurocurrency liabilities" under Regulation D of the Board of Governors of the Federal Reserve System (or, at any time when such Lender may be required by the Board of Governors of the Federal Reserve System or by any other Governmental Authority, whether within the United States or in another relevant jurisdiction, to maintain reserves against any other category of liabilities which includes deposits by reference to which the Eurodollar Rate is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Lender which includes any such Eurodollar Loans), an additional amount (determined by such Lender's calculation or, if an accurate calculation is impracticable, reasonable estimate using such reasonable means of allocation as such Lender shall determine) equal to the actual costs, if any, incurred by such Lender during such Interest Period as a result of the applicability of the foregoing reserves to such Eurodollar Loans.

(d) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. No Lender shall be entitled to compensation under this Section 2.15 from the Borrower for any costs incurred or reductions suffered more than 180 days prior to the date that such Lender notifies the Borrower of the circumstances giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided that if a change of law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Taxes. (a) Except as required by law, all payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise and doing business taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent's or such Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or any Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Borrower shall be required to increase

any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement or designates a new lending office, except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office or assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to Section 2.16(a).

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as soon as practicable thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an official receipt received by the Borrower showing payment thereof (or other evidence of such payment reasonably satisfactory to the Administrative Agent). If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this Section 2.16 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) Each Lender (or Transferee) that is not (i) a citizen or resident of the United States of America, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States of America (or any jurisdiction thereof), or (iii) an estate or trust that is subject to U.S. federal income taxation regardless of the source of its income (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI (or other applicable form), or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit D and a Form W-8BEN (or other applicable form), or any subsequent versions thereof or successors thereto properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall, as soon as reasonably practicable, notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation.

2.17 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender sustains or incurs as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making by the Borrower of a prepayment or conversion of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto; provided that any request for indemnification made by a Lender pursuant to this Section 2.17 shall be made within six months of the incurrence of the loss or expense requested to be indemnified. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.18 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Base Rate Loans to Eurodollar Loans shall forthwith be canceled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan to the Borrower occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.17.

2.19 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event that it knows to give rise to the operation of Section 2.15, 2.16(a) or 2.18 with respect

to such Lender, it will use all commercially reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event, or to assign its rights and obligations hereunder with respect to such Loans to another of its offices, branches or affiliates with the object of avoiding the consequences of such event, or to assign its rights and obligations hereunder with respect to such Loans to another of its offices, branches or affiliates, with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the reasonable sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.15, 2.16(a) or 2.18.

2.20 Replacement of Lenders under Certain Circumstances. The Borrower shall be permitted to replace any Lender (a) that requests reimbursement for amounts owing pursuant to Section 2.15, (b) with respect to which the Borrower is required to pay any amounts under Section 2.16 or 2.18 or (c) that defaults in its obligation to make Loans hereunder, with a replacement financial institution or other entity; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.19 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.15 or 2.16, (iv) the replacement financial institution or other entity shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.17 (as though Section 2.17 were applicable) if any Eurodollar Loan to the Borrower owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution or other entity, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender and replacement Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.7 (including, without limitation, obtaining the consents provided for therein) (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.15 or 2.16, as the case may be, in respect of any period prior to the date on which such replacement shall be consummated, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

2.21 Commitment Increase Option. At any time, the Borrower may request that the Revolving Credit Commitments be increased, provided that, without the prior written consent of the Majority Lenders, (i) the Total Revolving Credit Commitment shall at no time exceed $400,000,000 and (ii) each such request shall be in a minimum amount of at least $1,000,000. Such request shall be made in a written notice given to the Administrative Agent and the Lenders by the Borrower, which notice (a "Commitment Increase Notice") shall specify the amount of the proposed increase in the Total Revolving Credit Commitments and the proposed effective date of such increase. In the event of such a Commitment Increase Notice, each of the Lenders shall be given the opportunity to participate in the requested increase ratably in proportion to its Revolving Credit Percentage, respectively. No Lender shall have any obligation to increase its Commitment pursuant to a Commitment Increase Notice. In the event that Lenders, in the

aggregate, express interest in participating in such commitment increase in excess of the amount requested by the Borrower in the Commitment Increase Notice, the Administrative Agent shall have the right, in consultation with the Borrower, to allocate the amount of increases necessary to meet the Borrower's Commitment Increase Notice; provided that, except as the Administrative Agent may determine in order to allocate increases in a multiple of $1,000,000 per Lender, no Lender shall be allocated an amount less than its pro rata share of such increase based upon its Revolving Credit Percentage. In the event that the Lenders do not express willingness to increase their Revolving Credit Commitments in an amount equal to the amount requested in the Increase Notices, the Borrower may notify the Administrative Agent of any Eligible Assignee, as defined in Section 10.7(g), that shall have agreed to become a "Lender" party hereto (an "Acceding Bank") in connection with the Commitment Increase Notice. If the Borrower shall not have arranged any Acceding Bank(s) to commit to the shortfall from the amount by which the Lenders were willing to increase their Revolving Credit Commitments, then the Borrower shall be deemed to have reduced the amount of its Commitment Increase Notice to the aggregate amount by which the Lenders expressed willingness to increase their Revolving Credit Commitments. Any increase in the Total Revolving Credit Commitment under this Agreement shall be subject to the following conditions precedent: (i) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Total Revolving Credit Commitment under this Agreement, all representations and warranties shall be true and correct in all material respects as though made on such date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date) and no event shall have occurred and then be continuing which constitutes a Default or Event of Default under this Agreement; (ii) the Borrower, the Administrative Agent and each Acceding Bank that shall have agreed to provide a "Commitment" in support of such increase in the Total Revolving Credit Commitment shall have executed and delivered an "Instrument of Accession" in a form reasonably acceptable to the Administrative Agent; (iii) counsel for the Borrower shall have provided to the Administrative Agent a supplemental opinion in form and substance reasonably satisfactory to the Administrative Agent and (iv) the Borrower and the Acceding Bank(s) shall otherwise have executed and delivered such other instruments and documents as the Administrative Agent shall have reasonably requested in connection with such increase. Upon satisfaction of the conditions precedent to any increase in the Total Revolving Credit Commitment under this Agreement, the Administrative Agent shall promptly advise the Borrower and each Lender of the effective date of such increase. Upon the effective date of any increase the Total Revolving Credit Commitment under this Agreement that is supported by an Acceding Bank, such Acceding Bank shall be a party to this Agreement as a Lender and shall have the rights and obligations of a Lender hereunder. In addition, on the effective date, the Administrative Agent shall replace the existing Schedule 2.1 attached hereto with the revised Schedule 2.1 reflecting such new Total Revolving Credit Commitment and each Lender's Commitment. Nothing contained herein shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder.

SECTION 3 LETTERS OF CREDIT

3.1 L/C Commitment. (a) Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Lenders set forth in Section 3.3, agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business

Day during the Revolving Credit Commitment Period in such form as may be approved from time to time by the Issuing Lender; provided, that the Issuing Lender shall not issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) the aggregate amount of the Available Revolving Credit Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date which is five Business Days prior to the Revolving Credit Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) No Issuing Lender shall at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

3.2 Procedure for Issuance and Amendment of Letter of Credit. (a) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the Issuing Lender (with a copy to the Administrative Agent) in the form of a Application, completed and signed by a Responsible Officer of the Borrower. Such Application must be received by the Issuing Lender and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the Administrative Agent and the Issuing Lender may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Application shall specify in form and detail satisfactory to the Issuing Lender: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Issuing Lender may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Application shall specify in form and detail satisfactory to the Issuing Lender (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Issuing Lender may require. Additionally, the Borrower shall furnish to the Issuing Lender and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the Issuing Lender or the Administrative Agent may reasonably require.

(b) Promptly after receipt of any Application, the Issuing Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Application from the Borrower and, if not, the Issuing Lender will provide the Administrative Agent with a copy thereof. Unless the Issuing Lender has received written notice from any Lender or the Administrative Agent, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 5 shall not then be satisfied, then, subject to the terms and conditions hereof, the Issuing Lender shall, on the requested date, issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the Issuing Lender’s usual and customary business practices.

Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Revolving Credit Percentage times the amount of such Letter of Credit.

(c) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Issuing Lender will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

3.3 Drawings and Reimbursements; Funding of Participations. (a) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Lender shall notify the Borrower and the Administrative Agent thereof. The Borrower shall reimburse the Issuing Lender, through the Administrative Agent, for the amount of any drawing under a Letter of Credit not later than 12:00 Noon, New York City time, on the date that such drawing is made (if the Borrower has received notice from the Issuing Lender of such drawing prior to 10:00 a.m., New York City time, on such date) or, if the Borrower has not received notice of such drawing prior to such time on such date, then not later than 12:00 Noon, New York City time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., New York City time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to 10:00 a.m., New York City time, on the day of such receipt (the date on which such reimbursement by the Borrower is due pursuant to this sentence being referred to herein as the "Requested Reimbursement Date"). If the Borrower fails to so reimburse the Issuing Lender by such time, the Administrative Agent shall promptly notify each Lender of the Requested Reimbursement Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Revolving Credit Percentage thereof. In such event, the Borrower shall be deemed to have requested a borrowing of Base Rate Loans to be disbursed on the Requested Reimbursement Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.2 for the principal amount of Base Rate Loans. Such Base Rate Loans may from time to time be converted to Eurodollar Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 2.9, provided that no Revolving Credit Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Revolving Credit Termination Date. Any notice given by the Issuing Lender or the Administrative Agent pursuant to this Section 3.3(a) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(b) Each Lender (including the Lender acting as Issuing Lender) shall upon any notice pursuant to Section 3.3(a) make funds available to the Administrative Agent for the account of the Issuing Lender at the Administrative Agent's Office in an amount equal to its Revolving Credit Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 3.3(a), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Issuing Lender.

(c) If any drawing is made under a Letter of Credit and is not reimbursed or refinanced on the date such drawing is made, for any reason, the Borrower shall be deemed to have incurred from the Issuing Lender an L/C Borrowing in the amount of the Unreimbursed Amount that is not so reimbursed or refinanced, which L/C Borrowing (i) shall bear interest at the rate applicable to Base Rate Loans from and including the date that such drawing is paid by the Issuing Bank to but excluding the earlier of the date that such Unreimbursed Amount is so reimbursed or refinanced or the Requested Reimbursement Date and, if not so reimbursed or refinanced on or prior to the Requested Reimbursement Date, then, from and after the Requested Reimbursement Date to but excluding the date so reimbursed or refinanced, the rate applicable to Base Rate Loans plus 2% and (ii) shall, on and after the Requested Reimbursement Date, be due and payable on demand. In such event, each Lender's payment to the Administrative Agent for the account of the Issuing Lender pursuant to Section 3.3(b) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 3.3.

(d) Until each Lender funds its Loan or L/C Advance pursuant to this Section 3.3 to reimburse the Issuing Lender for any amount drawn under any Letter of Credit, interest in respect of such Lender's Revolving Credit Percentage of such amount shall be solely for the account of the Issuing Lender.

(e) Each Lender's obligation to make Loans or L/C Advances to reimburse the Issuing Lender for amounts drawn under Letters of Credit, as contemplated by this Section 3.3, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Loans pursuant to this Section 3.3 is subject to the conditions set forth in Section 5.2 (other than delivery by the Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the Issuing Lender for the amount of any payment made by the Issuing Lender under any Letter of Credit, together with interest as provided herein.

(f) If any Lender fails to make available to the Administrative Agent for the account of the Issuing Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 3.3 by the time specified in Section 3.3(b), the Issuing Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Issuing Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the Issuing Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (g) shall be conclusive absent manifest error.

3.4 Repayment of Participations. (a) At any time after the Issuing Lender has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 3.3(b), if the Administrative Agent receives for the account of the Issuing Lender any payment in respect of the related

Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Revolving Credit Percentage thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(b) If any payment received by the Administrative Agent for the account of the Issuing Lender pursuant to Section 3.3(b) is required to be returned under any of the circumstances described in Section 10.8 (including pursuant to any settlement entered into by the Issuing Lender in its discretion), each Lender shall pay to the Administrative Agent for the account of the Issuing Lender its Revolving Credit Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

3.5 Obligations Absolute. The obligation of the Borrower to reimburse the Issuing Lender for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Issuing Lender under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Issuing Lender under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

3.6 Role of Issuing Lender. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Lender, any Agent-Related Person nor any of the respective correspondents, participants or assignees of the Issuing Lender shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Majority Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Lender, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of the Issuing Lender, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 3.5; provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the Issuing Lender, and the Issuing Lender may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the Issuing Lender's willful misconduct or gross negligence or the Issuing Lender's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the Issuing Lender shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.7 Cash Collateral. Upon the request of the Administrative Agent, if, as of the Revolving Credit Termination Date, any Letter of Credit for any reason remains outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then outstanding amount of all L/C Obligations (in an amount equal to such outstanding amount determined as of the Revolving Credit Termination Date). Sections 2.8 and 8 set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 3.7, Section 2.8 and Section 8, "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Lender and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Issuing Lender (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Lender

and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Such cash collateral shall be maintained in blocked, interest bearing deposit accounts with the Administrative Agent.

3.8 Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the Issuing Lender and the Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

3.9 Fees and Other Charges. (a) The Borrower will pay to the Administrative Agent, for the account of the Lenders, a fee on the aggregate drawable amount of all outstanding Letters of Credit issued for its account at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans, to be shared ratably among the Lenders in accordance with their respective Revolving Credit Percentages and payable quarterly in arrears on each L/C Fee Payment Date after the issuance date. In addition, the Borrower shall pay to the relevant Issuing Lender for its own account a fronting fee on the aggregate drawable amount of all outstanding Letters of Credit issued by such Issuing Lender for the Borrower's account at a rate to be agreed upon by the Borrower and such Issuing Lender, payable quarterly in arrears on each L/C Fee Payment Date after the date of issuance of such Letter of Credit (unless otherwise agreed in writing by the Issuing Lender and the Borrower).

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse each Issuing Lender for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit issued for the account of the Borrower.

3.10 Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

SECTION 4 REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that, as of the Closing Date:

4.1 Financial Condition. The audited balance sheet of Safeco Life Insurance Company, as at December 31, 2003 and the related statements of income and of cash flows for the fiscal year ended on such date, reported on by and accompanied by unqualified reports from Ernst & Young LLP, present fairly in all material respects the financial condition of Safeco Life Insurance Company, as at such date, and the results of its operations and its cash flows for such fiscal year then ended in accordance with SAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). The unaudited balance sheet of Safeco Life Insurance Company, as of and for the fiscal quarter ended March 31, 2004 and the related unaudited statements of income and cash flows for such

fiscal quarters ended on such dates, present fairly in all material respects the financial condition of Safeco Life Insurance Company as at such date, and the consolidated results of its operations and its cash flows for the fiscal quarter then ended in accordance with SAP applied consistently throughout the periods involved (except (x) as approved by the aforementioned firms of accountants and disclosed therein or (y) for normal year-end audit adjustments and the absence of footnotes).

4.2 No Change. On and as of the Closing Date, since December 31, 2003 there has been no Closing Material Adverse Effect.

4.3 Corporate Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except to the extent that the failure of the Subsidiaries to be so organized, validly existing and in good standing could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, (b) has the corporate or other power and authority, and the legal right, to own and operate its Property, to lease the Property it operates as lessee and to conduct the business in which it is currently engaged, except to the extent that the failure to have such power, authority and legal right could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of Property or the conduct of its business requires such qualification, except to the extent failure to so qualify or be in good standing could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law, including, without limitation, with respect to environmental laws, except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Corporate Power; Authorization; Enforceable Obligations. The Borrower has the corporate or other power and authority, and the legal right, to make, deliver and perform the Loan Documents and to borrow hereunder. The Borrower has taken all necessary corporate or other action to authorize the execution, delivery and performance of the Loan Documents and to authorize the borrowings on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or the execution, delivery, performance, validity or enforceability of this Agreement or any of the other Loan Documents, except to the extent failure to obtain any consents, authorizations, filings, and notices could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Loan Document has been duly executed and delivered on behalf of the Borrower. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Contractual

Obligation of the Borrower or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation, except to the extent such violation or Lien could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.6 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 Ownership of Property; Liens. The Borrower and its Subsidiaries has title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other Property, and none of such Property is subject to any Lien except as permitted by Section 7.3, except to the extent such defects in title could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.8 Intellectual Property. Each of the Borrower and its Subsidiaries owns, or is licensed to use, all Intellectual Property material to the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim, other than claims that could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. The use of Intellectual Property by the Borrower and its Subsidiaries does not infringe on the rights of any Person in any material respect, except for infringements that could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.9 Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all material Federal, state and other tax returns that are required to be filed (taking into account any applicable extensions) and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its Property and all other material taxes, fees or other charges imposed on it or any of its Property by any Governmental Authority and, to the knowledge of the Borrower, no tax Lien has been filed, and no claim is being asserted, with respect to any such tax, fee or other charge, except (i) any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with SAP or GAAP, as applicable, have been provided on the books of the Borrower or its Subsidiaries, as the case may be, and (ii) any amount the failure of which to pay could not reasonably be expected to result in a Material Adverse Effect.

4.10 Federal Regulations. No part of the proceeds of any Loans will be used for “purchasing” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-l referred to in Regulation U.

4.11 ERISA. Except as could not reasonably be expected to result in a Material Adverse Effect, neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by an amount which, could reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability to the Borrower under ERISA. Except as could not reasonably be expected to result in a Material Adverse Effect, no such Multiemployer Plan is in Reorganization or Insolvent.

4.12 Investment Company Act; Other Regulations. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any Requirement of Law which limits its ability to incur Indebtedness hereunder.

4.13 Use of Proceeds. The proceeds of the Loans and the Letters of Credit shall not be used for purposes other than (i) for working capital and general corporate purposes of the Borrower and its Subsidiaries, including, without limitation, the payment of fees and expenses in connection with this Agreement, (ii) the Borrower's acquisition of the Target and (iii) acquisitions that are Permitted Acquisitions.

4.14 Accuracy of Information, etc. No statement or information contained in the Confidential Information Memorandum or any other document, certificate or statement furnished to the Administrative Agent or the Lenders or any of them, by or on behalf of the Borrower for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, taken as a whole contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

4.15 Insurance Regulatory Matters. No License of any Insurance Subsidiary, loss of which could reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To the knowledge of the Borrower, there is no

sustainable basis for such suspension or revocation has been threatened by any Governmental Authority.

4.16. Indebtedness and Liens. As of the Closing Date, (i) neither the Borrower nor any of its Subsidiaries has outstanding any Indebtedness except (a) Indebtedness of the Borrower under this Agreement or owed to the Seller pursuant to the Purchase Agreement and (b) Indebtedness that would have been permitted by Section 7.2 if created, incurred or assumed by such Subsidiary on the Closing Date and (ii) there does not exist (a) any Lien upon any stock or indebtedness of the Borrower or any of its Subsidiaries to secure any Debt of the Borrower or any of its Subsidiaries or any other person (other than the obligations hereunder) or (b) any Lien upon any other Property, to secure any Debt of the Borrower or any of its Subsidiaries or any other person (other than the obligations hereunder), except, in the case of (a) or (b), Liens that would have been permitted by Section 7.3 hereof if so created, incurred or assumed on the Closing Date.

SECTION 5 CONDITIONS PRECEDENT

5.1 Conditions to Closing. The occurrence of the Closing Date is subject to the satisfaction (or waiver) on such date of the following conditions precedent no later than December 15, 2004:

(a) Documents. The Administrative Agent (or its counsel) shall have received from each party to this Agreement (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include a telecopy transmission of a signed signature page of this Agreement) that the party has signed a counterpart of this Agreement. The Administrative Agent shall have received Schedule 7.2(a) hereto. Upon receipt thereof, the Administrative Agent shall distribute such Schedule to the Lenders.

(b) Fees. The Lenders, the Lead Arranger, the Issuing Lender and the Administrative Agent shall have received all fees required to be paid by the Borrower on or prior to the Closing Date, and all out-of-pocket expenses required to be paid by the Borrower hereunder for which invoices have been presented (including reasonable fees, disbursements and other charges of Bingham McCutchen LLP, counsel to the Administrative Agent).

(c) Closing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Closing Date, substantially in the form of Exhibit E, with appropriate insertions and attachments.

(d) Legal Opinion. The Administrative Agent shall have received the legal opinion of Cravath, Swaine & Moore LLP, counsel to the Borrower, such opinion to be substantially in the form of Exhibit F (such opinion to contain a usual and customary opinion as to the non-conflict of this Agreement with the agreements governing credit facilities of the Borrower and its Subsidiaries with outstanding Indebtedness of $25,000,000 or more which exist on the Closing Date, after giving effect to the acquisition described below).

(e) No Material Adverse Effect. The Administrative Agent shall be reasonably satisfied that no event or condition has occurred since December 31, 2003 that could reasonably be expected to have a Closing Material Adverse Effect.

(f) Closing of the Acquisition. The acquisition of the Target by the Borrower shall have closed in all material respects on the terms described in the Stock Purchase Agreement, dated as March 15, 2004 (the "Purchase Agreement"), by and among Safeco Corporation ("Safeco"), General American Corporation ("General American", together with Safeco, the "Seller"), the Borrower and White Mountains Insurance Group, Ltd., which shall include the fulfillment of each of the conditions set forth in Section 5.1 of the Purchase Agreement, other than conditions that (a) have been waived by the parties to the Purchase Agreement and (b) are deemed to not be material by the Administrative Agent.

(g) Minimum Equity Contribution. The Investor Group shall have made an aggregate contribution to the Borrower in the aggregate amount of $950,000,000, which contribution shall (i) include a minimum equity contribution of $150,000,000 by each of White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. (or their Subsidiaries) and (ii) be, in all material respects, on the terms disclosed to the Administrative Agent prior to March 15, 2004.

(h) Indebtedness in connection with Acquisition. The Administrative Agent shall be satisfied, in its sole discretion, that there shall exist no other Debt of the Borrower used to finance the Acquisition, other than (i) the Indebtedness incurred hereunder and (ii) the Indebtedness of the Borrower owed to the Seller pursuant to the Purchase Agreement.

(i) A.M. Best Rating. Each of the Material Insurance Subsidiaries shall have an A.M. Best Rating of not lower than "A-".

5.2 Conditions to Closing and Each Extension of Credit. The occurrence of the Closing Date and the agreement of each Lender to make any extension of credit requested to be made by it hereunder on any date (including, without limitation, its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date, except to the extent that they expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) Borrowing Request. Except as provided in Section 3.3, the Administrative Agent shall have received a Borrowing Request or, as applicable, an Application.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 (a) and (b) have been satisfied.

SECTION 6 AFFIRMATIVE COVENANTS

The Borrower agrees that, from and after the Closing Date and so long as the Revolving Credit Commitments remain in effect, any Letter of Credit remains outstanding, there exist any unpaid Reimbursement Obligations or any principal or interest on any Loan or any fee payable hereunder is owing to any Lender or the Administrative Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries to:

6.1 Financial Statements. Furnish to the Administrative Agent (either electronically or with sufficient copies for distribution by the Administrative Agent to each Lender):

(a) (i) as soon as available, but in any event within 95 days after the end of each fiscal year of the Borrower subsequent to the Closing Date, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures as of the end of and for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing; and (ii) as soon as available, but in any event not later than 50 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower subsequent to the Closing Date, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal quarter and the related unaudited consolidated statements of income and of cash flows for such fiscal quarter and the portion of the fiscal year through the end of such fiscal quarter, setting forth in each case in comparative form the figures as of the end of and for the corresponding period in the previous year, certified by a Responsible Officer of the Borrower as being fairly stated in all material respects in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes); all such financial statements, together with notes to such financial statements, to fairly present in all material respects the financial condition and income and cash flows of the subject thereof as at the dates and for the periods covered thereby in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except (x) as approved by such accountants or officer, as the case may be, and disclosed therein or (y) in the case of unaudited financial statements, subject to normal year-end adjustments and the absence of footnotes).

(b) to the extent such statement is required by law to be prepared, as soon as available but not later than 85 days after the end of each fiscal year (or such later date as may be allowed by the applicable Governmental Authority), of a Material Insurance Subsidiary, copies of the unaudited Annual Statement of such Material Insurance Subsidiary, certified by a Responsible Officer of such Material Insurance Subsidiary; all such statements to be prepared in accordance with SAP consistently applied throughout the periods reflected therein and, if required by the applicable Governmental Authority, audited and certified by independent

certified public accountants of recognized national standing (it being understood that delivery of audited statements shall be made within 10 days following the delivery of such statements to the applicable Governmental Authority);

(c) to the extent such statement is required by law to be prepared, as soon as available but not later than 70 days after the end of each of the first three fiscal quarters of each fiscal year (or such later date as may be allowed by the applicable Governmental Authority) of a Material Insurance Subsidiary, copies of the Quarterly Statement of such Material Insurance Subsidiary, certified by a Responsible Officer of such Material Insurance Subsidiary, all such statements to be prepared in accordance with SAP consistently applied throughout the period reflected herein; |

(d) within 15 days after being delivered to any Material Insurance Subsidiary subsequent to the Closing Date, any final Report on Examination issued by the applicable Department or the NAIC that results in material adjustments to the financial statements referred to in paragraphs (b) or (c) above;

(e) to the extent such a statement is required by law to be prepared, within 10 days following the delivery to the applicable Department, a copy of each "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for a Material Insurance Subsidiary which is provided to the applicable Department as to the adequacy of loss reserves of such Material Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the state of domicile of such Material Insurance Subsidiary; and

(f) promptly after the Borrower's receipt thereof, copies of any management letters submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the annual audit of the Borrower or any Subsidiary.

6.2 Certificates; Other Information. Furnish to the Administrative Agent (either electronically or with sufficient copies for distribution by the Administrative Agent to each Lender):

(a) concurrently with the delivery of the audited financial statements referred to in Section 6.1(a)(i), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default (it being understood that such certificate may be limited in scope and qualified in accordance with customary practices of the accounting profession), except as specified in such certificate;

(b) concurrently with the delivery of any financial statements pursuant to Section 6.1 (a), (i) a certificate of a Responsible Officer of the Borrower stating such Responsible Officer has obtained no knowledge of any continuing Default or Event of Default except as specified in such certificate and (ii) a Compliance Certificate containing all information and calculations necessary for determining compliance by the Borrower with Section 7.1 as of the last day of the fiscal quarter or fiscal year of the Borrower;

(c) within 10 days after the same are filed with the SEC, all reports and filings on Forms 10-K, 10-Q and 8-K that the Borrower may make to, or file with, the SEC; and

(d) promptly, such additional financial and other information as the Administrative Agent or any Lender may from time to time reasonably request.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature (other than Indebtedness), except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be; provided, that the Borrower or its Subsidiaries may, in the ordinary course of business, extend payments on those payables if beneficial to the operation of their businesses.

6.4 Conduct of Business and Maintenance of Existence, etc. Except as otherwise permitted by Section 7.4, (a) preserve, renew and keep in full force and effect the corporate existence of the Borrower and each of its Subsidiaries, (b) take all reasonable action to maintain all licenses, permits, rights, privileges and franchises necessary or desirable in the normal conduct of the business of the Borrower and its Subsidiaries, except, in the case of clause (a) above and clause (b) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and (c) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Insurance. (a) Keep all Property and systems useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies (other than with the Borrower or its Subsidiaries) insurance on all its Property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business (it being understood that, to the extent consistent with prudent business practices of Persons carrying on a similar business in a similar location, a program of self-insurance for first and other loss layers may be utilized).

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP (or SAP as applicable) and all Requirements of Law shall be made of all material dealings and transactions in relation to its business and activities and (b) upon reasonable prior notice, permit representatives of the Administrative Agent (who may be accompanied by representatives of other Lenders) and, during the continuance of an Event of Default, any Lender to (x) visit, and inspect any of its properties, (y) during the continuance of an Event of Default, conduct reasonable examinations of (and, with the consent of the Borrower, such consent not to be reasonably withheld, make abstracts from) any of its books and records at any reasonable time and as often as may reasonably be requested and (z) discuss the business, operations, properties and financial and other condition of the Borrower with officers and employees of the Borrower. It is understood that (i) any information obtained by the Administrative Agent or any Lender in

any visit or inspection pursuant to this Section shall be subject to the confidentiality requirements of Section 10.15, (ii) the Borrower may impose, with respect to any Lender or any Affiliate of any Lender reasonably deemed by the Borrower to be engaged significantly in a business which is directly competitive with any material business of the Borrower and its Subsidiaries, reasonable restrictions on access to proprietary information of the Borrower and its Subsidiaries and (iii) the Lenders will coordinate their visits through the Administrative Agent with a view to preventing the visits provided for by this Section from becoming unreasonably burdensome to the Borrower and its Subsidiaries.

6.7 Notices. Give notice to the Administrative Agent (it being agreed that the Administrative Agent shall, upon receipt of such notice, notify each Lender thereof) of the following within the time periods specified:

(a) Promptly after any Responsible Officer of the Borrower obtains knowledge thereof, the occurrence of any Default or Event of Default;

(b) Within five days after any Responsible Officer of the Borrower obtaining knowledge thereof, the occurrence of:

(i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect; and

(ii) (A) any litigation or proceeding affecting the Borrower or any of its Subsidiaries (other than claims-related litigation involving an Insurance Subsidiary) in which (x) the amount involved is $50,000,000 or more and not covered by insurance or (y) in which injunctive or similar relief is sought that could reasonably be expected to have a Material Adverse Effect and (B) any claims-related litigation affecting any Insurance Subsidiary which could reasonably be expected to have a Material Adverse Effect; and

(c) As soon as possible and, in any event, within 30 days after a Responsible Officer of the Borrower obtains knowledge thereof: (A) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (B) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower or the relevant Subsidiary proposes to take with respect thereto.

6.8 Taxes. Pay, discharge, or otherwise satisfy before the same shall become overdue, all taxes, assessments and other governmental charges imposed upon it and its real estate, sales and activities, or any part thereof, or upon the income or profits therefrom, other than where failure to pay such taxes could not reasonably be expected to result in a Material Adverse Effect; provided that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and reserves in conformity with SAP or GAAP, as applicable, have been provided on the books of the Borrower and its Subsidiaries, as the case may be.

SECTION 7 NEGATIVE COVENANTS

The Borrower hereby agrees that, from and after the Closing Date and so long as the Revolving Credit Commitments remain in effect, any Letter of Credit remains outstanding, there exist any unpaid Reimbursement Obligations or any principal or interest on any Loan or any fee payable hereunder is owing to any Lender or the Administrative Agent hereunder:

7.1 Financial Condition Covenants.

(a) Authorized Control Level Risk-Based Capital of Material Insurance Subsidiaries. The Borrower will cause each of its Material Insurance Subsidiaries to maintain a ratio of (x) "Total Adjusted Capital" to (y) "Company Action Level Risk-Based Capital" of at least 200%", in each case, as determined at the end of each fiscal year and as each such term is defined from time to time by the rules and regulations of the NAIC.

(b) Maintenance of Total Consolidated Debt-to-Consolidated Capitalization. The Borrower shall not permit the ratio, as of the end of any fiscal quarter or fiscal year ending on or after the Closing Date, of its Total Consolidated Debt to Consolidated Capitalization (the "Debt-to-Capitalization Ratio") to exceed thirty-seven and one-half percent (37.5%).

7.2 Limitation on Indebtedness and Issuance of Preferred Stock. The Borrower will not permit any of its Subsidiaries to create, incur or assume or suffer to exist any Indebtedness or issue any preferred stock, except:

(a) Indebtedness and preferred stock outstanding as of the Closing Date and, with respect to any Indebtedness in a principal amount in excess of $25,000,000, described on Schedule 7.2(a) hereto (it being understood that such Schedule will be delivered to the Administrative Agent prior to the Closing Date) and any refinancings, refundings, renewals or extensions thereof (without any increase in the principal amount thereof, other than by the amount of any necessary pre-payment premiums, unpaid accrued interest and other costs of refinancing, or any shortening of the final maturity of any principal amount thereof to a date prior to the Revolving Credit Termination Date);

(b) Indebtedness or preferred stock of any Insurance Subsidiary incurred or issued in the ordinary course of its business or in securing insurance-related obligations (that do not constitute Indebtedness) of such Insurance Subsidiary and letters of credit issued for the

account of any Insurance Subsidiary in the ordinary course of its business or in securing insurance-related obligations (that do not constitute Indebtedness) of such Insurance Subsidiary;

(c) short-term (i.e. with a maturity of less than one-year when issued) Indebtedness of any Insurance Subsidiary incurred to provide short-term liquidity to facilitate claims payment in the event of catastrophes;

(d) Indebtedness of any mutual fund Subsidiary incurred to provide short-term (i.e. not anticipated to be outstanding for more than one year when incurred) liquidity to facilitate redemption payments by such mutual fund Subsidiary;

(e) Indebtedness or preferred stock of a Subsidiary acquired after the Closing Date or a Person merged into or consolidated with a Subsidiary after the Closing Date and Indebtedness assumed in connection with the acquisition of assets, which Indebtedness, in each case, exists at the time of such acquisition, merger or consolidation and is not created in contemplation of such event, as well as any refinancings, refunds, renewals or extensions of such Indebtedness (without increase in the principal amount thereof other than by the amount of any necessary pre-payment premiums, unpaid accrued interest and other costs of refinancing);

(f) Indebtedness or preferred stock owing or issued by a Subsidiary to any Subsidiary or to the Borrower;

(g) Guarantee Obligations made by a Subsidiary in respect of obligations of a Subsidiary; and

(h) other Indebtedness or preferred stock, provided that at the time such Indebtedness or preferred stock is incurred or issued, the aggregate principal amount or liquidation preference of such Indebtedness or preferred stock when added to all other Indebtedness and preferred stock incurred or issued pursuant to this clause (h) and then outstanding, does not exceed 15% of the Consolidated Net Worth of the Borrower.

7.3 Limitation on Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist (i) any Lien upon any stock or indebtedness of any Subsidiary, whether owned on the date of this Agreement or hereafter acquired, to secure any Debt of the Borrower or any of its Subsidiaries or any other person (other than the obligations hereunder) or (ii) any Lien upon any other Property, whether owned or leased on the date of this Agreement, or thereafter acquired, to secure any Debt of the Borrower or any of its Subsidiaries or any other person (other than the obligations hereunder), except:

(a) (x) any Lien existing on the Closing Date or (y) any Lien upon stock or indebtedness or other Property of any Person existing at the time such Person becomes a Subsidiary or existing upon stock or indebtedness of a Subsidiary or any other Property at the time of acquisition of such stock or indebtedness or other Property (provided that such Lien was not created in connection with the acquisition of such Person or such Property), and any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any such Lien in clauses (x) or (y) above; provided, however, that the principal amount of Debt secured by such Lien shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement; and provided, further, that such Lien shall be

limited to all or such part of the stock or indebtedness or other Property which secured the Lien so extended, renewed or replaced;

(b) any Permitted Liens; and

(c) any Lien upon any Property if the aggregate amount of all Debt then outstanding secured by such Lien and all other Liens permitted pursuant to this clause (c) does not exceed 15% of the Consolidated Net Worth of the Borrower; provided that Debt secured by Liens permitted by clauses (a) and (b) shall not be included in the amount of such secured Debt.

7.4 Fundamental Changes. The Borrower shall not, and shall not permit any of its Subsidiaries to merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets of the Borrower and its Subsidiaries as a whole (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge or consolidate with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any wholly-owned Subsidiary is merging or consolidating with another Subsidiary, the wholly-owned Subsidiary shall be the continuing or surviving Person;

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a wholly-owned Subsidiary, then the transferee must either be the Borrower or a wholly-owned Subsidiary;

(c) the Borrower or one of its Subsidiaries may merge or consolidate to effect a Permitted Acquisition; provided that in the case of any such merger or consolidation involving the Borrower, the Borrower shall be the continuing or surviving Person; and

(d) any Subsidiary may be liquidated or dissolved if such liquidation or dissolution would not reasonably be expected to have a Material Adverse Effect.

7.5 Limitation on Changes in Fiscal Periods. The Borrower shall not permit its fiscal year, or the fiscal year of any of its Subsidiaries, to end on a day other than December 31 or change its method, or permit any of its Subsidiaries to change its method, of determining fiscal quarters.

7.6 Limitation on Lines of Business. Neither the Borrower nor any of its Subsidiaries shall engage to any extent that is material for the Borrower and its Subsidiaries, taken as a whole, in any business, either directly or through any Subsidiary, other than a Principal Business.

7.7 Restricted Payments. The Borrower shall not, and shall not permit any of its Subsidiaries to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) the Borrower may declare and make dividend payments or other distributions payable solely in common stock or other common equity interests of the Borrower;

(b) the Borrower may purchase, redeem or otherwise acquire shares of its common stock or other common equity interests or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common equity interests; and

(c) the Borrower may make additional Restricted Payments in an aggregate amount of up to $20,000,000 in any calendar year; provided that no Default or Event of Default exists at the time of or would exist after giving effect to such Restricted Payment; and

(d) the Borrower may make additional Restricted Payments; provided that (i) no Default or Event of Default exists at the time of or would exist after giving effect to such Restricted Payment and (ii) after giving effect to any such Restricted Payment made in reliance upon this clause (d), the aggregate amount of all Restricted Payments made after the Closing Date in reliance upon this clause (d) and clause (c) above shall not exceed the sum of (x) 50% of the Borrower's consolidated net income (determined in accordance with GAAP) for each fiscal quarter ended after the Closing Date and prior to the date such Restricted Payment is made (disregarding any such fiscal quarter for which such consolidated net income is not a positive amount) plus (y) 50% of the net proceeds received by Borrower after the Closing Date in respect of the issuance of any Capital Stock (excluding any such proceeds used to make a Restricted Payment pursuant to clause (b) above).

7.8 Transactions with Affiliates. The Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any transaction of any kind with any Affiliate of the Borrower or any of its Subsidiaries, whether or not in the ordinary course of business, other than on terms substantially not less favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to transactions between or among the Borrower and any of its Subsidiaries or between and among any Subsidiaries.

SECTION 8 EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay (i) any principal of any Loan made to the Borrower or Reimbursement Obligation owing by the Borrower when due in accordance with the terms hereof or (ii) the Borrower shall fail to pay any interest on any Loan made to the Borrower or Reimbursement Obligation owing to the Borrower, or any other amount payable by the Borrower hereunder or under any other Loan Document, within three Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) Any representation or warranty made or deemed made by the Borrower herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this

Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made or furnished; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Section 6.4(a), Section 6.7(a) or Section 7;

(d) The Borrower shall default in the observance or performance of any other agreement, covenant, term or condition contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section) and such default shall continue unremedied for a period of 30 days; or

(e) The Borrower or any of its Subsidiaries shall (i) default in making any payment of any principal of any Indebtedness (excluding the Loans and Reimbursement Obligations) on the scheduled or original due date with respect thereto (after giving effect to applicable grace periods); or (ii) default in making any payment of any interest on any any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, the effect of which default is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or to become subject to a mandatory offer to purchase by the obligor thereunder as a result of the occurrence of such default thereunder or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $25,000,000; or

(f) (i) The Borrower or any of its Subsidiaries shall voluntarily commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seek appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) the Borrower or any of its Subsidiaries shall take any corporate action to authorize or effect any of the acts set forth in clause (i), or (ii), above; or (iv) the Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Majority Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA or, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Majority Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions for which liability to the Borrower is reasonably expected to occur, if any, could, in the reasonable judgment of the Majority Lenders, reasonably be expected to have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving for the Borrower and its Subsidiaries taken as a whole a liability (to the extent not paid or fully covered by insurance above applicable deductions) of $25,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 days from the entry thereof; or

(i) a Change of Control shall occur; or

(j) Any License of any Insurance Subsidiary (i) shall be revoked by the Governmental Authority which issued such License, or any action (administrative or judicial) to revoke such License shall have been commenced against such Insurance Subsidiary and shall not have been dismissed within 30 days after the commencement thereof, (ii) shall be suspended by such Governmental Authority for a period in excess of thirty days or (iii) shall not be reissued or renewed by such Governmental Authority upon the expiration thereof following application for such reissuance or renewal of such Insurance Subsidiary, which, in the case of each clause (i), (ii) and (iii) above, could reasonably be expected to have a Material Adverse Effect; or

(k) Any applicable insurance regulatory authority shall intervene into the management or business affairs of any Insurance Subsidiary and such intervention could reasonably be expected to have a Material Adverse Effect;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Revolving Credit Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the

Administrative Agent shall, by notice to the Borrower declare the Revolving Credit Commitments to be terminated forthwith, whereupon the Revolving Credit Commitments shall immediately terminate; and (ii) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. In the case of any Letter of Credit issued for the account of the Borrower with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time Cash Collateralize such L/C Obligations in an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Such cash collateral shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After (a) all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full or (b) all Defaults and Events of Default hereunder and under the other Loan Documents, shall have been cured or waived, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto).

SECTION 9 THE ADMINISTRATIVE AGENT

9.1 Appointment. (a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The Issuing Lender shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Lender shall have

all of the benefits and immunities (i) provided to the Administrative Agent in this Section 9 with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Section 9 and in the definition of "Agent-Related Person" included the Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Issuing Lender; provided that nothing in this Agreement shall be construed to excuse the Issuing Lender from any liability to the Borrower for damages caused by the gross negligence or willful misconduct of the Issuing Lender or any Agent-Related Person.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

9.3 Liability of Administrative Agent. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by the Borrower or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any Affiliate thereof.

9.4 Reliance by Administrative Agent. (a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless such Note shall have been transferred in accordance with Section 10.7 and all actions required by such Section in connection with such transfer shall have been taken. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Majority

Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 5.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default as may be directed by the Majority Lenders in accordance with Section 8; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

9.6 Credit Decision; Disclosure of Information by Administrative Agent. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of the Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative

Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Borrower or any of its Affiliates which may come into the possession of any Agent-Related Person.

9.7 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent- Related Person (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct, provided, however, that no action taken in accordance with the directions of the Majority Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Total Revolving Credit Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

9.8 Administrative Agent in its Individual Capacity. Bank of America, N.A. and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its respective Affiliates as though Bank of America, N.A. were not the Administrative Agent or the Issuing Lender hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America, N.A. shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or the Issuing Lender, and the terms "Lender" and "Lenders" include Bank of America, N.A. in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders; provided that any such resignation by Bank of America shall also constitute its resignation as Issuing Lender and Swing Line Lender, so long as a successor Issuing Lender and a successor Swing Line Lender (each consented to by

the Borrower, such consent not to be unreasonably withheld) is appointed. If the Administrative Agent resigns under this Agreement, the Majority Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be consented to by the Borrower at all times other than during the existence of an Event of Default under Section 8(a) or 8(f) (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent, Issuing Lender and Swing Line Lender and the respective terms "Administrative Agent," "Issuing Lender" and "Swing Line Lender" shall mean such successor administrative agent, Letter of Credit issuer and swing line lender, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated and the retiring Issuing Lender's and Swing Line Lender's rights, powers and duties as such shall be terminated, without any other or further act or deed on the part of such retiring Issuing Lender or Swing Line Lender or any other Lender, other than the obligation of the successor Issuing Lender to issue letters of credit in substitution for the Letters of Credit, if my, outstanding at the time of such succession or to make other arrangements satisfactory to the retiring Issuing Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 9 and Sections 10.5 and 10.6 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Majority Lenders appoint a successor agent as provided for above.

9.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.6, 3.9 and 10.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.6, 3.9 and 10.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the obligations of the Borrower hereunder or under any of the other Loan Documents or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

9.11 Collateral Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Total Revolving Credit Commitments and payment in full of all obligations of the Borrower hereunder or under any of the other Loan Documents (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.1, if approved, authorized or ratified in writing by the Majority Lenders; and

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.3.

9.12 Other Agents; Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a “syndication agent,” “documentation agent,” “co-agent,” “book manager,” “lead manager,” “arranger,” “lead arranger” or “co-arranger” shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

SECTION 10 MISCELLANEOUS

10.1 Amendments, Etc.: No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing signed by the Majority Lenders and the Borrower and delivered to the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 5.1 without the written consent of each Lender;

(b) extend or increase the Revolving Credit Commitment of any Lender (or reinstate any Revolving Credit Commitment terminated pursuant to Section 8) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest or fees payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or, subject to clause (v) of the second proviso to this Section 10.1, any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Majority Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(e) change Section 2.14 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender; or

(f) change any provision of this Section or the percentage in the definition of "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(g) amend, modify or waive any provision of Section 2.3 or 2.4 without the written consent of the Swing Line Lender;

(h) amend, modify or waive any provision of Section 3 without the consent of the Issuing Lender;

(i) amend, modify or waive the provisions of the definition of Interest Period regarding twelve month Interest Periods for Eurodollar Loans without the consent of each relevant Lender.

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Lender in addition to the Lenders required above, affect the rights or duties of the Issuing Lender under this Agreement or any Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) Section 10.7(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Revolving Credit Commitment of such Lender may not be increased or extended without the consent of such Lender.

Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. Any such waiver, amendment, supplement or modification shall be effected by a written instrument signed by the parties required to sign pursuant to the foregoing provisions of this Section; provided, that delivery of an executed signature page of any such instrument by facsimile transmission shall be effective as delivery of a manually executed counterpart thereof.

For the avoidance of doubt, this Agreement may be amended (or amended and restated) with the written consent of the Majority Lenders, the Administrative Agent and the Borrower party to each relevant Loan Document (x) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans, the L/C Obligations and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Majority Lenders.

10.2 Notices. (a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed certified or registered mail, faxed or delivered to the applicable address, facsimile number or (subject to subsection (b)

below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, the Issuing Lender or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the Issuing Lender and the Swing Line Lender.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(c) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on the Borrower, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices requesting Revolving Credit Loans or Swing Line Loans) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The

Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower; provided that the foregoing shall not apply to losses, costs, expenses and liabilities caused by the gross negligence or willful misconduct of the relevant Lender or any Agent-Related Person. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any extension of credit, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.5 Attorney Costs and Expenses. The Borrower agrees (a) to pay or reimburse the Administrative Agent and the Lead Arranger for all reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, and (b) to pay or reimburse the Administrative Agent and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the obligations of the Borrower hereunder or under any of the other Loan Documents and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Administrative Agent and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. The Borrower further agrees that if, at the time any payment is received from the Borrower by the Administrative Agent or the Lenders, the amount of such payment is insufficient to pay in full all amounts of principal, interest, fees, Reimbursement Obligations and Other Amounts (as defined below) then due

hereunder to the Administrative Agent or to any Lender, then the Administrative Agent or the Lenders may apply such payment to satisfy any such Reimbursement Obligations and Other Amounts then due before such payments are applied to pay other obligations of the Borrower hereunder. For purposes hereof, "Other Amounts" means amounts payable by the Borrower under Section 10.5 hereof that (i) are then past due and (ii) in respect of which contemporaneous written notice has been furnished to the Borrower by the Administrative Agent that payments made by the Borrower hereunder will be applied to satisfy such amounts in priority to other obligations of the Borrower. All amounts due under this Section 10.5 shall be payable not later than 30 days following written demand. The agreements in this Section shall survive the termination of the Total Revolving Credit Commitments and repayment of all other Obligations.

10.6 Indemnification by the Borrower. Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, shareholders and attorneys-in-fact (collectively the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses, settlement payments, obligations, causes of action and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred, suffered, sustained, required to be paid by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Revolving Credit Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower or any Subsidiary, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses, settlement payments, obligations, causes of action or disbursements are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In all such litigation, or the preparation therefor, the Administrative Agent, the Lead Arranger, and the Lenders shall be entitled to select their own counsel. To the extent reasonably practicable and not disadvantageous to any Indemnitee (as reasonably determined by the relevant Indemnitee), it is anticipated that a single counsel selected by the affected Lenders may be used. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, nor shall any Indemnitee have any liability for any indirect or

consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts due under this Section 10.6 shall be payable not later than 30 days following written demand. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Total Revolving Credit Commitments and the repayment, satisfaction or discharge of all the other obligations of the Borrower hereunder.

10.7 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section, or (iv) to an SPC in accordance with the provisions of subsection (h) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund (as defined in subsection (g) of this Section) with respect to a Lender, the aggregate amount of the Revolving Credit Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Revolving Credit Commitment assigned, except that this clause (ii) shall not apply to rights in respect of Swing Line Loans; (iii) any assignment of a Revolving Credit Commitment must be approved by the Administrative Agent, the Issuing Lender and the Swing Line Lender unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee) (such approval not to be unreasonably withheld); and (iv) the parties to each assignment shall execute and deliver to the Administrative

Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17, 2.18, 10.5 and 10.6 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Credit Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or other substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it; provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely and responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first

proviso to Section 10.1 that directly affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 10.8.

(e) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16, 2.17 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.16(d) as though it were a Lender.

(f) Notwithstanding anything to the contrary contained herein, any Lender may, with notice to, but without prior consent of the Borrower and the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, the Issuing Lender and the Swing Line Lender, and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may, with notice to, but without prior consent of the Borrower and the Administrative Agent grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower (an "SPC") the option to provide all or any part of any Loan that such Granting Lender would

otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof or, if it fails to do so, to make such payment to the Administrative Agent as is required under Section 2.14(e)(ii). Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Borrower under this Agreement (including its obligations under Section 2.15), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Revolving Credit Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the Borrower and the Administrative Agent and with the payment of a processing fee of $3,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC.

(i) Notwithstanding anything to the contrary contained herein, if at any time Bank of America, N.A. assigns all of its Revolving Credit Commitment and Loans pursuant to subsection (b) above, Bank of America, N.A. may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as Issuing Lender, so long as a successor Issuing Lender (consented to by the Borrower, such consent not to be unreasonably withheld) has been appointed and/or (ii) upon 30 days' notice to the Borrower, resign as Swing Line Lender, so long as a successor Swing Line Lender (consented to by the Borrower, such consent not to be unreasonably withheld) has been appointed. In the event of any such resignation as Issuing Lender or Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor Issuing Lender or Swing Line Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America, N.A. as Issuing Lender or Swing Line Lender, as the case may be. If Bank of America, N.A. resigns as Issuing Lender, it shall retain all the rights and obligations of the Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Lender and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 3.3. If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.4.

10.8 Adjustments; Set-off. (a) Except to the extent that this Agreement provides for a payment to be allocated to a particular Lender, if any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of the obligations under the Credit Agreement or the other Loan Documents, owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's obligations under the Credit Agreement or the other Loan Documents, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's obligations under the Credit Agreement or the other Loan Documents, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower, as the case may be, and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.10 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.11 Integration. This Agreement, the other Loan Documents and the Fee Letter represent the entire agreement of the Borrower the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Lead Arranger, the Administrative Agent or any Lender

relative to subject matter hereof not expressly set forth or referred to herein, in the other Loan Documents or in the Fee Letter. The Borrower agrees that its obligations under the Fee Letter shall survive the execution and delivery of this Agreement.

10.12 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its Property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be, at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.14 Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and the Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or there with is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Administrative Agent and the Lenders or among the Borrower and the Lenders.

10.15 Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

10.16 Accounting Changes. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower's' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Majority Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board

of the American Institute of Certified Public Accountants, applicable Insurance Regulators, the NAIC or, if applicable, the SEC.

10.17 WAIVERS OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

10.18 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

OCCUM ACQUISITION CORP.

By: /s/ Reid T. Campbell
Name: Reid T. Campbell
Title: Secretary and Treasurer

BANK OF AMERICA, N.A., individually and as Administrative Agent

By: /s/ Shelly K. Harper
Name: Shelly K. Harper
Title: Principal

BANK ONE, N.A.

By: /s/ Gerard P. Fogarty
Name: Gerard P. Fogarty
Title: Director

BARCLAYS BANK PLC

By: /s/ Drew Burnett
Name: Drew Burnett
Title: Manager

ING CAPITAL LLC

By: /s/ Mark R. Newsome
Name: Mark R. Newsome
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Janine M. Shugan
Name: Janine M. Shugan
Title: Authorized Signatory

STATE STREET BANK AND TRUST COMPANY

By: /s/ Lise Anne Bowsietn
Name: Lise Anne Bowsietn
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Evan Glass
Name: Evan Glass
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD., NY BRANCH

By: /s/ J. Terrence Dennehy
Name: J. Terrence Dennehy
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION

By: /s/ James R. Farmer
Name: James R. Farmer
Title: Vice President

Exhibit 9.1

EXECUTION VERSION

SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT (this "Agreement"), dated as of March 8, 2004, is among Occum Acquisition Corp., a Delaware corporation (the "Company"), and each of the Persons listed on Schedule 1 hereto and any future security holder of the Company that becomes a party to this Agreement (each, a "Shareholder" and collectively the "Shareholders").

The authorized share capital of the Company consists of 15,000,000 shares, par value U.S. $0.01 per share (collectively or any number thereof, the "Common Shares"). Each of the Shareholders has subscribed to purchase Common Shares and desires to promote the interests of the Company and the mutual interests of the Shareholders by establishing herein certain terms and conditions upon which the Common Shares (including Common Shares issued upon conversion, exchange or exercise of any portion, warrant or other security) will be held, including provisions restricting the transfer of Common Shares, providing certain registration rights and providing for certain other matters.

In consideration of the mutual covenants and agreements hereinafter contained, the Company and the Shareholders hereby agree as follows:

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person. Without limiting the generality of the foregoing, the term "Affiliate" shall include an investment fund managed by such Person or by a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person.

"Agreement" shall have the meaning given such term in the first paragraph of this Agreement.

"Berkshire" shall mean Berkshire Hathaway Inc., a Delaware corporation, or any successor entity thereto.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day except a Saturday, Sunday or other day on which banks in New York City are authorized or obligated by law or executive order to close.

"By-laws" shall mean the By-laws of the Company as in effect from time to time.

"Closing Date" shall mean the dates for the closing of the sale of up to 11,000,000 Common Shares by the Company pursuant to the several Subscription Agreements.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Commission" shall mean the U.S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative to the foregoing.

"day" shall mean a calendar day.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, or any U.S. federal statute then in effect that has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Founders" shall mean White Mountains and Berkshire. A "Founder" shall mean either one of them.

"Initial Public Offering" shall mean the completion, whether by the Company or by any Shareholders, of an underwritten public offering of the Common Shares pursuant to a registration statement filed under the Securities Act resulting in aggregate net proceeds, together with any such underwritten public offering previously completed, of not less than U.S.$125 million, or (ii) the completion by the Company of a merger, acquisition or comparable business combination transaction in connection with which the Company has issued Common Shares pursuant to a registration statement filed under the Securities Act on Form S-4, which shares have any aggregate value, based on the average closing price of such shares during the five trading days after completion of such transaction, of not less than U.S.$125 million; and "initial public offering" shall mean the completion, whether by the Company or any Shareholders, of the initial public offering of the Common Shares pursuant to a registration statement filed under the Securities Act, regardless of the amount of net proceeds from such offering or the issuance of Common Shares in connection with a merger, acquisition or comparable business combination transaction pursuant to a registration statement on Form S-4 filed under the Securities Act.

"NASD" shall mean the U.S. National Association of Securities Dealers, Inc. or any successor organization.

"NASDAQ" shall mean The Nasdaq National Market or any successor quotation system.

"Offering" shall mean the offering and sale of up to 11,000,000 Common Shares pursuant to the several Subscription Agreements.

"Person" shall mean an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

"Registrable Securities" shall mean (i) Common Shares (including any Common Shares issuable on exercise of the Warrants) issued on the Closing Date to the Shareholders, (ii) the Warrants and (iii) any securities of the Company issued successively in exchange for or in respect of any of the foregoing, whether as a result of any successive stock split or reclassification of, or stock dividend on, any of the foregoing or otherwise; provided, however, that such securities shall cease to be Registrable Securities if and when (A) a registration statement with respect to the disposition of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement, (B) such securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Registrable Securities relating to restrictions on the transferability thereof under the Securities Act is removed by the Company, (C) all Common Shares then outstanding are eligible to be sold pursuant to paragraph (k) of Rule 144, (D) such securities have ceased to be outstanding or (E) as of any time, in the reasonable judgment of the Company, all Common Shares then outstanding would be eligible for sale pursuant to Rule 144 under the Act (without giving effect to the provisions of Rule 144 (k)) in the 90-day period following such time.

"Registration Expenses" shall mean all expenses incident to the Company's performance of or compliance with its obligations under Section 3, including all Commission, NASD and stock exchange or NASDAQ registration and filing fees and expenses, fees and expenses of compliance with applicable state securities or "blue sky" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities), printing expenses, messenger and delivery expenses, fees and disbursements of any custodian, the fees and expenses incurred in connection with the listing of the securities to be registered in an initial public offering on each securities exchange or automated quotation system on which such securities are to be so listed and, following such initial public offering, the fees and expenses incurred in connection with the listing of such securities to be registered on each securities exchange or automated quotation system on which such securities are listed, fees and disbursements of counsel for the Company and all independent certified public accountants (including the expenses of any annual audit and "cold comfort" letters required by or incident to such performance and compliance), the fees and disbursements of underwriters customarily paid by issuers or sellers of securities (including the fees and expenses of any "qualified independent underwriter" required by

the NASD), the reasonable fees of one counsel retained in connection with each such registration by the holders of a majority of the Registrable Securities being registered, the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other Persons retained by the Company (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of Registrable Securities by holders of such Registrable Securities other than the Company).

"securities" shall have the meaning given to such term under the Securities Act.

"Securities Act" shall mean the U.S. Securities Act of 1933 or any U.S. federal statute then in effect which has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Shareholder" shall have the meaning given to such term in the first paragraph of this Agreement.

"Subscription Agreement" shall mean all and each of the Subscription Agreements, dated as of various dates on or before the date hereof, between the Company and each of the Investors (as defined therein) for the purchase and sale of Common Shares in the Offering.

"Subsidiary" shall mean any corporation, limited liability company or other Person of which shares of stock or other ownership interests having a majority of the general voting power (without regard to the occurrence of any contingency) in electing the Board of Directors thereof or other Persons performing a similar function are, at the time as of which any determination is being made, owned by the Company either directly or through its Subsidiaries and any partnership in which the Company or any Subsidiary is a general partner.

"Transfer" shall mean to sell, assign or otherwise transfer an interest, in whole or in part, whether voluntarily or involuntarily or by operation of law or at a judicial sale or otherwise; provided, however, that Transfer shall not include the bona fide pledge of Common Shares or Warrants in connection with a loan by a financial institution or any transfer back to the pledgor by the pledgee of such Common Shares or Warrants following the termination of any such bona fide pledge.

"U.S." shall mean the United States of America and dependent territories or any part thereof.

"Warrant Shares" shall mean any Common Shares issuable upon exercise of the Warrants.

"Warrants" shall mean those Warrants to be issued to White Mountains and Berkshire pursuant to the Warrant Issuance Agreements (as defined in the Subscription Agreement).

"White Mountains" shall mean White Mountains Re Group, Ltd., a company existing under the laws of Bermuda, or any successor entity thereto.

SECTION 2. Transfer of Shares or Warrants. (a) General. No Shareholder shall Transfer any Common Shares other than

(i) to one or more third parties after having complied with Section 2(b) hereof, if applicable,

(ii) in connection with the exercise of its tag-along rights under Section 2(b) hereof,

(iii) in connection with the Founders' exercise of drag-along rights under Section 2(c) hereof or any other transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares,

(iv) in the case of any Shareholder that is an individual, to any one or more of such Shareholder's spouse or lineal relatives, or to any custodian or trust for the benefit of any of the foregoing,

(v) to any Affiliate of such Shareholder,

(vi) in the case of any Shareholder that is a partnership, corporation or limited liability company, as a distribution to the partners, shareholders or members thereof,

(vii) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof or

(viii) following an initial public offering, pursuant to Rule 144 (or any successor provision) under the Securities Act.

No Shareholder shall Transfer any Warrants, other than (i) to one or more third parties (including other Shareholders or the Company) after complying with Section 4 of the Warrants, (ii) in connection with any transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares, (iii) to any Affiliate of such Shareholder or (iv) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof; provided, however, that a Transfer pursuant to clauses (i) or (iv) above may not be made until the earliest of (A) the third anniversary of the date of this Agreement, (B) such time as the Shareholders (other than the Founders) who are party to this Agreement as of the date hereof own less than 50% of the Common Shares initially acquired pursuant to their respective Subscription Agreements or (C) the first anniversary of the initial closing of an Initial Public Offering; provided further, however, that at any time each of White Mountains and Berkshire (and any Affiliate of

White Mountains or Berkshire to whom Warrants have been Transferred pursuant to clause (iii) above) may Transfer Warrants to each other.

Notwithstanding any other provision of this Agreement, no Transfer may be made in violation of any provision or any requirement of the U.S. securities laws. Each Shareholder agrees that it will not seek to evade the restrictions on transfer set forth in this Section 2 by Transferring Common Shares or Warrants to an Affiliate and thereafter transferring beneficial ownership of the Affiliate, as part of a unified plan to avoid such restrictions. If any Shareholder wishes to Transfer any of its Common Shares or Warrants to another Person (a "Transferee") other than any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) by subsection (iii), (vii) or (viii) of the first sentence of this Section 2(a), (B) by subsection (vi) of the first sentence of this Section 2(a) if at the time of such Transfer such Shareholder would be permitted to transfer its Common Shares pursuant to (x) subsection (viii) of the first sentence of this Section 2(a) and (y) Rule 144(k) under the Securities Act or (C) by subsection (ii) of (iv) of the second sentence of this Section 2(a), such Shareholder shall, as a condition of such Transfer, require the Transferee to execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by all of the provisions hereof. The preceding sentence shall survive an Initial Public Offering until the date that is 18 months following the initial closing of such Initial Public Offering.

(b) Tag-Along Rights. (i) If, at any time, one or more Shareholders (the "Selling Shareholders") propose to Transfer to any Person or group of Persons (the "Proposed Purchaser") in any transaction or series of related transactions a number of Common Shares equal to (x) prior to an Initial Public Offering, 5% or more of the then outstanding Common Shares, and (y) following an Initial Public Offering, 10% or more of the then outstanding Common Shares, the Selling Shareholders shall afford each other Shareholder the opportunity to participate proportionately in such Transfer in accordance with this Section 2(b). At least 20 days prior to the date proposed for such sale, the Selling Shareholders shall give notice to the Company, which shall provide a copy to each other Shareholder with a notice of the proposed Transfer, stating such Selling Shareholders' intent to make such sale, the number of Common Shares proposed to be transferred, the kind and amount of consideration to be paid for such Common Shares and the name of the Proposed Purchaser (the "Purchase Offer"). Each other Shareholder shall have the right to Transfer to the Proposed Purchaser a number of Common Shares equal to such Shareholder's Allotment. Such Shareholder's "Allotment" shall be equal to (A) the total number of Common Shares proposed to be Transferred by the Selling Shareholders multiplied by (B) a fraction, the numerator of which is the number of Common Shares then owned by such Shareholder and the denominator of which is the total number of Common Shares then outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (i), the exercise of all then outstanding Warrants).

(ii) Each Shareholder shall have 10 days from the receipt of the Purchase Offer in which to accept such Purchase Offer by written notice to the Selling Shareholders. Contemporaneously with the sale by the Selling Shareholders, each other

Shareholder so electing to participate shall, on the date of the closing, sell the Common Shares indicated in its written notice for the same consideration and on the same terms as those provided by the Proposed Purchaser to the Selling Shareholders as specified in the Purchase Offer.

(iii) Notwithstanding the foregoing, this Section 2(b) shall not apply to any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) by subsections (iii) through (viii) of the first sentence of Section 2(a) hereof.

(c) Drag-Along Rights. If, at any time, the Founders jointly propose to transfer all of the Common Shares owned by the Founders in a single transaction to a third party (the "Proposed Acquiror") pursuant to a Qualified Sale (as defined below), and the Board of Directors of the Company has approved such Qualified Sale, the Founders may cause to be included in such Qualified Sale all, but not less than all, of the Common Shares held by each of the other Shareholders by providing to each such other Shareholder a notice (a "Qualified Sale Notice") of the proposed Qualified Sale at least 20 days prior to the date proposed for such Qualified Sale, stating the identity of the Proposed Acquiror, the kind and amount of consideration proposed to be paid for the Common Shares to be purchased by the Proposed Acquiror and the other material terms of such Qualified Sale. For purposes of determining the number of Common Shares outstanding pursuant to the immediately preceding sentence, Common Shares issuable upon the exercise of Warrants, options or other rights to acquire Common Shares, or upon the conversion or exchange of any security outstanding as of the time of delivery of the Qualified Sale Notice, shall not be deemed to be outstanding.

In the event the Founders so provide a Qualified Sale Notice with respect to a Qualified Sale, each other Shareholder shall (i) be obligated to transfer all of the Common Shares owned by such Shareholder to the Proposed Acquiror on the terms and conditions set forth in the Qualified Sale Notice and (ii) execute and deliver such instruments of conveyance and transfer and take such other action, including voting such Shareholder's Common Shares in favor of such Qualified Sale and executing any purchase agreements, merger agreements, indemnity agreements, escrow agreements or related documents, as the Founders or the Proposed Acquiror may reasonably require in order to carry out the terms and provisions of this Section 2(c); provided, however that such instruments of conveyance and transfer and such purchase agreements, merger agreements, indemnity agreements, escrow agreements and related documents shall not include any representations or warranties of such Shareholder except such representations and warranties as are ordinarily given by a seller of securities with respect to such seller's authority to sell, enforceability of agreements against such seller, such seller's good title in such securities and the good title in such securities to be acquired at closing by the Proposed Acquiror, provided further, however, that any indemnity provision included in any such instrument, agreement or related document shall only indemnify the Proposed Acquiror with respect to breaches of such representations and warranties by such Shareholder, without any obligation or liability for contribution.

The term "Qualified Sale" means a sale by the Founders to a third party which is not an Affliate of the Company or any Shareholder that meets all of the following requirements:

(i) the Common Shares owned in the aggregate by the Founders (assuming for this purpose the exercise of all outstanding Warrants) to be sold in such sale equals or exceeds 25% of the total outstanding Common Shares (assuming for this purpose the exercise of all outstanding Warrants), (ii) the terms of such sale were negotiated between the Founders and such unaffiliated third party (or on their behalf by their respective agents or representatives) on a bona fide arm's-length basis,

(ii) the terms of such sale provide that the sale of Common Shares pursuant thereto by each Shareholder that is not a Founder shall be made for the same type and amount of consideration for each such Common Share sold as is to be received by each Founder for each Common Share sold (except with respect to Electing Shareholders as set forth below) and, subject to the provisos in the third sentence of this Section 2(c), in all other respects in a manner such that each term and condition applicable to such Shareholder is identical to, or no less favorable than, each corresponding term and condition applicable to either Founder; and

(iii) either (A) the consideration to be received by each Shareholder pursuant to such Qualified Sale is solely cash or (B) effective provision is made such that at the closing of such Qualified Sale each Electing Shareholder (as defined below) will receive the Cash Equivalent (as defined below) of any consideration other than cash proposed to be paid pursuant to the terms of such Qualified Sale.

An "Electing Shareholder" is a Shareholder (other than a Founder) that gives written notice, at least 10 days prior to the date proposed for a Qualified Sale, to the Selling Shareholders that provided the Qualified Sale Notice of such Shareholder's election to receive the Cash Equivalent of any non-cash consideration proposed to be paid pursuant to the terms of such Qualified Sale.

The term "Cash Equivalent" means an amount in cash equal to the fair market value (as determined by a qualified appraiser with experience in the appraising of properties and businesses in the relevant industry, to be selected by the mutual agreement of the interested parties) of non-cash consideration to be paid in a Qualified Sale; provided, however, that if no agreement can be reached, then any such interested party may apply to the American Arbitration Association for the appointment of an appraiser meeting the requirements of the preceding sentence, and any such appointment shall be binding upon the parties; provided further, however, that in the event that such non-cash consideration consists of publicly traded securities, then, in lieu of using an appraiser, the fair market value of such non-cash consideration shall equal the average closing price of the publicly traded security for the 10 Business Days ending on the trading day immediately preceding the closing of the Qualified Sale. Any such appraiser shall be

required to report its appraisal in writing, within 60 days of its appointment, to each interested party.

(d) Preemptive Rights. (A) Grant of Preemptive Rights. If the Company shall, prior to an Initial Public Offering, issue, sell or distribute to any Shareholder any equity securities of the Company, or any option, warrant, or right to acquire, or any security convertible into or exchangeable for, any equity securities of the Company (other than (i) pursuant to an underwritten offering pursuant to an effective registration statement under the Securities Act, (ii) pursuant to a dividend or distribution upon the Common Stock of stock or other equity securities of the Company, (iii) in connect with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person or (iv) Warrant Shares) (any equity securities of the Company or options, warrants, rights to acquire or securities convertible into or exchangeable for equity securities of the Company, the issuance of which is not covered by clauses (i) through (iv) above, being "New Securities"), each Shareholder shall be entitled to participate in such issuance, sale or distribution for up to such number of New Securities (such number being such Shareholder's "Preemptive Allotment") as is equal to (x) the total number of New Securities proposed to be issued, sold or distributed by the Company multiplied by (y) a fraction, the numerator of which is the number of Common Shares owned by such Shareholder and the denominator of which is the total number of Common Shares outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (y), the exercise of all outstanding Warrants.)

(B) Company Notice; Procedures for Exercise of Preemptive Rights. If the Company proposes to issue any New Securities, the Company shall, at least 20 days prior to consummating the issuance of the New Securities, give written notice (the "Company Notice") to the Shareholders, stating the number of New Securities, the price per New Security, the terms of payment and all other terms and conditions on which the issuer proposes to make such issuance. In order for a Shareholder to exercise its preemptive rights under this Section 2(d), such Shareholder must give written notice to the Company within 10 days after the receipt of the Company Notice, stating the number of New Securities that such Shareholder desires to purchase (which number shall not be greater than such Shareholder's Preemptive Allotment).

(C) Re-Set of Preemptive Rights. If no option is exercised pursuant to this Section 2(d) for any of the New Securities within 10 days after receipt of the Company Notice (or if the option is exercised in the aggregate for less than all of the New Securities), the Company shall be free for a period of 180 days thereafter to sell the New Securities as to which such option has not been exercised to the proposed offerees at no less than the sale price set forth in the Company Notice and on terms and conditions that are no more favorable to the proposed offerees than those offered to the Shareholders. If, however, at the expiration of such 180-day period, such New Securities have not been issued in accordance with the terms set forth in the Company Notice, then any other issuance or proposed issuance thereof shall be subject to all of the provisions of

this Agreement and such shares shall not be issued without the Company again offering its shares in the manner provided in this Section 2(d).

SECTION 3. Registration Rights. The Shareholders shall have the right to have their Registrable Securities registered under the Securities Act and applicable U.S. state securities laws, and the Company shall then have the related obligations, in accordance with the following provisions.

(a) Registration on Request. (i) At any time (x) after the third anniversary of the date of the Closing, upon the written request of Shareholders holding in the aggregate 40% of all Registrable Securities then held by Shareholders (assuming for this purpose exercise of all outstanding Warrants) or (y) after an initial public offering, upon the written request of Shareholders holding in the aggregate 10% of all Registrable Securities then held by Shareholders (assuming for this purpose the exercise of all outstanding Warrants) (such Shareholders being referred to as the "Requesting Holders"), the Requesting Holders may request that the Company either (i) effect the registration under the Securities Act for an underwritten public offering of all or part of the Registrable Securities held by them (the "Single Registration Option"), (ii) effect the registration of all or any of their Registrable Securities by filing a registration statement under the Securities Act (the "Shelf Registration Statement") which provides for the sale by the Requesting Holders of their Registrable Securities from time to time in underwritten public offerings pursuant to Rule 415 under the Securities Act (the "Shelf Option"), or (iii) permit the sale of Registrable Securities that are already included in an effective Shelf Registration Statement pursuant to an underwritten public offering (the "Takedown Option"); provided, however, that the Requesting Holders may not elect the Shelf Option or the Takedown Option if the request thereunder is in connection with or would constitute an initial public offering.

Upon receipt of such request, the Company will promptly give written notice to all other holders of Registrable Securities (the "Other Holders") that a request for registration or for a takedown has been received. For a period of 10 days (or two Business Days in the case of a Takedown Option request) following receipt of such notice, the Other Holders may request that the Company also register their Registrable Securities (or include Registrable Securities in such takedown) and the Company may determine to include its authorized and unissued securities in such registration or takedown. The failure of any Other Holder to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration statement or takedown. After the expiration of such 10-day period or two-Business Day period, as the case may be, the Company shall notify all holders of the number of Registrable Securities to be registered or included. Subject to the provisions of this Section 3, in the case of either the Single Registration Option or the Shelf Option, the Company shall use its reasonable best efforts to cause the prompt registration under the Securities Act of (A) the Registrable Securities that the Requesting Holders and the Other Holders have requested the Company to register, and (B) all other securities that the Company has determined to register, and in connection therewith will prepare and file a registration statement under the Securities Act to effect such registration. Such registration statement shall be on such

appropriate registration form of the Commission as shall be selected by the Company, and such selection shall be reasonably acceptable to the holders of a majority of the aggregate Registrable Securities to be sold by the Requesting Holders. Subject to the provisions of this Section 3, in the case of a Takedown Option, the Company shall use its reasonable best efforts to cause all Registrable Securities so requested to be included in such underwritten public offering and shall prepare and file any prospectus supplement reasonably necessary to effectuate a takedown.

Notwithstanding the foregoing, the Company will not be required to file a registration statement or proceed with a takedown in any of the following situations:

(1) the Registrable Securities of Requesting Holders to be offered pursuant to such request do not have an aggregate offering price of at least U.S.$50 million in the case of an initial public offering or U.S. $25 million with respect to any subsequent offering (based on the then current market price or, in the case of an initial public offering, the aggregate offering price proposed to be set forth on the cover page of the registration statement);

(2) during any period (not to exceed 60 days with respect to each request) when the Company has determined to proceed with a public offering and, in the judgment of the managing underwriter thereof, the requested filing would have an adverse effect on the public offering; provided that the Company is actively employing in good faith all reasonable efforts to cause such public offering to be consummated;

(3) during any period (not to exceed 60 days with respect to each request) when the Company is in possession of material non-public information that the Board determines is in the best interest of the Company not to disclose publicly; or

(4) to the extent required by the managing underwriter in an underwritten public offering, during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, following the effectiveness of any previous registration statement filed by the Company.

The right of the Company not to file a registration statement or proceed with a takedown pursuant to paragraphs (2) and (4) above may not be exercised more than once in any twelve-month period, and pursuant to paragraph (3) above may not be exercised more than twice in any twelve-month period.

Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in a takedown may, at any time prior to the effective date of the registration statement relating to such registration or the execution of an underwriting agreement relating to such takedown, revoke such request, without liability to any of the other Requesting Holders or the Other Holders, by providing a written notice to the Company revoking such request.

(ii) Number of Registrations; Expenses. The Company shall not be obligated to effect more than one registration or takedown of Registrable Securities pursuant to requests from Requesting Holders under this Section 3(a) in the 180-day period immediately following the effective date of the last registration or takedown of Registrable Securities. The Company shall pay all Registration Expenses in connection with the first six registrations and all takedowns that the Requesting Holders request pursuant to this Section 3(a), including expenses in connection with any prospectus supplement reasonably necessary to effectuate a Takedown Option. The Requesting Holders and, if applicable, the Other Holders that requested that their Registrable Securities be registered and the Company shall pay all Registration Expenses in connection with later registrations pursuant to this Section 3(a) pro rata according to the number of Registrable Securities registered by each of them pursuant to such registration. However, in connection with all registrations and all takedowns, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to this Section 3(a). If the first request hereunder is in connection with or would constitute an initial public offering, the Registrable Securities shall be offered pursuant to a firm commitment underwriting.

(iii) Effective Registration Statement. If the Requesting Holders elect the Single Registration Option in connection with a registration requested pursuant to this Section 3(a), such registration shall not be deemed to have been effected unless the registration statement relating thereto (A) has become effective under the Securities Act and any of the Registrable Securities of the Shareholders included in such registration have actually been sold thereunder, and (B) has remained effective for a period of at least 180 days (or such shorter period in which all Registrable Securities of the Requesting Holders and, if applicable, the Company and the Other Holders included in such registration have actually been sold thereunder); provided, however, that if after any registration statement requested pursuant to this Section 3(a) becomes effective (A) such registration statement is subject to any stop order, injunction or other order or requirement of the Commission or other governmental agency or court solely due to the actions or omissions to act of the Company and (B) less than 75% of all of the Registrable Securities included in such registration have been sold thereunder, then such registration statement shall not constitute a registration of Registrable Securities to be effected by the Company pursuant to Section 3(a)(ii) hereof and the Company shall pay all the Registration Expenses related thereto.

(iv) Selection of Underwriters. If the Requesting Holders elect the Single Registration Option or the Takedown Option, Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown shall have the right to select the lead managing underwriter for the offering: provided, however, that such selection shall be subject to approval by the Company, which approval shall not be unreasonably withheld or delayed; and provided further, that the Company shall have the right to appoint a co-manager in all cases subject to the approval of Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown, which approval shall not be unreasonably withheld.

(v) Pro Rata Participation in Requested Registrations or Takedowns. If in connection with a requested registration or takedown pursuant to this Section 3(a), the lead managing underwriter advises the Company, the Requesting Holders and the Other Holders in writing that, in its view, the number of equity securities requested to be included in such registration or takedown exceeds the largest number of securities which can be sold without having an adverse effect on such offering, including the price at which such securities can be sold, the number of Registrable Securities requested to be registered by the Requesting Holders and the Other Holders included by the Company in such registration shall be allocated pro rata (subject to adjustments for tax considerations as provided in Subsection (C) below) among the Requesting Holders and the Other Holders on the basis of the relative number of Registrable Securities then held by them; provided; however, that:

(A) if the Company intends to issue Registrable Securities and to include them in such registration or takedown, the Company's allocation shall first be subject to reduction before the number of Registrable Securities to be registered by the Requesting Holders and the Other Holders is subject to any reduction; and

(B) Requesting Shareholders and Other Holders who become subject to a reduction pursuant to this Section 3(a)(v) in the amount of Registrable Securities to be included in a registration or takedown may elect not to sell any Registrable Securities pursuant to the registration or takedown.

(vi) With respect to any Shelf Registration Statement that has been declared effective and which includes Registrable Securities, the Company agrees to use its reasonable best efforts to keep the Shelf Registration Statement continuously effective and usable for the resale of the applicable Registrable Securities for a period ending on the first date on which all the Registrable Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement, but in no event longer than two years. The foregoing notwithstanding, the Company shall have the right in its reasonable discretion, based on any valid business purpose (including to avoid the disclosure of any material non-public information that the Company is not otherwise obligated to disclose or to coordinate such distribution with other shareholders that have registration rights with respect to any securities of the Company or with other distributions of the Company (whether for the account of the Company or otherwise)), to suspend the use of the applicable Shelf Registration Statement for a reasonable length of time (a "Delay Period") and from time to time; provided, however, that the aggregate number of days in all Delay Periods occurring in any period of twelve consecutive months shall not exceed 90 days; and provided further, however, that the two-year limit referred to above shall be extended by the number of days in any applicable Delay Period. The Company shall provide written notice to each holder of Registrable Securities covered by the Shelf Registration Statement of the beginning and the end of each Delay Period and such holders shall cease all disposition efforts with respect to Registrable Securities held by them immediately upon receipt of notice of the beginning of any Delay Period.

(b) Incidental Registration. (i) If the Company at any time proposes to register or sell any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (the "Priority Securities") under the Securities Act (other than a registration (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, (B) in connection with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person, or (C) pursuant to Section 3(a) hereof) in a manner that would permit registration of Registrable Securities for sale, or the sale in a takedown, to the public under the Securities Act (whether or not for sale for its own account)), including in an initial public offering, it shall each such time, subject to the provisions of Section 3(b)(ii) hereof, give prompt written notice to all holders of record of Registrable Securities of its intention to do so and of such Shareholders' rights under this Section 3(b), at least 10 days (or two Business Days, in the case of a takedown from an effective shelf registration statement) prior to the anticipated filing date of the registration statement relating to Such registration or the offering date in the case of a takedown. Such notice shall offer all such Shareholders the opportunity to include in such registration statement or in such takedown such number of Registrable Securities as each such Shareholder may request.

Upon the written request of any such Shareholder made within seven days (or two Business Days in the case of a takedown) after the receipt of the Company's notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Shareholder), the Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that the Company has been so requested to register by the Shareholders thereof or to include requested Registrable Securities in a takedown; provided, however, that (A) all holders of Registrable Securities requesting to be included in the Company's registration or takedown must sell their Registrable Securities to the underwriters selected by the Company on substantially the same terms and conditions as apply to the Company (other than provisions relating to the indemnification of underwriters or Shareholders), and (B) if, at any time after giving written notice pursuant to this Section 3(b)(i) of its intention to register any Priority Securities or to proceed with a takedown and prior to the effective date of the registration statement filed in connection with such registration or prior to the execution of an underwriting agreement in connection with a takedown, the Company shall determine for any reason not to register or sell such Priority Securities, the Company shall give written notice to all holders of Registrable Securities and shall thereupon be relieved of its obligation to register any Registrable Securities in connection with such registration or to include requested Registrable Securities in a takedown (without prejudice, however, to rights of Shareholders under Section 3(a) hereof). The failure of any holder of Registrable Securities to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration or takedown. Any holder of Registrable Securities requesting to be included in such registration may elect, in writing prior to the effective date of the registration statement

filed in connection with such registration, not to register such Registrable Securities in connection with such registration.

No registration or takedown effected under this Section 3(b) shall relieve the Company of its obligations to effect a registration or takedown upon request under Section 3(a) hereof. The Company shall pay all Registration Expenses in connection with each registration or takedown of Registrable Securities requested pursuant to this Section 3(b). However, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to a registration statement or takedown effected pursuant to this Section 3(b).

(ii) Priority in Incidental Registrations. If in connection with a registration or a takedown pursuant to this Section 3(b) the managing underwriter advises the Company in writing that, in its good faith view, the number of equity securities (including all Registrable Securities) that the Company and the Shareholders intend to include in such registration or takedown exceeds the largest number of securities that can be sold without having an adverse effect on such offering, including the price at which such Registrable Securities can be sold, the Company will include in such registration or takedown (A) first, all the Priority Securities to be sold for the Company's own account; and (B) second, to the extent that the number of Priority Securities is less than the number of Registrable Securities that the underwriter has advised the Company can be sold in such offering without having the adverse effect referred to above, Registrable Securities requested to be included in such registration or takedown by the Shareholders pursuant to Section 3(b)(i) hereof, pro rata among all Shareholders requesting registration on the basis of the relative number of Registrable Securities then held by them. Shareholders subject to such allocation may elect not to sell any Registrable Securities pursuant to the registration statement or takedown.

(iii) If the Company at any time proposes to effect a public offering in a jurisdiction other than the United States of any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (other than a public offering (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, or (B) in connection with any merger, reorganization or consolidation by the Company or Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person), the Company and the Shareholders will have the rights and be subject to the obligations agreed in this Section 3(b) to the extent and where applicable.

(c) Holdback Agreements. (i) Each Shareholder agrees, for the benefit of the underwriters referred to below, not to effect any sale or distribution, including any private placement or any sale pursuant to Rule 144 (or any successor provision) under the Securities Act, of any Registrable Securities, other than to an Affiliate or by gift or pro rata distribution to its shareholders, partners or other beneficial holders (in each case, which agree to be bound by the remaining provisions hereof), and not to effect any such sale or distribution of any other equity security of the Company or of any security

convertible into or exchangeable or exercisable for any equity security of the Company, during the 10 days prior to (or, in the case of a takedown, from the time on such day as such Shareholder receives notice of such takedown), and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, after the later of (i) the effective date of any registration statement filed pursuant to Section 3(a) or (b) hereof in connection with an underwritten offering and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriter of such offering, except as part of such registration, if permitted; provided, however, that each holder of Registrable Securities shall have received written notice of such registration from either the Company or the managing underwriter at least two Business Days prior to the anticipated beginning of the 10-day period referred to above. Each Shareholder agrees that it will enter into any agreement reasonably requested by the underwriters of any such underwritten offering to confirm its agreement set forth in the preceding sentence.

(ii) The Company agrees (A) not to effect any public sale or distribution of any of its equity securities or of any security convertible into or exchangeable or exercisable for any equity security of the Company (other than any such sale or distribution of such securities in connection with any merger, reorganization or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person or in connection with an employee stock ownership or other benefit plan) during the 10 days prior to, and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, which begins on the later of (i) the effective date of such registration statement and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriters of such offering, and (B) that any agreement entered into after the date hereof pursuant to which the Company issues or agrees to issue any privately placed equity securities shall contain a provision under which the holders of such securities agree not to effect any public sale or distribution of any such securities during the period and in the manner referred to in the foregoing clause (A), including any private placement and any sale pursuant to Rule 144 under the Securities Act (or any successor provision), except as part of such registration, if permitted.

(d) Registration Procedures. In connection with any offering of Registrable Securities registered pursuant to this Section 3, the Company shall:

(i) Promptly prepare and file a registration statement with the Commission within 45 days after receipt of a request for registration pursuant to a Single Registration Option or a Shelf Option, and use its reasonable best efforts to cause such registration statement to become, as soon as practicable, and remain, effective as provided herein; provided, however, that before filing with the Commission a registration statement or prospectus or any amendments or suppléments thereto, the Company will furnish to one counsel selected by the holders of a majority of the Registrable Securities requested to be registered copies of all such documents proposed to be filed for such counsel's review and comment (and the Company shall not file any such document to which such

counsel shall have reasonably objected in writing on the grounds that such document does not comply (explaining why) in all material respects with the requirements of the Securities Act or the rules or regulations thereunder).

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 180 days in the case of a Single Registration Option, or two years in the case of a Shelf Option, or such shorter period that will terminate when all Registrable Securities covered by such registration statement have been sold (but not before the expiration of the periods referred to in Section 4(3) and Rule 174 of the Securities Act or any successor provision, if applicable), and to prepare and file prospectus supplements to effect sales pursuant to takedowns and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement; provided, however, that the 180-day period referred to above shall be extended by the number of days such registration statement may be subject to a stop order or otherwise suspended.

(iii) Furnish to each holder and each underwriter, if any, of Registrable Securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such registration statement, including each preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as any Shareholder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Shareholder.

(iv) Unless the exemption from state regulation of securities offerings under Section 18 of the Securities Act applies, use its commercially reasonable efforts to register or qualify such Registrable Securities under such other state securities or "blue sky" laws of such jurisdictions as any holder, and underwriter, if any, of Registrable Securities covered by such registration statement reasonably requests; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection (iv), (B) subject itself or any of its Subsidiaries to taxation or regulation (insurance or otherwise) of its or their respective businesses in any such jurisdiction other than the United States, or (C) consent to general service of process in any such jurisdiction.

(v) Use its commercially reasonable efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and its Subsidiaries to enable the holder or holders thereof to consummate the disposition of such Registrable Securities in accordance with the intended method or methods of distribution thereof.

(vi) Promptly notify each holder of such Registrable Securities, the sale or placement agent, if any, thereof and the managing underwriter or underwriters, if any, thereof (A) when such registration statement or any prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the Blue Sky or securities commissioner or regulator of any state with respect thereto or any material request by the Commission for amendments or supplements to such registration statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or threatening of any proceedings for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(vii) Use its commercially reasonable efforts to obtain as soon as possible the lifting of any stop order that might be issued suspending the effectiveness of such registration statement.

(viii) Promptly notify each holder of such Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event that comes to the Company's attention if as a result of such event the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Company will promptly prepare and furnish to such Shareholder a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(ix) Use its commercially reasonable efforts (A) to cause all such Registrable Securities to be listed on a national securities exchange in the United States or on NASDAQ and, if applicable, on each securities exchange on which similar securities issued by the Company may then be listed, and enter into such customary related agreements including a listing application and indemnification agreement in customary form, and (B) to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement no later than the effective date of such registration statement.

(x) Enter into such customary agreements (including an underwriting agreement or qualified independent underwriting agreement, in each case, in customary form) and take all such other actions as the holders of a majority of the Registrable Securities requested to be registered or included in a takedown or the underwriters retained by such Shareholders, if any, reasonably request in order to

expedite or facilitate the disposition of such Registrable Securities, including customary representations, warranties, indemnities and agreements and preparing for, and participating in, such number of "road shows" and all such other customary selling efforts as the underwriters reasonably request in order to expedite or facilitate such disposition, and to use its commercially reasonable efforts to assist the underwriters in complying with the rules of the NASD (if applicable).

(xi) Make available for inspection, during the normal business hours of the Company, by any holder of Registrable Securities requested to be registered or included in a takedown, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such Shareholder or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate and business documents and documents relating to the properties of the Company and its Subsidiaries (collectively, "Records"), if any, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees and independent auditors, and those of the Company's Subsidiaries, to supply all information and respond to all inquiries reasonably requested by any such Inspector in connection with such registration statement or takedown; provided, that each such Inspector hereby agrees to keep in confidence the contents and existence of any Records that may contain non-public information with respect to the Company or any of its Subsidiaries, except (but only to the extent) as required by applicable law to disclose such non-public information.

(xii) Obtain a "cold comfort" letter addressed to the underwriters and the holders of the Registrable Securities being sold from the Company's appointed auditors in customary form and covering such matters of the type customarily covered by "cold comfort" / letters as the underwriters and the holders of a majority in interest of the Registrable Securities being sold reasonably request, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement (and also dated the date of the closing under the underwriting agreement relating thereto).

(xiii) Obtain an opinion of counsel to the Company addressed to the underwriters and the holders of the Registrable Securities being sold in customary form and covering such matters, of the type customarily covered by such an opinion, as the managing underwriters, if any, or as the holders of a majority in interest of the Registrable Securities being sold may reasonably request, addressed to such holders and the placement or sales agent, if any, thereof and the underwriters, if any, thereof, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement (or also dated the date of the closing under the underwriting agreement relating thereto).

(xiv) Otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to the Shareholders, as soon as reasonably practicable, an earnings statement covering a period of at least twelve months, but not more than eighteen months, beginning with the first full calendar quarter after the effective date of the registration statement (as the term "effective date" is defined in Rule 158(c) under the Securities Act) which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

It shall be a condition precedent to the obligation of the Company to take any action with respect to any Registrable Securities that the holder thereof shall furnish to the Company such information regarding such holder, the Registrable Securities and any other Company securities held by such holder as the Company shall reasonably request and as shall be required in connection with the action taken by the Company. The Company agrees not to include in any amendment to any registration statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus used in connection therewith, any reference to any holder of any Registrable Securities covered thereby by name, or otherwise identify such holder as the holder of Registrable Securities, without the consent of such holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law or regulation.

Each holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(d)(viii) or the commencement of a Delay Period described in Section 2(a)(vi) hereof, such Shareholder will forthwith discontinue disposition of Registrable Securities until such Shareholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof or the end of the Delay Period, as the case may be, and, if so directed by the Company such Shareholder will deliver to the Company (at the Company's expense) all copies (including any and all drafts), other than permanent file copies, then in such Shareholder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event that the Company shall give any such notice, the period mentioned in Section 3(d)(ii) hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 3(d)(viii) hereof to and including the date when each holder of Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof. Each Holder of Registrable Securities shall be entitled to reimbursement from the Company for any out-of-pocket losses actually incurred as a result of such holder's inability to make delivery of sold securities due to the Company's failure to notify the holder of any event described in Section 3(d)(viii) hereof or of a Delay Period described in Section 2(a)(vi) hereof.

(e) Indemnification. (i) Indemnification by the Company. In consideration of the agreements of the holders of the Registrable Securities contained herein and in the several Subscription Agreements, and as an inducement to such holders to enter into the Subscription Agreement, the Company shall agree that in the event of any registration under the Securities Act pursuant to this Agreement, the Company will

indemnify and hold harmless, to the full extent permitted by law, each of the holders of any Registrable Securities covered by such registration statement, their respective directors and officers, members, general partners, limited partners, managing directors, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls, is controlled by or is under common control with any such Shareholder or any such underwriter within the meaning of the Securities Act (and directors, officers, controlling Persons, members, partners and managing directors of any of the foregoing) against any and all losses, claims, damages or liabilities, joint or several, and expenses including any amounts paid in any settlement effected with the Company's consent, which consent will not be unreasonably withheld, to which such Shareholder, any such director or officer, member, or general or limited partner or managing director or any such underwriter or controlling Person may become subject under the Securities Act, U.S. state securities "blue sky" laws, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expenses arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein or any amendment or supplement thereto, (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (C) any violation or alleged violation by the Company of any U.S. federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration. The Company shall reimburse each such Shareholder and each such director, officer, member, general partner, limited partner, managing director or underwriter and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company or its representatives by such Shareholder, in its capacity as a Shareholder in the Company, or any such director, officer, member, general or limited partner, managing director, underwriter or controlling Person expressly for use in the preparation thereof; provided further that the Company shall not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities, if any, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this Section 3(e)(i) with respect to any preliminary prospectus or the final prospectus or the final prospectus as amended or supplemented as the case may be, to the extent that any such loss, claim, damage or liability of such underwriter or controlling Person (other than a holder of Registrable Securities covered by the Registration Statement) results from the fact that such underwriter sold Registrable Securities to a Person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the

final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously furnished copies thereof to such underwriter and such final prospectus, as then amended or supplemented, had corrected any such misstatement or omission, except that the indemnification obligation of the Company with respect to any Person who participates as an underwriter in the offering or sale of Registrable Securities, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this proviso shall be modified in such manner, which shall be reasonably acceptable to the Company and a majority of the holders of Registrable Securities participating in any such registration, as is consistent with customary practice with respect to underwriting agreements for offerings of such type. The indemnity provided for herein, when it becomes a commitment of the Company, shall remain in full force and effect regardless of any investigation made by or on behalf of such Shareholder or any such director, officer, member, general partner, limited partner, managing director, underwriter or controlling Person and shall survive the transfer of such securities by such Shareholder.

(ii) Indemnification by the Shareholders and Underwriters. The Company will require, as a condition to including any Registrable Securities in any registration statement filed in accordance with the provisions hereof, that the Company shall have received an undertaking reasonably satisfactory to it from the holders of such Registrable Securities or any underwriter, to indemnify and hold harmless (in the same manner and to the same extent as set forth in subsection (i) above) the Company and its directors, officers, controlling persons and all other prospective sellers and their respective directors, officers, general and limited partners, managing directors, and their respective controlling Persons with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Shareholder, in its capacity as a Shareholder in the Company, or such underwriter, as applicable, expressly for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the holders of Registrable Securities, underwriters or any of their respective directors, officers, members, general or limited partners, managing directors or controlling Persons and shall survive the transfer of such securities by such Shareholder; provided, however, that no such Shareholder shall be liable in the aggregate for any amounts exceeding the amount of the proceeds to be received by such holder from the sale of its Registrable Securities pursuant to such registration (after deducting any fees, discounts and commissions applicable thereto), as reduced by any damages or other amounts that such holder was otherwise required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(iii) Notices of Claims, etc. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding with

respect to which a claim for indemnification may be made pursuant to this Section 3(e), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, promptly give written notice to the indemnifying party of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subsections of this Section 3(e), except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified party and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and, jointly with any other indemnifying party similarly notified, to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defense thereof, and the indemnifying party will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel in any single jurisdiction for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels as may be reasonably necessary. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(iv) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 3(e) is for any reason unavailable, or insufficient to hold harmless an indemnified party in respect of any loss, claim, damage, liability (or actions or proceedings in respect thereof) or expense referred to herein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission

or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3(e)(iv) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 3(e)(iv). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions or proceedings in respect thereof) or expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3(e)(iv), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriter's obligations in this Section 3(e)(iv) to contribute shall be several in proportion to the number of Registrable Securities sold or underwritten, as the case may be, by them and not joint. For purposes of this Section 3(e), each Person, if any, who controls a Shareholder or an underwriter within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such Shareholder or underwriter, and each director of the Company, each officer of the Company who signed the registration statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

(f) Underwriting Agreement. Holders of Registrable Securities requested to be registered pursuant to this Section 3 shall be parties to the underwriting agreement with the underwriters for such offering in connection with such offering and may, at their option, require that any or all of the representations and warranties by, and the agreements on the part of, the Company to and for the benefit of such underwriters be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement shall also be conditions precedent to the obligations of such holders of Registrable Securities. No underwriting agreement or other agreement in connection with such offering shall require any such holder of Registrable Securities to make any representations or warranties to or agreement with the Company or the underwriters other than representations, warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution or any other

representations required by applicable law and agreements regarding indemnification and contribution to the effect, but only to the extent, provided in Section 3(e) hereof.

(g) Rule 144 and Rule 144A. At all times after a public offering of any Common Shares, the Company agrees that it will file in a timely manner all reports required to be filed by it pursuant to the Exchange Act, and, if at any time thereafter, the Company is not required to file such reports, it will make available to the public, to the extent required to permit the sale of Common Shares by any holder of Registrable Securities pursuant to Rule 144 and Rule 144A under the Securities Act, current information about itself and its activities as contemplated by Rule 144 and Rule 144A under the Securities Act, as such Rules may be amended from time to time. Notwithstanding the foregoing, the Company may deregister any class of its equity securities under Section 12 of the Exchange Act or suspend its duty to file reports with respect to any class of its securities pursuant to Section 15(d) of the Exchange Act if it is then permitted to do so pursuant to the Exchange Act and the rules and regulations thereunder.

SECTION 4. Restrictive Legends. (a) Each certificate representing Common Shares (including any Warrant Shares) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"Any sale, assignment, transfer, pledge or other disposition of the shares represented by this certificate is restricted by, and the rights attaching to these shares are subject to, the terms and conditions contained in the Shareholders Agreement dated as of [ ], 2004, as they may be amended from time to time, which are available for examination by registered holders of shares at the registered office of the Company. The registered holder of the shares represented by this certificate, by acquiring and holding such shares, shall to the extent required under the Shareholders Agreement be deemed a party to such Shareholders Agreement for all purposes and shall be required to agree in writing to be bound by and perform all of the terms and provisions of such Shareholders Agreement, all as more fully provided therein. In addition, any transferee of the shares represented by this certificate shall to the extent required under the Shareholders Agreement be deemed to be a party to such Shareholders Agreement for all purposes and shall be required by the transferring shareholder to agree in writing to acquire and hold such shares subject to all of the terms of such Agreement, all as more fully provided therein, which terms are to be enforced by the shareholders of the Company.

The shares represented by this certificate have not been registered under the U.S. Securities Act of 1933 (the "Securities Act"), or any U.S. state securities laws and may not be transferred, sold or otherwise disposed of unless (i) a registration statement is in effect under the Securities Act with respect to such shares, or (ii) a written opinion of counsel reasonably acceptable to the Company is provided to the Company to the effect that no such registration is required for such transfer, sale or disposal."

(b) Following termination of Section 2(a) hereof, the Company shall, promptly upon request and surrender of the legended certificate, deliver a replacement certificate not containing the first paragraph of the legend above in exchange for the legended certificate. In the event that Common Shares are disposed of pursuant to an effective registration statement or, following an initial public offering, Rule 144 (or any successor provision) under the Securities Act or if the Company shall have received an opinion of counsel reasonably acceptable to the Company (or a copy of a "no action" or interpretive letter from the Commission) to the effect that such shares are eligible to be sold pursuant to paragraph (k) of Rule 144, the Company shall promptly upon request deliver a replacement certificate not containing either paragraph of the legend above in exchange for the legended certificate.

SECTION 5. Competition. (a) Each Shareholder agrees that each Shareholder and its officers, directors, employees, agents and Affiliates (other than Persons that are also the officers of the Company or any of its Subsidiaries) may, alone or in combination with any other Person, engage in activities or businesses, make investments in and acquisitions of any Person, and enter into partnerships and joint ventures with any Person, whether or not competitive now or in the future with the businesses or activities of the Company or any Subsidiary of the Company, and neither the Company nor any Shareholder shall have the right to disclosure of any information in regard thereto, to participate therein, or to derive any profits therefrom.

(b) Each Shareholder and the Company agree that none of the Shareholders or any of their respective officers, directors, employees, agents or Affiliates (other than Persons that are also officers of the Company or any of its Subsidiaries) shall have the obligation to refer to the Company or its Subsidiaries any business opportunities presented or developed by any of them.

SECTION 6. Restrictions on Other Agreements. Neither the Company nor any Shareholder shall enter into or agree to be bound by any voting trust, voting agreement or any shareholder agreement or arrangements of any kind, written or otherwise, with any person with respect to the Common Shares on terms inconsistent with the provisions of this Agreement (whether or not such agreements and arrangements are with other Shareholders or holders of Common Shares that are not parties to this Agreement).

SECTION 7. Financial Statements and Other Information. (a) The Company shall furnish or shall cause to be furnished to each Shareholder the following information at the following times:

(i) with respect to each fiscal quarter of the Company, no later than 45 days after the end of such quarter, a Consolidated summary balance sheet, income statement and cash flow statement as of the end of and for such quarter and the comparable quarter of the preceding fiscal year together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such quarter,

(ii) accompanying the financial information to be delivered pursuant to clause (a)(i) above, a certificate, executed by the principal financial officer of the Company, stating that such information was prepared in accordance with U.S. generally accepted accounting principles consistently applied, with such exceptions as are set forth in detail in such certificate; and

(iii) with respect to each full fiscal year of the Company, no later than 90 days after the end of such year, a consolidated balance sheet, income statement and cash flow statement as of the end of and for such year prepared in accordance with U.S. generally accepted accounting principles consistently applied and accompanied by a signed audit report by a nationally recognized accounting firm, together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such year.

(b) The Company shall, and shall cause its Subsidiaries to, (1) permit each Shareholder during normal business hours to visit and inspect any of its properties and those of its Subsidiaries, including books and records (and, prior to an initial public offering only, make copies thereof), (2) make appropriate officers and directors of the Company and its Subsidiaries available periodically for consultation with such Shareholder with respect to matters relating to the respective business and affairs of the Company and its Subsidiaries, including, without limitation, significant changes in management personnel and compensation of employees, introduction of new products or new lines of business, important acquisitions or dispositions of plants and equipment, significant research and development programs, the purchasing or selling of important licenses, trademarks or concessions, and the proposed commencement or compromise of significant litigation and (3) consider the recommendations of such Shareholder in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Company and its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement the Company may, as a condition to the rights of any Shareholder under this Section 7, require such Shareholder to execute and deliver a confidentiality agreement in commercially reasonable form covering all non-public information conveyed to such Shareholder.

SECTION 8. Board of Directors; Committees. (a) On and after the Closing Date and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of the Common Shares held by such Shareholder, to cause the Board of Directors of the Company to consist at all times of seven directors, and to vote in favor of three individuals designated by White Mountains to be members of such Board of Directors. Following an initial public offering, the number of individuals designated by White Mountains for whom the Shareholders shall be obligated to vote as members of the Board of Directors of the Company shall be reduced to two, so long as White Mountains owns, directly or indirectly, Common Shares, including Common Shares issuable upon exercise of outstanding Warrants (whether or not currently exercisable), at least 20% of the outstanding Common Shares (assuming for this

purpose the exercise of all outstanding Warrants), and such number shall be further reduced to one if White Mountains' ownership (as calculated in the preceding clause) is less than 20% but at least equal to 10%. If such ownership falls below 10%, no Shareholder shall have any further obligations under this Section 8(a). White Mountains hereby designates David Foy, John Gillespie and John J. Byrn as its designees for the Board of Directors of the Company, which designation shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(b) On and after the Closing Date, and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of Common Shares held by such Shareholder, to cause one or more individuals designated by White Mountains to be appointed by the Board of Directors as Chairman of the Board, and to be appointed chairman of any audit committee, finance committee or compensation committee of the Board. White Mountains hereby designates David Foy as its designee to be Chairman of the Board, David Foy to be chairman of the audit committee, John Gillespie to be chairman of the finance committee and David Foy to be chairman of the compensation committee, which designations shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(c) Notwithstanding anything to the contrary contained in this Section 8, this Section 8 shall be subject to applicable law and any applicable regulations of governmental entities and self-regulatory organizations.

SECTION 9. Further Action. Each Shareholder shall, for so long as such Shareholder owns any Common Shares or Warrants, (i) take any and all action (on a timely basis) necessary to carry out the intentions of the Shareholders set forth in this Agreement, including voting (or causing the voting of), all Common Shares held by such Shareholder in favor of any necessary amendment to the Certificate of Incorporation or the By-laws of the Company and (ii) refrain from taking any wilful action knowingly inconsistent with this Agreement including, without limitation, voting (or causing the voting of) any Common Shares held by such Shareholder in a manner inconsistent with this Agreement.

SECTION 10. Term. This Agreement shall terminate upon the first to occur of

(a) an Initial Public Offering,

(b) the consent of the Company and all Shareholders who are parties to this Agreement that the Agreement be terminated,

(c) any transaction with any Person pursuant to which shares or other securities of such Person are exchanged or substituted for all the Common Shares, provided that the shares or securities of such Person issued to the Shareholders are registered under the Securities Act and applicable U.S. state securities laws and listed on a U.S. national securities exchange or on NASDAQ; provided, however, that the Shareholders receive freely tradable shares or securities, other than any limits on transfer

arising form any Shareholder's status as an affiliate (as such term is used in the Securities Act and the rules thereunder), of such Person or the Company; and provided further, however, that all Shareholders that are subject to such limits on transfer described in the preceding proviso receive registration rights entitling such Shareholders to request registration of the shares or securities received,

(d) the liquidation or dissolution of the Company or

(e) the tenth anniversary of the date of this Agreement; provided, however, that

(i) in the case of termination pursuant to clauses (a) or (b),

(A) the provisions of Section 3 (other than the proviso in Section 3(d)(xi) and Section 3(e)) shall survive until the earlier of (x) the occurrence of an event described in clause (d) above and (y) the tenth anniversary of the termination of this Agreement, in each case to the extent that the rights under such provisions have not theretofore been exercised;

(B) the last two sentences of Section 2(a) shall survive any Initial Public Offering as set forth therein;

(C) the second sentence of Section 2(a) and the entirety of Section 2(b) shall survive until the first anniversary of the initial closing of the Initial Public Offering, and

(ii) in any case the proviso in Section 3(d)(xi) and the provisions of Sections 3(e), 5, 8(a), 9, 10, 11(b) and 12 through 22 shall survive the termination of this Agreement indefinitely.

SECTION 11. Additional Matters.

(a) No Inconsistent Agreements. The Company shall not grant registration rights other than those granted under this Agreement, with respect to the Common Shares or any other securities of the Company, which are more favorable than the registration rights contained in this Agreement without the prior written consent of the holders of a majority of the Common Shares then held by all of the Shareholders that are parties to this Agreement. Without limiting the generality of the foregoing, in no event shall the holders of such other registration rights have priority over Shareholders with respect to the inclusion of their securities in any registration or takedown (it being understood that such other registration rights may be pari passu with the registration rights granted under this Agreement with respect to registrations or takedowns).

(b) VCI Status. To the extent that any Shareholder is subject to such regulations, the Company shall reasonably cooperate with such Shareholder to provide to such Shareholder such rights of consultation as may be required pursuant to regulations,

advisory opinions or announcements issued after the date of this Agreement by the United States Department of Labor or by a court of competent jurisdiction in order for such Shareholder's investment in the Company to continue to qualify as a "venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i). Notwithstanding anything to the contrary in this Agreement, Section 7(b) hereof shall survive any Initial Public Offering with respect to any Shareholder who is a party to this Agreement as of the date hereof as long as such Shareholder holds any Common Shares purchased under its Subscription Agreement, if and only to the extent that such Shareholder establishes, to the reasonable satisfaction of the Company, that such survival is necessary in order for such Shareholder's investment in the Company to qualify as a "Venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i).

SECTION 12. Amendments. Neither this Agreement nor any provision hereof may be amended except by an instrument in writing signed by the Company and Shareholders holding at least two-thirds (or such higher percentage as may be required by any provision which is the subject of a proposed amendment) of the outstanding Common Shares then held by all of the Shareholders who are parties to this Agreement (assuming for this purpose the exercise of all outstanding Warrants). Any amendment approved in the foregoing manner will be effective as to all Shareholders. For the avoidance of doubt, the addition or deletion of any Person as a party hereto in accordance with the terms hereof shall not constitute an amendment hereof.

SECTION 13. Waiver and Consent. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach, and no failure by any party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

SECTION 14. Recapitalization, Exchanges, etc. Except as expressly provided otherwise herein, the provisions of this Agreement shall apply to the full extent set forth herein with respect to shares or other securities in the Company or any other Person that may be issued in respect of, in exchange for, or in substitution of the Common Shares or the Warrants.

SECTION 15. Notices. AU notices, requests, demands and other communications hereunder shall be in writing and shall be deemed, unless otherwise specified herein, to have been duly given if sent by hand, mail, courier service, cable, telex, facsimile or other mode of representing words in a legible and non-transitory form (a) if to the Shareholders, at their respective addresses in the Register of Shareholders of the Company or at such other address as any of the Shareholders may have furnished to the Company in writing, and (b) if to the Company, at 370 Church Street, Guilford,

Connecticut 06437, Attention: Reid Campbell, Treasurer, Telephone: 203-458-2380, Facsimile: 203-458-0754, or such other address as the Company may have furnished to the Shareholders in writing.

All such communications shall be deemed to have been given, delivered or received when so received, if sent by hand, cable, telex, facsimile or similar mode, on the next Business Day after sending if sent by Federal Express or other similar overnight delivery service, on the fifth Business Day after mailing if sent by mail and otherwise on the actual day of receipt.

SECTION 16. Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, the non-breaching parties would be irreparably harmed and could not be made whole by monetary damages. Accordingly, each of the parties hereto agrees that the other parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled, subject to applicable law, to compel specific performance of this Agreement.

SECTION 17. Entire Agreement. This Agreement (including any schedules, annexes or other attachments hereto) and all Subscription Agreements and any other agreements delivered at the Closing with respect to the subject matter hereof constitute the entire agreement between the parties hereto and supersede all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

SECTION 18. Severability. To the fullest extent permitted by applicable law, any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without invalidating the remaining provisions hereof or affecting the validity, unenforceability or legality of such provision in any other jurisdiction.

SECTION 19. Binding Effect; Benefit. Except for Section 3(c)(i) hereof, which shall be enforceable by the underwriters referred to therein, nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties hereto, and their respective successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 20. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective successors, légal representatives and permitted assigns. Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Shareholder except in connection with a Transfer of Common Shares or Warrants permitted hereunder, in which case, subject to the next sentence, the rights and obligations hereunder shall be transferred pro rata. No such assignment shall be effective unless the assignee shall execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by this Agreement (or the surviving provisions hereof).

SECTION 21. Interpretation. The Table of Contents and the Headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement. All references herein to Sections, subsections, clauses and Schedules shall be deemed references to such parts of this Agreement, unless the context otherwise requires. All pronouns and any variations thereof refer to the masculine, feminine or neuter, as the case may require. The definitions of terms in this Agreement shall be applicable to both the singular and plural forms of the terms defined where either such form is used in this Agreement. Whenever the words “include”, “includes” and “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “herein”, “hereof”, and “hereunder”, and other words of similar import, refer to this Agreement as a whole and not to any particular Section, Subsection, or clause.

SECTION 22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

SECTION 23. Applicable Law. The validity of this Agreement, its construction, interprétation and enforcement, and the rights of the parties hereunder, shall be determined under, governed by and construed in acçordance with the laws of New York. Each party hereto agrees that any suit, action or other proceeding arising out of this Agreement may be brought and litigated in the appropriate Federal and state courts of the State of New York and each party hereto hereby irrevocably consents to personal jurisdiction and venue in any such court and hereby waives any claim it may have that such court is an inconvenient forum for the purposes of any such suit, action or other proceeding. The Shareholders and the Company each hereby irrevocably designates and appoints CT Corporation with offices on the date hereof at 111 Eighth Avenue, New York, NY 10011, and its successors, as its agent to receive, accept or acknowledge for or on behalf of it, service of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court. Each Shareholder acknowledges that CT Corporation will transmit services of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court to such Shareholder’s address as shown in the stock transfer books of the Company from time to time. Each Shareholder further irrevocably consents to the service of any and all legal process, summonses, notices and documents by the mailing of copies thereof by registered or certified air mail, postage prepaid, to such party at the address of such party as shown in the stock transfer books of the Company from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ _____
Name:
Title:

By _____
Name:
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/
Name:
Title:

GOVERNMENT EMPLOYEES, INSURANCE COMPANY

By /s/ Michael H Campbell
Name: Michael H Campbell.
Title: Vice President Corporate Financial Reporting

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by _____
Name:
Title:

GENERAL REINSURANCE CORPORATION

By /s/ William G. Gasdaska
Name: William G. Gasdaska
Title: Senior Vice President, Treasurer & Chief Financial Officer

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

WHITE MOUNTAINS RE GROUP, LTD.,

By /s/ Dennis Beaulieu
Name: Dennis Beaulieu
Title: Vice President

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hererto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name:
Title:

HIGHFIELDS CAPITAL LTD
By Highfields Capital Management LP,
Its Investment Manager

/s/ Kenneth H. Colburn
Name: Kenneth H. Colburn
Title: Chief Operating Officer

IN WITNESS WHEREOF, the parties hererto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name:
Title:

HIGHFIELDS CAPITAL II LP
By Highfields Capital Management LP,
Its Investment Manager

/s/ Kenneth H. Colburn
Name: Kenneth H. Colburn
Title: Chief Operating Officer

IN WITNESS WHEREOF, the parties hererto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name:
Title:

HIGHFIELDS CAPITAL I LP
By Highfields Capital Management LP,
Its Investment Manager

/s/ Kenneth H. Colburn
Name:Kenneth H. Colburn
Title: Chief Operating Officer

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

MUTUAL, QUALIFIED FUND
MUTUAL BEACON FUND
MUTUAL BEACON FUND (CANADA)
MUTUAL FINANCIAL SERVICES FUND
MUTUAL RECOVERY FUND, LTD.
FRANKLIN MUTUAL RECOVERY FUND
FRANKLIN MUTUAL BEACON FUND.

BY: FRANKLIN MUTUAL ADVISERS, LLC

BY: Bradley Takahashi
NAME: BRADLEY TAKAHASHI
TITLE: VICE PRESIDENT

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

CxICH, LLC

By /s/ John G. Forbes, Jr.
Name: John G. Forbes. Jr.
Title: CFO, Caxton Associates, L.L.C.,
Manager

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

OZ MASTER FUND, LTD.

By: OZ Management, L.L.C.,
its Investment Manager

By /s/ Daniel S. OCH
Name: Daniel S. Och
Title: Senior Managing Member

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

DLJ Growth Capital Partners, L.P.
DLJ Growth Capital Inc, its Managing General Partner

By /s/ George Hornig
Name: George Hornig
Title: Attorney in Fact

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

GCP Plan Investors, L.P.
DLJ LBO Plans Management Corp II, its Managing General Partner

By /s/ George Hornig
Name: George Hornig
Title: Attorney in Fact

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Sander M. Levy
Name: Sander M. Levy
Title: Managing Director
Vestar Capital Partners IV, L.P.

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

J. C. Flowers I LP
By: JCF Associates I LLC

By /s/ Sally Rocker
Name: Sally Rocker
Title: Principal

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By: Prospector Partners, LLC
its Investment Manager

By /s/ John D Gillespie
Name: John D Gillespie
Title: Managing Member

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

Holdings Ltd.

By /s/
Name:
Title: CEO

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Bruce R. Berkowitz
Name: Bruce R. Berkowitz
Title: Managing Member

TEL. 973.379.6557
FAX. 973.379.2478

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

MARSHFIELD INSURANCE II, LLC

By /s/ Christopher M. Niemczewski
Name: Christopher M. Niemczewski
Title: Managing Member, Marshfield Management II, LLC

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/
Name: MFP Investors LLC
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/
Name: Yale University
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Michael F. Price
Name: Michael F. Price
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

CAI MANAGERS & CO., L.P.

By /s/ Leslie B. Daniels
Name: Leslie B. Daniels
Title: Partner

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/
Name:
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

/s/

By /s/
Name:
Title: Authorised Signatory

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

NASH FAMILY PARTNERSHIP, L.P.

By /s/ Joshua Nash
Name: Joshua Nash
Title: General Partner

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

JOSHUA NASH

By /s/ Joshua Nash
Name:
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

JACK NASH

By /s/ Joshua Nash
Name: Joshua Nash As Attorney-in-Fact for Jack Nash
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

[SHAREHOLDERS],

By /s/ George Rohr
Name: George Rohr
Title:

IN WITNESS WHEREOF, the parties hereto have caused this shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

Estate of

By /s/ Shelby White
Name: Shelby White
Title: Executor

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Shelby White
Name: Shelby White
Title:

[Signature Page to Shareholders Agreement]

Exhibit 9.2

EXECUTION VERSION

SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT (this "Agreement"), dated as of March 19, 2004, is among Occum Acquisition Corp., a Delaware corporation (the "Company"), and each of the Persons listed on Schedule 1 hereto and any future security holder of the Company that becomes a party to this Agreement (each, a "Shareholder" and collectively the "Shareholders").

The authorized share capital of the Company consists of 15,000,000 shares, par value U.S. $0.01 per share (collectively or any number thereof, the "Common Shares"). Each of the Shareholders has subscribed to purchase Common Shares and desires to promote the interests of the Company and the mutual interests of the Shareholders by establishing herein certain terms and conditions upon which the Common Shares (including Common Shares issued upon conversion, exchange or exercise of any portion, warrant or other security) will be held, including provisions restricting the transfer of Common Shares, providing certain registration rights and providing for certain other matters.

In consideration of the mutual covenants and agreements hereinafter contained, the Company and the Shareholders hereby agree as follows:

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person. Without limiting the generality of the foregoing, the term "Affiliate" shall include an investment fund managed by such Person or by a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person.

"Agreement" shall have the meaning given such term in the first paragraph of this Agreement.

"Berkshire" shall mean Berkshire Hathaway Inc., a Delaware corporation, or any successor entity thereto.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day except a Saturday, Sunday or other day on which banks in New York City are authorized or obligated by law or executive order to close.

"By-laws" shall mean the By-laws of the Company as in effect from time to time.

"Closing Date" shall mean the dates for the closing of the sale of up to 11,000,000 Common Shares by the Company pursuant to the several Subscription Agreements.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Commission" shall mean the U.S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative to the foregoing.

"day" shall mean a calendar day.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, or any U.S. federal statute then in effect that has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Founders" shall mean White Mountains and Berkshire. A "Founder" shall mean either one of them.

"Initial Public Offering" shall mean the completion, whether by the Company or by any Shareholders, of an underwritten public offering of the Common Shares pursuant to a registration statement filed under the Securities Act resulting in aggregate net proceeds, together with any such underwritten public offering previously completed, of not less than U.S.$125 million, or (ii) the completion by the Company of a merger, acquisition or comparable business combination transaction in connection with which the Company has issued Common Shares pursuant to a registration statement filed under the Securities Act on Form S-4, which shares have any aggregate value, based on the average closing price of such shares during the five trading days after completion of such transaction, of not less than U.S.$125 million; and "initial public offering" shall mean the completion, whether by the Company or any Shareholders, of the initial public offering of the Common Shares pursuant to a registration statement filed under the Securities Act, regardless of the amount of net proceeds from such offering or the issuance of Common Shares in connection with a merger, acquisition or comparable business combination transaction pursuant to a registration statement on Form S-4 filed under the Securities Act.

"NASD" shall mean the U.S. National Association of Securities Dealers, Inc. or any successor organization.

"NASDAQ" shall mean The Nasdaq National Market or any successor quotation system.

"Offering" shall mean the offering and sale of up to 11,000,000 Common Shares pursuant to the several Subscription Agreements.

"Person" shall mean an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

"Registrable Securities" shall mean (i) Common Shares (including any Common Shares issuable on exercise of the Warrants) issued on the Closing Date to the Shareholders, (ii) the Warrants and (iii) any securities of the Company issued successively in exchange for or in respect of any of the foregoing, whether as a result of any successive stock split or reclassification of, or stock dividend on, any of the foregoing or otherwise; provided, however, that (c) such securities shall cease to be Registrable Securities if and when (A) a registration statement with respect to the disposition of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement, (B) such securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Registrable Securities relating to restrictions on the transferability thereof under the Securities Act is removed by the Company, (C) such securities are eligible to be sold pursuant to paragraph (k) of Rule 144, (D) such securities have ceased to be outstanding or (E) as of any time, in the reasonable judgment of the Company, such securities would be eligible for sale pursuant to Rule 144 under the Act (without giving effect to the provisions of Rule 144 (k)) in the 90-day period following such time. Notwithstanding clauses (C) and (E) above, Common Shares shall continue to be deemed Registrable Securities until such time as the holder of such Common Shares could sell all of such holder's Registrable Securities pursuant to clause (C) or (E) above.

"Registration Expenses" shall mean all expenses incident to the Company's performance of or compliance with its obligations under Section 3, including all Commission, NASD and stock exchange or NASDAQ registration and filing fees and expenses, fees and expenses of compliance with applicable state securities or "blue sky" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities), printing expenses, messenger and delivery expenses, fees and disbursements of any custodian, the fees and expenses incurred in connection with the listing of the securities to be registered in an initial public offering on each securities exchange or automated quotation system on which such securities are to be so listed and, following such initial public offering, the fees and expenses incurred in connection with the listing of such securities to be registered on each securities exchange or automated quotation system on which such securities are listed, fees and disbursements of counsel for the Company and all independent certified public accountants (including the expenses of any annual audit and "cold comfort" letters required by or incident to such performance and compliance), the

fees and disbursements of underwriters customarily paid by issuers or sellers of securities (including the fees and expenses of any "qualified independent underwriter" required by the NASD), the reasonable fees of one counsel retained in connection with each such registration by the holders of a majority of the Registrable Securities being registered, the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other Persons retained by the Company (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of Registrable Securities by holders of such Registrable Securities other than the Company).

"securities" shall have the meaning given to such term under the Securities Act.

"Securities Act" shall mean the U.S. Securities Act of 1933 or any U.S. federal statute then in effect which has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Shareholder" shall have the meaning given to such term in the first paragraph of this Agreement.

"Subscription Agreement" shall mean all and each of the Subscription Agreements, dated as of various dates on or before the date hereof, between the Company and each of the Investors (as defined therein) for the purchase and sale of Common Shares in the Offering.

"Subsidiary" shall mean any corporation, limited liability company or other Person of which shares of stock or other ownership interests having a majority of the general voting power (without regard to the occurrence of any contingency) in electing the Board of Directors thereof or other Persons performing a similar function are, at the time as of which any determination is being made, owned by the Company either directly or through its Subsidiaries and any partnership in which the Company or any Subsidiary is a general partner.

"Transfer" shall mean to sell, assign or otherwise transfer an interest, in whole or in part, whether voluntarily or involuntarily or by operation of law or at a judicial sale or otherwise; provided, however, that Transfer shall not include the bona fide pledge of Common Shares or Warrants in connection with a loan by a financial institution or any transfer back to the pledgor by the pledgee of such Common Shares or Warrants following the termination of any such bona fide pledge.

"U.S." shall mean the United States of America and dependent territories or any part thereof.

"Warrant Shares" shall mean any Common Shares issuable upon exercise of the Warrants.

"Warrants" shall mean those Warrants to be issued to White Mountains and Berkshire pursuant to the Warrant Issuance Agreements (as defined in the Subscription Agreement).

"White Mountains" shall mean White Mountains Re Group, Ltd., a company existing under the laws of Bermuda, or any successor entity thereto.

SECTION 2. Transfer of Shares or Warrants. (a) General. No Shareholder shall Transfer any Common Shares other than

(i) to one or more third parties after having complied with Section 2(b) hereof, if applicable,

(ii) in connection with the exercise of its tag-along rights under Section 2(b) hereof,

(iii) in connection with the Founders' exercise of drag-along rights under Section 2(c) hereof or any other transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares,

(iv) in the case of any Shareholder that is an individual, to any one or more of such Shareholder's spouse or lineal relatives, or to any custodian or trust for the benefit of any of the foregoing,

(v) to any Affiliate of such Shareholder,

(vi) in the case of any Shareholder that is a partnership, corporation or limited liability company, as a distribution to the partners, shareholders or members thereof,

(vii) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof or

(viii) following an initial public offering, pursuant to Rule 144 (or any successor provision) under the Securities Act.

No Shareholder shall Transfer any Warrants, other than (i) to one or more third parties (including other Shareholders or the Company) after complying with Section 4 of the Warrants, (ii) in connection with any transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares, (iii) to any Affiliate of such Shareholder or (iv) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof; provided, however, that a Transfer pursuant to clauses (i) or (iv) above may not be made until the earliest of (A) the third anniversary of the date of this Agreement, (B) such time as the Shareholders (other than the Founders)

who are party to this Agreement as of the date hereof own less than 50% of the Common Shares initially acquired pursuant to their respective Subscription Agreements or (C) the first anniversary of the initial closing of an Initial Public Offering; provided further, however, that at any time each of White Mountains and Berkshire (and any Affiliate of White Mountains or Berkshire to whom Warrants have been Transferred pursuant to clause (iii) above) may Transfer Warrants to each other.

Notwithstanding any other provision of this Agreement, no Transfer may be made in violation of any provision or any requirement of the U.S. securities laws. Each Shareholder agrees that it will not seek to evade the restrictions on transfer set forth in this Section 2 by Transferring Common Shares or Warrants to an Affiliate and thereafter transferring beneficial ownership of the Affiliate, as part of a unified plan to avoid such restrictions. If any Shareholder wishes to Transfer any of its Common Shares or Warrants to another Person (a "Transferee") other than any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) (A) by subsection (iii), (vii) or (viii) of the first sentence of this Section 2(a), (B) by subsection (vi) of the first sentence of this Section 2(a) if at the time of such Transfer such Shareholder would be permitted to transfer its Common Shares pursuant to (x) subsection (viii) of the first sentence of this Section 2(a) and (y) Rule 144(k) under the Securities Act or (C) by subsection (ii) or (iv) of the second sentence of this Section 2(a), such Shareholder shall, as a condition of such Transfer, require the Transferee to execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by all of the provisions hereof. The preceding sentence shall survive an Initial Public Offering until the date that is 18 months following the initial closing of such Initial Public Offering.

(b) Tag-Along Rights. (i) If, at any time, one or more Shareholders (the "Selling Shareholders") propose to Transfer to any Person or group of Persons (the "Proposed Purchaser") in any transaction or series of related transactions a number of Common Shares equal to (x) prior to an Initial Public Offering, 5% or more of the then outstanding Common Shares, and (y) following an Initial Public Offering, 10% or more of the then outstanding Common Shares, the Selling Shareholders shall afford each other Shareholder the opportunity to participate proportionately in such Transfer in accordance with this Section 2(b). At least 20 days prior to the date proposed for such sale, the Selling Shareholders shall give notice to the Company, which shall provide a copy to each other Shareholder with a notice of the proposed Transfer, stating such Selling Shareholders' intent to make such sale, the number of Common Shares proposed to be transferred, the kind and amount of consideration to be paid for such Common Shares and the name of the Proposed Purchaser (the "Purchase Offer"). Each other Shareholder shall have the right to Transfer to the Proposed Purchaser a number of Common Shares equal to such Shareholder's Allotment. Such Shareholder's "Allotment" shall be equal to (A) the total number of Common Shares proposed to be Transferred by the Selling Shareholders multiplied by (B) a fraction, the numerator of which is the number of Common Shares then owned by such Shareholder and the denominator of which is the total number of Common Shares then outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (i), the exercise of all then outstanding Warrants).

(ii) Each Shareholder shall have 10 days from the receipt of the Purchase Offer in which to accept such Purchase Offer by written notice to the Selling Shareholders. Contemporaneously with the sale by the Selling Shareholders, each other Shareholder so electing to participate shall, on the date of the closing, sell the Common Shares indicated in its written notice for the same consideration and on the same terms as those provided by the Proposed Purchaser to the Selling Shareholders as specified in the Purchase Offer.

(iii) Notwithstanding the foregoing, this Section 2(b) shall not apply to any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) by subsections (iii) through (viii) of the first sentence of Section 2(a) hereof.

(c) Drag-Along Rights. If, at any time, the Founders jointly propose to transfer all of the Common Shares owned by the Founders in a single transaction to a third party (the "Proposed Acquiror") pursuant to a Qualified Sale (as defined below), and the Board of Directors of the Company has approved such Qualified Sale, the Founders may cause to be included in such Qualified Sale all, but not less than all, of the Common Shares held by each of the other Shareholders by providing to each such other Shareholder a notice (a "Qualified Sale Notice") of the proposed Qualified Sale at least 20 days prior to the date proposed for such Qualified Sale, stating the identity of the Proposed Acquiror, the kind and amount of consideration proposed to be paid for the Common Shares to be purchased by the Proposed Acquiror and the other material terms of such Qualified Sale. For purposes of determining the number of Common Shares outstanding pursuant to the immediately preceding sentence, Common Shares issuable upon the exercise of Warrants, options or other rights to acquire Common Shares, or upon the conversion or exchange of any security outstanding as of the time of delivery of the Qualified Sale Notice, shall not be deemed to be outstanding.

In the event the Founders so provide a Qualified Sale Notice with respect to a Qualified Sale, each other Shareholder shall (i) be obligated to transfer all of the Common Shares owned by such Shareholder to the Proposed Acquiror on the terms and conditions set forth in the Qualified Sale Notice and (ii) execute and deliver such instruments of conveyance and transfer and take such other action, including voting such Shareholder's Common Shares in favor of such Qualified Sale and executing any purchase agreements, merger agreements, indemnity agreements, escrow agreements or related documents, as the Founders or the Proposed Acquiror may reasonably require in order to carry out the terms and provisions of this Section 2(c); provided, however, that such instruments of conveyance and transfer and such purchase agreements, merger agreements, indemnity agreements, escrow agreements and related documents shall not include any representations or warranties of such Shareholder except such representations and warranties as are ordinarily given by a seller of securities with respect to such seller's authority to sell, enforceability of agreements against such seller, such seller's good title in such securities and the good title in such securities to be acquired at closing by the Proposed Acquiror, provided further, however, that any indemnity provision included in any such instrument, agreement or related document shall only indemnify the Proposed

Acquiror with respect to breaches of such representations and warranties by such Shareholder, without any obligation or liability for contribution.

The term "Qualified Sale" means a sale by the Founders to a third party which is not an Affiliate of the Company or any Shareholder that meets all of the following requirements:

(i) the Common Shares owned in the aggregate by the Founders (assuming for this purpose the exercise of all outstanding Warrants) to be sold in such sale equals or exceeds 25% of the total outstanding Common Shares (assuming for this purpose the exercise of all outstanding Warrants), (ii) the terms of such sale were negotiated between the Founders and such unaffiliated third party (or on their behalf by their respective agents or representatives) on a bona fide arm's-length basis,

(ii) the terms of such sale provide that the sale of Common Shares pursuant thereto by each Shareholder that is not a Founder shall be made for the same type and amount of consideration for each such Common Share sold as is to be received by each Founder for each Common Share sold (except with respect to Electing Shareholders as set forth below) and, subject to the provisos in the third sentence of this Section 2(c), in all other respects in a manner such that each term and condition applicable to such Shareholder is identical to, or no less favorable than, each corresponding term and condition applicable to either Founder; and

(iii) either (A) the consideration to be received by each Shareholder pursuant to such Qualified Sale is solely cash or (B) effective provision is made such that at the closing of such Qualified Sale each Electing Shareholder (as defined below) will receive the Cash Equivalent (as defined below) of any consideration other than cash proposed to be paid pursuant to the terms of such Qualified Sale.

An "Electing Shareholder" is a Shareholder (other than a Founder) that gives written notice, at least 10 days prior to the date proposed for a Qualified Sale, to the Selling Shareholders that provided the Qualified Sale Notice of such Shareholder's election to receive the Cash Equivalent of any non-cash consideration proposed to be paid pursuant to the terms of such Qualified Sale.

The term "Cash Equivalent" means an amount in cash equal to the fair market value (as determined by a qualified appraiser with experience in the appraising of properties and businesses in the relevant industry, to be selected by the mutual agreement of the interested parties) of non-cash consideration to be paid in a Qualified Sale; provided, however, that if no agreement can be reached, then any such interested party may apply to the American Arbitration Association for the appointment of an appraiser meeting the requirements of the preceding sentence, and any such appointment shall be binding upon the parties; provided further, however, that in the event that such non-cash consideration consists of publicly traded securities, then, in lieu of using an appraiser, the fair market value of such non-cash consideration shall equal the average closing price of

the publicly traded security for the 10 Business Days ending on the trading day immediately preceding the closing of the Qualified Sale. Any such appraiser shall be required to report its appraisal in writing, within 60 days of its appointment, to each interested party.

(d) Preemptive Rights. (A) Grant of Preemptive Rights. If the Company shall, prior to an Initial Public Offering, issue, sell or distribute to any Shareholder any equity securities of the Company, or any option, warrant, or right to acquire, or any security convertible into or exchangeable for, any equity securities of the Company (other than (i) pursuant to an underwritten offering pursuant to an effective registration statement under the Securities Act, (ii) pursuant to a dividend or distribution upon the Common Stock of stock or other equity securities of the Company, (iii) in connection with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person or (iv) Warrant Shares) (any equity securities of the Company or options, warrants, rights to acquire or securities convertible into or exchangeable for equity securities of the Company, the issuance of which is not covered by clauses (i) through (iv) above, being "New Securities"), each Shareholder shall be entitled to participate in such issuance, sale or distribution for up to such number of New Securities (such number being such Shareholder's "Preemptive Allotment") as is equal to (x) the total number of New Securities proposed to be issued, sold or distributed by the Company multiplied by (y) a fraction, the numerator of which is the number of Common Shares owned by such Shareholder and the denominator of which is the total number of Common Shares outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (y), the exercise of all outstanding Warrants.)

(B) Company Notice; Procedures for Exercise of Preemptive Rights. If the Company proposes to issue any New Securities, the Company shall, at least 20 days prior to consummating the issuance of the New Securities, give written notice (the "Company Notice") to the Shareholders, stating the number of New Securities, the price per New Security, the terms of payment and all other terms and conditions on which the issuer proposes to make such issuance. In order for a Shareholder to exercise its preemptive rights under this Section 2(d), such Shareholder must give written notice to the Company within 10 days after the receipt of the Company Notice, stating the number of New Securities that such Shareholder desires to purchase (which number shall not be greater than such Shareholder's Preemptive Allotment).

(C) Re-Set of Preemptive Rights. If no option is exercised pursuant to this Section 2(d) for any of the New Securities within 10 days after receipt of the Company Notice (or if the option is exercised in the aggregate for less than all of the New Securities), the Company shall be free for a period of 180 days thereafter to sell the New Securities as to which such option has not been exercised to the proposed offerees at no less than the sale price set forth in the Company Notice and on terms and conditions that are no more favorable to the proposed offerees than those offered to the Shareholders. If, however, at the

expiration of such 180-day period, such New Securities have not been issued in accordance with the terms set forth in the Company Notice, then any other issuance or proposed issuance thereof shall be subject to all of the provisions of this Agreement and such shares shall not be issued without the Company again offering its shares in the manner provided in this Section 2(d).

SECTION 3. Registration Rights. The Shareholders shall have the right to have their Registrable Securities registered under the Securities Act and applicable U.S. state securities laws, and the Company shall then have the related obligations, in accordance with the following provisions.

(a) Registration on Request. (i) At any time (x) after the third anniversary of the date of the Closing, upon the written request of Shareholders holding in the aggregate 40% of all Registrable Securities then held by Shareholders (assuming for this purpose exercise of all outstanding Warrants) or (y) after an initial public offering, upon the written request of Shareholders holding in the aggregate 10% of all Registrable Securities then held by Shareholders (assuming for this purpose the exercise of all outstanding Warrants) (such Shareholders being referred to as the "Requesting Holders"), the Requesting Holders may request that the Company either (i) effect the registration under the Securities Act for an underwritten public offering of all or part of the Registrable Securities held by them (the "Single Registration Option"), (ii) effect the registration of all or any of their Registrable Securities by filing a registration statement under the Securities Act (the "Shelf Registration Statement") which provides for the sale by the Requesting Holders of their Registrable Securities from time to time in underwritten public offerings pursuant to Rule 415 under the Securities Act (the "Shelf Option"), or (iii) permit the sale of Registrable Securities that are already included in an effective Shelf Registration Statement pursuant to an underwritten public offering (the "Takedown Option"); provided, however, that the Requesting Holders may not elect the Shelf Option or the Takedown Option if the request thereunder is in connection with or would constitute an initial public offering.

Upon receipt of such request, the Company will promptly give written notice to all other holders of Registrable Securities (the "Other Holders") that a request for registration or for a takedown has been received. For a period of 10 days (or two Business Days in the case of a Takedown Option request) following receipt of such notice, the Other Holders may request that the Company also register their Registrable Securities (or include Registrable Securities in such takedown) and the Company may determine to include its authorized and unissued securities in such registration or takedown. The failure of any Other Holder to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration statement or takedown. After the expiration of such 10-day period or two-Business Day period, as the case may be, the Company shall notify all holders of the number of Registrable Securities to be registered or included. Subject to the provisions of this Section 3, in the case of either the Single Registration Option or the Shelf Option, the Company shall use its reasonable best efforts to cause the prompt registration under the Securities Act of (A) the Registrable Securities that the Requesting Holders and the Other Holders have requested

the Company to register, and (B) all other securities that the Company has determined to register, and in connection therewith will prepare and file a registration statement under the Securities Act to effect such registration. Such registration statement shall be on such appropriate registration form of the Commission as shall be selected by the Company, and such selection shall be reasonably acceptable to the holders of a majority of the aggregate Registrable Securities to be sold by the Requesting Holders. Subject to the provisions of this Section 3, in the case of a Takedown Option, the Company shall use its reasonable best efforts to cause all Registrable Securities so requested to be included in such underwritten public offering and shall prepare and file any prospectus supplement reasonably necessary to effectuate a takedown.

Notwithstanding the foregoing, the Company will not be required to file a registration statement or proceed with a takedown in any of the following situations:

(1) the Registrable Securities of Requesting Holders to be offered pursuant to such request do not have an aggregate offering price of at least U.S. $50 million in the case of an initial public offering or U.S. $25 million with respect to any subsequent offering (based on the then current market price or, in the case of an initial public offering, the aggregate offering price proposed to be set forth on the cover page of the registration statement);

(2) during any period (not to exceed 60 days with respect to each request) when the Company has determined to proceed with a public offering and, in the judgment of the managing underwriter thereof, the requested filing would have an adverse effect on the public offering; provided that the Company is actively employing in good faith all reasonable efforts to cause such public offering to be consummated;

(3) during any period (not to exceed 60 days with respect to each request) when the Company is in possession of material non-public information that the Board determines is in the best interest of the Company not to disclose publicly; or

(4) to the extent required by the managing underwriter in an underwritten public offering, during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, following the effectiveness of any previous registration statement filed by the Company.

The right of the Company not to file a registration statement or proceed with a takedown pursuant to paragraphs (2) and (4) above may not be exercised more than once in any twelve-month period, and pursuant to paragraph (3) above may not be exercised more than twice in any twelve-month period.

Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in a takedown may, at any time prior to the effective date of the registration statement relating to such registration or the execution of an underwriting agreement relating to such takedown, revoke such request, without

liability to any of the other Requesting Holders or the Other Holders, by providing a written notice to the Company revoking such request.

(ii) Number of Registrations; Expenses. The Company shall not be obligated to effect more than one registration or takedown of Registrable Securities pursuant to requests from Requesting Holders under this Section 3(a) in the 180-day period immediately following the effective date of the last registration or takedown of Registrable Securities. The Company shall pay all Registration Expenses in connection with the first six registrations and all takedowns that the Requesting Holders request pursuant to this Section 3(a), including expenses in connection with any prospectus supplement reasonably necessary to effectuate a Takedown Option. The Requesting Holders and, if applicable, the Other Holders that requested that their Registrable Securities be registered and the Company shall pay all Registration Expenses in connection with later registrations pursuant to this Section 3(a) pro rata according to the number of Registrable Securities registered by each of them pursuant to such registration. However, in connection with all registrations and all takedowns, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to this Section 3(a). If the first request hereunder is in connection with or would constitute an initial public offering, the Registrable Securities shall be offered pursuant to a firm commitment underwriting.

(iii) Effective Registration Statement. If the Requesting Holders elect the Single Registration Option in connection with a registration requested pursuant to this Section 3(a), such registration shall not be deemed to have been effected unless the registration statement relating thereto (A) has become effective under the Securities Act and any of the Registrable Securities of the Shareholders included in such registration have actually been sold thereunder, and (B) has remained effective for a period of at least 180 days (or such shorter period in which all Registrable Securities of the Requesting Holders and, if applicable, the Company and the Other Holders included in such registration have actually been sold thereunder); provided, however, that if after any registration statement requested pursuant to this Section 3(a) becomes effective (A) such registration statement is subject to any stop order, injunction or other order or requirement of the Commission or other governmental agency or court solely due to the actions or omissions to act of the Company and (B) less than 75% of all of the Registrable Securities included in such registration have been sold thereunder, then such registration statement shall not constitute a registration of Registrable Securities to be effected by the Company pursuant to Section 3(a)(ii) hereof and the Company shall pay all the Registration Expenses related thereto.

(iv) Selection of Underwriters. If the Requesting Holders elect the Single Registration Option or the Takedown Option, Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown shall have the right to select the lead managing underwriter for the offering; provided, however, that such selection shall be subject to approval by the Company, which approval shall not be unreasonably withheld or delayed; and provided further, that the Company shall have the right to appoint a co-manager in all cases subject to the approval

of Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown, which approval shall not be unreasonably withheld.

(v) Pro Rata Participation in Requested Registrations or Takedowns. If in connection with a requested registration or takedown pursuant to this Section 3(a), the lead managing underwriter advises the Company, the Requesting Holders and the Other Holders in writing that, in its view, the number of equity securities requested to be included in such registration or takedown exceeds the largest number of securities which can be sold without having an adverse effect on such offering, including the price at which such securities can be sold, the number of Registrable Securities requested to be registered by the Requesting Holders and the Other Holders included by the Company in such registration shall be allocated pro rata (subject to adjustments for tax considerations as provided in Subsection (C) below) among the Requesting Holders and the Other Holders on the basis of the relative number of Registrable Securities then held by them; provided, however, that:

(A) if the Company intends to issue Registrable Securities and to include them in such registration or takedown, the Company's allocation shall first be subject to reduction before the number of Registrable Securities to be registered by the Requesting Holders and the Other Holders is subject to any reduction; and

(B) Requesting Shareholders and Other Holders who become subject to a reduction pursuant to this Section 3(a)(v) in the amount of Registrable Securities to be included in a registration or takedown may elect not to sell any Registrable Securities pursuant to the registration or takedown.

(vi) With respect to any Shelf Registration Statement that has been declared effective and which includes Registrable Securities, the Company agrees to use its reasonable best efforts to keep the Shelf Registration Statement continuously effective and usable for the resale of the applicable Registrable Securities for a period ending on the first date on which all the Registrable Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement, but in no event longer than two years. The foregoing notwithstanding, the Company shall have the right in its reasonable discretion, based on any valid business purpose (including to avoid the disclosure of any material non-public information that the Company is not otherwise obligated to disclose or to coordinate such distribution with other shareholders that have registration rights with respect to any securities of the Company or with other distributions of the Company (whether for the account of the Company or otherwise)), to suspend the use of the applicable Shelf Registration Statement for a reasonable length of time (a "Delay Period") and from time to time; provided, however, that the aggregate number of days in all Delay Periods occurring in any period of twelve consecutive months shall not exceed 90 days; and provided further, however, that the two-year limit referred to above shall be extended by the number of days in any applicable Delay Period. The Company shall provide written notice to each holder of Registrable Securities covered by the Shelf Registration Statement of the beginning and the end of each Delay Period and such holders shall cease all disposition efforts with respect to

Registrable Securities held by them immediately upon receipt of notice of the beginning of any Delay Period.

(b) Incidental Registration. (i) If the Company at any time proposes to register or sell any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (the "Priority Securities") under the Securities Act (other than a registration (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, (B) in connection with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person, or (C) pursuant to Section 3(a) hereof) in a manner that would permit registration of Registrable Securities for sale, or the sale in a takedown, to the public under the Securities Act (whether or not for sale for its own account)), including in an initial public offering, it shall each such time, subject to the provisions of Section 3(b)(ii) hereof, give prompt written notice to all holders of record of Registrable Securities of its intention to do so and of such Shareholders' rights under this Section 3(b), at least 10 days (or two Business Days, in the case of a takedown from an effective shelf registration statement) prior to the anticipated filing date of the registration statement relating to such registration or the offering date in the case of a takedown. Such notice shall offer all such Shareholders the opportunity to include in such registration statement or in such takedown such number of Registrable Securities as each such Shareholder may request.

Upon the written request of any such Shareholder made within seven days (or two Business Days in the case of a takedown) after the receipt of the Company's notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Shareholder), the Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that the Company has been so requested to register by the Shareholders thereof or to include requested Registrable Securities in a takedown; provided, however, that (A) all holders of Registrable Securities requesting to be included in the Company's registration or takedown must sell their Registrable Securities to the underwriters selected by the Company on substantially the same terms and conditions as apply to the Company (other than provisions relating to the indemnification of underwriters or Shareholders), and (B) if, at any time after giving written notice pursuant to this Section 3(b)(i) of its intention to register any Priority Securities or to proceed with a takedown and prior to the effective date of the registration statement filed in connection with such registration or prior to the execution of an underwriting agreement in connection with a takedown, the Company shall determine for any reason not to register or sell such Priority Securities, the Company shall give written notice to all holders of Registrable Securities and shall thereupon be relieved of its obligation to register any Registrable Securities in connection with such registration or to include requested Registrable Securities in a takedown (without prejudice, however, to rights of Shareholders under Section 3(a) hereof). The failure of any holder of Registrable Securities to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration or

takedown. Any holder of Registrable Securities requesting to be included in such registration may elect, in writing prior to the effective date of the registration statement filed in connection with such registration, not to register such Registrable Securities in connection with such registration.

No registration or takedown effected under this Section 3(b) shall relieve the Company of its obligations to effect a registration or takedown upon request under Section 3(a) hereof. The Company shall pay all Registration Expenses in connection with each registration or takedown of Registrable Securities requested pursuant to this Section 3(b). However, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to a registration statement or takedown effected pursuant to this Section 3(b).

(ii) Priority in Incidental Registrations. If in connection with a registration or a takedown pursuant to this Section 3(b) the managing underwriter advises the Company in writing that, in its good faith view, the number of equity securities (including all Registrable Securities) that the Company and the Shareholders intend to include in such registration or takedown exceeds the largest number of securities that can be sold without having an adverse effect on such offering, including the price at which such Registrable Securities can be sold, the Company will include in such registration or takedown (A) first, all the Priority Securities to be sold for the Company's own account; and (B) second, to the extent that the number of Priority Securities is less than the number of Registrable Securities that the underwriter has advised the Company can be sold in such offering without having the adverse effect referred to above, Registrable Securities requested to be included in such registration or takedown by the Shareholders pursuant to Section 3(b)(i) hereof, pro rata among all Shareholders requesting registration on the basis of the relative number of Registrable Securities then held by them. Shareholders subject to such allocation may elect not to sell any Registrable Securities pursuant to the registration statement or takedown.

(iii) If the Company at any time proposes to effect a public offering in a jurisdiction other than the United States of any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (other than a public offering (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, or (B) in connection with any merger, reorganization or consolidation by the Company or Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person), the Company and the Shareholders will have the rights and be subject to the obligations agreed in this Section 3(b) to the extent and where applicable.

(c) Holdback Agreements. (i) Each Shareholder agrees, for the benefit of the underwriters referred to below, not to effect any sale or distribution, including any private placement or any sale pursuant to Rule 144 (or any successor provision) under the Securities Act, of any Registrable Securities, other than to an Affiliate or by gift or pro rata distribution to its shareholders, partners or other beneficial holders (in each case,

which agree to be bound by the remaining provisions hereof), and not to effect any such sale or distribution of any other equity security of the Company or of any security convertible into or exchangeable or exercisable for any equity security of the Company, during the 10 days prior to (or, in the case of a takedown, from the time on such day as such Shareholder receives notice of such takedown), and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, after the later of (i) the effective date of any registration statement filed pursuant to Section 3(a) or (b) hereof in connection with an underwritten offering and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriter of such offering, except as part of such registration, if permitted; provided, however, that each holder of Registrable Securities shall have received written notice of such registration from either the Company or the managing underwriter at least two Business Days prior to the anticipated beginning of the 10-day period referred to above. Each Shareholder agrees that it will enter into any agreement reasonably requested by the underwriters of any such underwritten offering to confirm its agreement set forth in the preceding sentence.

(ii) The Company agrees (A) not to effect any public sale or distribution of any of its equity securities or of any security convertible into or exchangeable or exercisable for any equity security of the Company (other than any such sale or distribution of such securities in connection with any merger, reorganization or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person or in connection with an employee stock ownership or other benefit plan) during the 10 days prior to, and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, which begins on the later of (i) the effective date of such registration statement and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriters of such offering, and (B) that any agreement entered into after the date hereof pursuant to which the Company issues or agrees to issue any privately placed equity securities shall contain a provision under which the holders of such securities agree not to effect any public sale or distribution of any such securities during the period and in the manner referred to in the foregoing clause (A), including any private placement and any sale pursuant to Rule 144 under the Securities Act (or any successor provision), except as part of such registration, if permitted.

(d) Registration Procedures. In connection with any offering of Registrable Securities registered pursuant to this Section 3, the Company shall:

(i) Promptly prepare and file a registration statement with the Commission within 45 days after receipt of a request for registration pursuant to a Single Registration Option or a Shelf Option, and use its reasonable best efforts to cause such registration statement to become, as soon as practicable, and remain, effective as provided herein; provided, however, that before filing with the Commission a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to one counsel selected by the holders of a majority of the Registrable Securities requested to be registered

copies of all such documents proposed to be filed for such counsel's review and comment (and the Company shall not file any such document to which such counsel shall have reasonably objected in writing on the grounds that such document does not comply (explaining why) in all material respects with the requirements of the Securities Act or the rules or regulations thereunder).

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 180 days in the case of a Single Registration Option, or two years in the case of a Shelf Option, or such shorter period that will terminate when all Registrable Securities covered by such registration statement have been sold (but not before the expiration of the periods referred to in Section 4(3) and Rule 174 of the Securities Act or any successor provision, if applicable), and to prepare and file prospectus supplements to effect sales pursuant to takedowns and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement; provided, however, that the 180-day period referred to above shall be extended by the number of days such registration statement may be subject to a stop order or otherwise suspended.

(iii) Furnish to each holder and each underwriter, if any, of Registrable Securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such registration statement, including each preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as any Shareholder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Shareholder.

(iv) Unless the exemption from state regulation of securities offerings under Section 18 of the Securities Act applies, use its commercially reasonable efforts to register or qualify such Registrable Securities under such other state securities or "blue sky" laws of such jurisdictions as any holder, and underwriter, if any, of Registrable Securities covered by such registration statement reasonably requests; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection (iv), (B) subject itself or any of its Subsidiaries to taxation or regulation (insurance or otherwise) of its or their respective businesses in any such jurisdiction other than the United States, or (C) consent to general service of process in any such jurisdiction.

(v) Use its commercially reasonable efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and its Subsidiaries to enable the holder or holders thereof to consummate the disposition of such

Registrable Securities in accordance with the intended method or methods of distribution thereof.

(vi) Promptly notify each holder of such Registrable Securities, the sale or placement agent, if any, thereof and the managing underwriter or underwriters, if any, thereof (A) when such registration statement or any prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the Blue Sky or securities commissioner or regulator of any state with respect thereto or any material request by the Commission for amendments or supplements to such registration statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or threatening of any proceedings for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(vii) Use its commercially reasonable efforts to obtain as soon as possible the lifting of any stop order that might be issued suspending the effectiveness of such registration statement.

(viii) Promptly notify each holder of such Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event that comes to the Company's attention if as a result of such event the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Company will promptly prepare and furnish to such Shareholder a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(ix) Use its commercially reasonable efforts (A) to cause all such Registrable Securities to be listed on a national securities exchange in the United States or on NASDAQ and, if applicable, on each securities exchange on which similar securities issued by the Company may then be listed, and enter into such customary related agreements including a listing application and indemnification agreement in customary form, and (B) to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement no later than the effective date of such registration statement.

(x) Enter into such customary agreements (including an underwriting agreement or qualified independent underwriting agreement, in each case, in

customary form) and take all such other actions as the holders of a majority of the Registrable Securities requested to be registered or included in a takedown or the underwriters retained by such Shareholders, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities, including customary representations, warranties, indemnities and agreements and preparing for, and participating in, such number of "road shows" and all such other customary selling efforts as the underwriters reasonably request in order to expedite or facilitate such disposition, and to use its commercially reasonable efforts to assist the underwriters in complying with the rules of the NASD (if applicable).

(xi) Make available for inspection, during the normal business hours of the Company, by any holder of Registrable Securities requested to be registered or included in a takedown, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such Shareholder or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate and business documents and documents relating to the properties of the Company and its Subsidiaries (collectively, "Records"), if any, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees and independent auditors, and those of the Company's Subsidiaries, to supply all information and respond to all inquiries reasonably requested by any such Inspector in connection with such registration statement or takedown; provided, that each such Inspector hereby agrees to keep in confidence the contents and existence of any Records that may contain non-public information with respect to the Company or any of its Subsidiaries, except (but only to the extent) as required by applicable law to disclose such non-public information.

(xii) Obtain a "cold comfort" letter addressed to the underwriters and the holders of the Registrable Securities being sold from the Company's appointed auditors in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the underwriters and the holders of a majority in interest of the Registrable Securities being sold reasonably request, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement (and also dated the date of the closing under the underwriting agreement relating thereto).

(xiii) Obtain an opinion of counsel to the Company addressed to the underwriters and the holders of the Registrable Securities being sold in customary form and covering such matters, of the type customarily covered by such an opinion, as the managing underwriters, if any, or as the holders of a majority in interest of the Registrable Securities being sold may reasonably request, addressed to such holders and the placement or sales agent, if any, thereof and the underwriters, if any, thereof, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement

(or also dated the date of the closing under the underwriting agreement relating thereto).

(xiv) Otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to the Shareholders, as soon as reasonably practicable, an earnings statement covering a period of at least twelve months, but not more than eighteen months, beginning with the first mil calendar quarter after the effective date of the registration statement (as the term "effective date" is defined in Rule 158(c) under the Securities Act) which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

It shall be a condition precedent to the obligation of the Company to take any action with respect to any Registrable Securities that the holder thereof shall furnish to the Company such information regarding such holder, the Registrable Securities and any other Company securities held by such holder as the Company shall reasonably request and as shall be required in connection with the action taken by the Company. The Company agrees not to include in any amendment to any registration statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus used in connection therewith, any reference to any holder of any Registrable Securities covered thereby by name, or otherwise identify such holder as the holder of Registrable Securities, without the consent of such holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law or regulation.

Each holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(d)(viii) or the commencement of a Delay Period described in Section 2(a)(vi) hereof, such Shareholder will forthwith discontinue disposition of Registrable Securities until such Shareholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof or the end of the Delay Period, as the case may be, and, if so directed by the Company such Shareholder will deliver to the Company (at the Company's expense) all copies (including any and all drafts), other than permanent file copies, then in such Shareholder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event that the Company shall give any such notice, the period mentioned in Section 3(d)(ii) hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 3(d)(viii) hereof to and including the date when each holder of Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof. Each Holder of Registrable Securities shall be entitled to reimbursement from the Company for any out-of-pocket losses actually incurred as a result of such holder's inability to make delivery of sold securities due to the Company's failure to notify the holder of any event described in Section 3(d)(viii) hereof or of a Delay Period described in Section 2(a)(vi) hereof.

(e) Indemnification. (i) Indemnification by the Company. In consideration of the agreements of the holders of the Registrable Securities contained

herein and in the several Subscription Agreements, and as an inducement to such holders to enter into the Subscription Agreement, the Company shall agree that in the event of any registration under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless, to the full extent permitted by law, each of the holders of any Registrable Securities covered by such registration statement, their respective directors and officers, members, general partners, limited partners, managing directors, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls, is controlled by or is under common control with any such Shareholder or any such underwriter within the meaning of the Securities Act (and directors, officers, controlling Persons, members, partners and managing directors of any of the foregoing) against any and all losses, claims, damages or liabilities, joint or several, and expenses including any amounts paid in any settlement effected with the Company's consent, which consent will not be unreasonably withheld, to which such Shareholder, any such director or officer, member, or general or limited partner or managing director or any such underwriter or controlling Person may become subject under the Securities Act, U.S. state securities "blue sky" laws, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expenses arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein or any amendment or supplement thereto, (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (C) any violation or alleged violation by the Company of any U.S. federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration. The Company shall reimburse each such Shareholder and each such director, officer, member, general partner, limited partner, managing director or underwriter and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company or its representatives by such Shareholder, in its capacity as a Shareholder in the Company, or any such director, officer, member, general or limited partner, managing director, underwriter or controlling Person expressly for use in the preparation thereof; provided further that the Company shall not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities, if any, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this Section 3(e)(i) with respect to any preliminary prospectus or the final prospectus or the final prospectus as amended or supplemented as the case may be, to the extent that any such loss, claim, damage or liability of such underwriter or controlling Person (other than a holder of Registrable

Securities covered by the Registration Statement) results from the fact that such underwriter sold Registrable Securities to a Person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously furnished copies thereof to such underwriter and such final prospectus, as then amended or supplemented, had corrected any such misstatement or omission, except that the indemnification obligation of the Company with respect to any Person who participates as an underwriter in the offering or sale of Registrable Securities, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this proviso shall be modified in such manner, which shall be reasonably acceptable to the Company and a majority of the holders of Registrable Securities participating in any such registration, as is consistent with customary practice with respect to underwriting agreements for offerings of such type. The indemnity provided for herein, when it becomes a commitment of the Company, shall remain in full force and effect regardless of any investigation made by or on behalf of such Shareholder or any such director, officer, member, general partner, limited partner, managing director, underwriter or controlling Person and shall survive the transfer of such securities by such Shareholder.

(ii) Indemnification by the Shareholders and Underwriters. The Company will require, as a condition to including any Registrable Securities in any registration statement filed in accordance with the provisions hereof, that the Company shall have received an undertaking reasonably satisfactory to it from the holders of such Registrable Securities or any underwriter, to indemnify and hold harmless (in the same manner and to the same extent as set forth in subsection (i) above) the Company and its directors, officers, controlling persons and all other prospective sellers and their respective directors, officers, general and limited partners, managing directors, and their respective controlling Persons with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Shareholder, in its capacity as a Shareholder in the Company, or such underwriter, as applicable, expressly for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the holders of Registrable Securities, underwriters or any of their respective directors, officers, members, general or limited partners, managing directors or controlling Persons and shall survive the transfer of such securities by such Shareholder; provided, however, that no such Shareholder shall be liable in the aggregate for any amounts exceeding the amount of the proceeds to be received by such holder from the sale of its Registrable Securities pursuant to such registration (after deducting any fees, discounts and commissions applicable thereto), as reduced by any damages or other amounts that such holder was otherwise required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(iii) Notices of Claims, etc. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 3(e), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, promptly give written notice to the indemnifying party of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subsections of this Section 3(e), except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified party and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and, jointly with any other indemnifying party similarly notified, to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defense thereof, and the indemnifying party will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel in any single jurisdiction for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels as may be reasonably necessary. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(iv) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 3(e) is for any reason unavailable, or insufficient to hold harmless an indemnified party in respect of any loss, claim, damage, liability (or actions or proceedings in respect thereof) or expense referred to herein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense, as well as any other relevant equitable considerations. The relative fault of such

indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material feet or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3(e)(iv) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 3(e)(iv). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions or proceedings in respect thereof) or expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3(e)(iv), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriter's obligations in this Section 3(e)(iv) to contribute shall be several in proportion to the number of Registrable Securities sold or underwritten, as the case may be, by them and not joint. For purposes of this Section 3(e), each Person, if any, who controls a Shareholder or an underwriter within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such Shareholder or underwriter, and each director of the Company, each officer of the Company who signed the registration statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

(f) Underwriting Agreement. Holders of Registrable Securities requested to be registered pursuant to this Section 3 shall be parties to the underwriting agreement with the underwriters for such offering in connection with such offering and may, at their option, require that any or all of the representations and warranties by, and the agreements on the part of, the Company to and for the benefit of such underwriters be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement shall also be conditions precedent to the obligations of such holders of Registrable Securities. No underwriting agreement or other agreement in connection with such offering shall require any such holder of Registrable Securities to make any representations or warranties to or agreement with the Company or the underwriters other than representations, warranties or agreements regarding such holder, such holder's

Registrable Securities and such holder's intended method of distribution or any other representations required by applicable law and agreements regarding indemnification and contribution to the effect, but only to the extent, provided in Section 3(e) hereof.

(g) Rule 144 and Rule 144A. At all times after a public offering of any Common Shares, the Company agrees that it will file in a timely manner all reports required to be filed by it pursuant to the Exchange Act, and, if at any time thereafter, the Company is not required to file such reports, it will make available to the public, to the extent required to permit the sale of Common Shares by any holder of Registrable Securities pursuant to Rule 144 and Rule 144A under the Securities Act, current information about itself and its activities as contemplated by Rule 144 and Rule 144A under the Securities Act, as such Rules may be amended from time to time. Notwithstanding the foregoing, the Company may deregister any class of its equity securities under Section 12 of the Exchange Act or suspend its duty to file reports with respect to any class of its securities pursuant to Section 15(d) of the Exchange Act if it is then permitted to do so pursuant to the Exchange Act and the rules and regulations thereunder.

SECTION 4. Restrictive Legends. (a) Each certificate representing Common Shares (including any Warrant Shares) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"Any sale, assignment, transfer, pledge or other disposition of the shares represented by this certificate is restricted by, and the rights attaching to these shares are subject to, the terms and conditions contained in the Shareholders Agreement dated as of [ ], 2004, as they may be amended from time to time, which are available for examination by registered holders of shares at the registered office of the Company. The registered holder of the shares represented by this certificate, by acquiring and holding such shares, shall to the extent required under the Shareholders Agreement be deemed a party to such Shareholders Agreement for all purposes and shall be required to agree in writing to be bound by and perform all of the terms and provisions of such Shareholders Agreement, all as more fully provided therein. In addition, any transferee of the shares represented by this certificate shall to the extent required under the Shareholders Agreement be deemed to be a party to such Shareholders Agreement for all purposes and shall be required by the transferring shareholder to agree in writing to acquire and hold such shares subject to all of the terms of such Agreement, all as more fully provided therein, which terms are to be enforced by the shareholders of the Company.

The shares represented by this certificate have not been registered under the U.S. Securities Act of 1933 (the "Securities Act"), or any U.S. state securities laws and may not be transferred, sold or otherwise disposed of unless (i) a registration statement is in effect under the Securities Act with respect to such shares, or (ii) a written opinion of counsel reasonably acceptable to the Company is provided to the Company to the effect that no such registration is required for such transfer, sale or disposal."

(b) Following termination of Section 2(a) hereof, the Company shall, promptly upon request and surrender of the legended certificate, deliver a replacement certificate not containing the first paragraph of the legend above in exchange for the legended certificate. In the event that Common Shares are disposed of pursuant to an effective registration statement or, following an initial public offering, Rule 144 (or any successor provision) under the Securities Act or if the Company shall have received an opinion of counsel reasonably acceptable to the Company (or a copy of a "no action" or interpretive letter from the Commission) to the effect that such shares are eligible to be sold pursuant to paragraph (k) of Rule 144, the Company shall promptly upon request deliver a replacement certificate not containing either paragraph of the legend above in exchange for the legended certificate.

SECTION 5. Competition, (a) Each Shareholder agrees that each Shareholder and its officers, directors, employees, agents and Affiliates (other than Persons that are also the officers of the Company or any of its Subsidiaries) may, alone or in combination with any other Person, engage in activities or businesses, make investments in and acquisitions of any Person, and enter into partnerships and joint ventures with any Person, whether or not competitive now or in the future with the businesses or activities of the Company or any Subsidiary of the Company, and neither the Company nor any Shareholder shall have the right to disclosure of any information in regard thereto, to participate therein, or to derive any profits therefrom.

(b) Each Shareholder and the Company agree that none of the Shareholders or any of their respective officers, directors, employees, agents or Affiliates (other than Persons that are also officers of the Company or any of its Subsidiaries) shall have the obligation to refer to the Company or its Subsidiaries any business opportunities presented or developed by any of them.

SECTION 6. Restrictions on Other Agreements. Neither the Company nor any Shareholder shall enter into or agree to be bound by any voting trust, voting agreement or any shareholder agreement or arrangements of any kind, written or otherwise, with any person with respect to the Common Shares on terms inconsistent with the provisions of this Agreement (whether or not such agreements and arrangements are with other Shareholders or holders of Common Shares that are not parties to this Agreement).

SECTION 7. Financial Statements and Other Information. (a) The Company shall furnish or shall cause to be furnished to each Shareholder the following information at the following times:

(i) with respect to each fiscal quarter of the Company, no later than 45 days after the end of such quarter, a consolidated summary balance sheet, income statement and cash flow statement as of the end of and for such quarter and the comparable quarter of the preceding fiscal year together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such quarter;

(ii) accompanying the financial information to be delivered pursuant to clause (a)(i) above, a certificate, executed by the principal financial officer of the Company, stating that such information was prepared in accordance with U.S. generally accepted accounting principles consistently applied, with such exceptions as are set forth in detail in such certificate; and

(iii) with respect to each full fiscal year of the Company, no later than 90 days after the end of such year, a consolidated balance sheet, income statement and cash flow statement as of the end of and for such year prepared in accordance with U.S. generally accepted accounting principles consistently applied and accompanied by a signed audit report by a nationally recognized accounting firm, together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such year.

(b) The Company shall, and shall cause its Subsidiaries to, (1) permit each Shareholder during normal business hours to visit and inspect any of its properties and those of its Subsidiaries, including books and records (and, prior to an initial public offering only, make copies thereof), (2) make appropriate officers and directors of the Company and its Subsidiaries available periodically for consultation with such Shareholder with respect to matters relating to the respective business and affairs of the Company and its Subsidiaries, including, without limitation, significant changes in management personnel and compensation of employees, introduction of new products or new lines of business, important acquisitions or dispositions of plants and equipment, significant research and development programs, the purchasing or selling of important licenses, trademarks or concessions, and the proposed commencement or compromise of significant litigation and (3) consider the recommendations of such Shareholder in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Company and its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement the Company may, as a condition to the rights of any Shareholder under this Section 7, require such Shareholder to execute and deliver a confidentiality agreement in commercially reasonable form covering all non-public information conveyed to such Shareholder.

SECTION 8. Board of Directors; Committees. (a) On and after the Closing Date and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of the Common Shares held by such Shareholder, to cause the Board of Directors of the Company to consist at all times of seven directors, and to vote in favor of three individuals designated by White Mountains to be members of such Board of Directors. Following an initial public offering, the number of individuals designated by White Mountains for whom the Shareholders shall be obligated to vote as members of the Board of Directors of the Company shall be reduced to two, so long as White Mountains owns, directly or indirectly, Common Shares, including Common Shares issuable upon exercise of outstanding Warrants (whether or not currently exercisable), at least 20% of the outstanding Common Shares (assuming for this

purpose the exercise of all outstanding Warrants), and such number shall be further reduced to one if White Mountains' ownership (as calculated in the preceding clause) is less than 20% but at least equal to 10%. If such ownership falls below 10%, no Shareholder shall have any further obligations under this Section 8(a). White Mountains hereby designates David Foy, John Gillespie and John J. Byrne as its designees for the Board of Directors of the Company, which designation shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(b) On and after the Closing Date, and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of Common Shares held by such Shareholder, to cause one or more individuals designated by White Mountains to be appointed by the Board of Directors as Chairman of the Board, and to be appointed chairman of any audit committee, finance committee or compensation committee of the Board. White Mountains hereby designates David Foy as its designee to be Chairman of the Board, David Foy to be chairman of the audit committee, John Gillespie to be chairman of the finance committee and David Foy to be chairman of the compensation committee, which designations shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(c) Notwithstanding anything to the contrary contained in this Section 8, this Section 8 shall be subject to applicable law and any applicable regulations of governmental entities and self-regulatory organizations.

SECTION 9. Further Action. Each Shareholder shall, for so long as such Shareholder owns any Common Shares or Warrants, (i) take any and all action (on a timely basis) necessary to carry out the intentions of the Shareholders set forth in this Agreement, including voting (or causing the voting of), all Common Shares held by such Shareholder in favor of any necessary amendment to the Certificate of Incorporation or the By-laws of the Company and (ii) refrain from taking any wilful action knowingly inconsistent with this Agreement including, without limitation, voting (or causing the voting of) any Common Shares held by such Shareholder in a manner inconsistent with this Agreement.

SECTION 10. Term. This Agreement shall terminate upon the first to occur of

(a) an Initial Public Offering,

(b) the consent of the Company and all Shareholders who are parties to this Agreement that the Agreement be terminated,

(c) any transaction with any Person pursuant to which shares or other securities of such Person are exchanged or substituted for all the Common Shares, provided that the shares or securities of such Person issued to the Shareholders are registered under the Securities Act and applicable U.S. state securities laws and listed on a U.S. national securities exchange or on NASDAQ; provided, however, that the Shareholders receive freely tradable shares or securities, other than any limits on transfer

arising from any Shareholder's status as an affiliate (as such term is used in the Securities Act and the rules thereunder), of such Person or the Company; and provided further, however, that all Shareholders that are subject to such limits on transfer described in the preceding proviso receive registration rights entitling such Shareholders to request registration of the shares or securities received,

(d) the liquidation or dissolution of the Company or

(e) the tenth anniversary of the date of this Agreement; provided, however, that

(i) in the case of termination pursuant to clauses (a) or (b),

(A) the provisions of Section 3 (other than the proviso in Section 3(d)(xi) and Section 3(e)) shall survive until the earlier of (x) the occurrence of an event described in clause (d) above and (y) the tenth anniversary of the termination of this Agreement, in each case to the extent that the rights under such provisions have not theretofore been exercised;

(B) the last two sentences of Section 2(a) shall survive any Initial Public Offering as set forth therein;

(C) the second sentence of Section 2(a) and the entirety of Section 2(b) shall survive until the first anniversary of the initial closing of the Initial Public Offering, and

(ii) in any case the proviso in Section 3(d)(xi) and the provisions of Sections 3(e), 5.8(a), 9.10, 1l(b) and 12 through 22 shall survive the termination of this Agreement indefinitely.

SECTION 11. Additional Matters.

(a) No Inconsistent Agreements. The Company shall not grant registration rights other than those granted under this Agreement, with respect to the Common Shares or any other securities of the Company, which are more favorable than the registration rights contained in this Agreement without the prior written consent of Shareholders holding at least two-thirds of the outstanding Common Shares then held by all of the Shareholders who are parties to this Agreement (assuming for this purpose the exercise of all outstanding Warrants). Without limiting the generality of the foregoing, in no event shall the holders of such other registration rights have priority over Shareholders with respect to the inclusion of their securities in any registration or takedown (it being understood that such other registration rights may be pari passu with the registration rights granted under this Agreement with respect to registrations or takedowns).

(b) VCI Status. To the extent that any Shareholder is subject to such regulations, the Company shall reasonably cooperate with such Shareholder to provide to

such Shareholder such rights of consultation as may be required pursuant to regulations, advisory opinions or announcements issued after the date of this Agreement by the United States Department of Labor or by a court of competent jurisdiction in order for such Shareholder's investment in the Company to continue to qualify as a "Venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i). Notwithstanding anything to the contrary in this Agreement, Section 7(b) hereof shall survive any Initial Public Offering with respect to any Shareholder who is a party to this Agreement as of the date hereof as long as such Shareholder holds any Common Shares purchased under its Subscription Agreement, if and only to the extent that such Shareholder establishes, to the reasonable satisfaction of the Company, that such survival is necessary in order for such Shareholder's investment in the Company to qualify as a "Venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i).

SECTION 12. Amendments. Neither this Agreement nor any provision hereof may be amended except by an instrument in writing signed by the Company and Shareholders holding at least two-thirds (or such higher percentage as may be required by any provision which is the subject of a proposed amendment) of the outstanding Common Shares then held by all of the Shareholders who are parties to this Agreement (assuming for this purpose the exercise of all outstanding Warrants). Any amendment approved in the foregoing manner will be effective as to all Shareholders. For the avoidance of doubt, the addition or deletion of any Person as a party hereto in accordance with the terms hereof shall not constitute an amendment hereof.

SECTION 13. Waiver and Consent. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach, and no failure by any party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

SECTION 14. Recapitalization, Exchanges, etc. Except as expressly provided otherwise herein, the provisions of this Agreement shall apply to the full extent set forth herein with respect to shares or other securities in the Company or any other Person that may be issued in respect of, in exchange for, or in substitution of the Common Shares or the Warrants.

SECTION 15. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed, unless otherwise specified herein, to have been duly given if sent by hand, mail, courier service, cable, telex, facsimile or other mode of representing words in a legible and non-transitory form (a) if to the Shareholders, at their respective addresses in the Register of Shareholders of the Company or at such other address as any of the Shareholders may have furnished to

the Company in writing, and (b) if to the Company, at 370 Church Street, Guilford, Connecticut 06437, Attention: Reid Campbell, Treasurer, Telephone: 203-458-2380, Facsimile: 203-458-0754, or such other address as the Company may have furnished to the Shareholders in writing.

All such communications shall be deemed to have been given, delivered or received when so received, if sent by hand, cable, telex, facsimile or similar mode, on the next Business Day after sending if sent by Federal Express or other similar overnight delivery service, on the fifth Business Day after mailing if sent by mail and otherwise on the actual day of receipt.

SECTION 16. Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, the non-breaching parties would be irreparably harmed and could not be made whole by monetary damages. Accordingly, each of the parties hereto agrees that the other parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled, subject to applicable law, to compel specific performance of this Agreement.

SECTION 17. Entire Agreement. This Agreement (including any schedules, annexes or other attachments hereto) and all Subscription Agreements and any other agreements delivered at the Closing with respect to the subject matter hereof constitute the entire agreement between the parties hereto and supersede all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

SECTION 18. Severability. To the fullest extent permitted by applicable law, any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without invalidating the remaining provisions hereof or affecting the validity, unenforceability or legality of such provision in any other jurisdiction.

SECTION 19. Binding Effect; Benefit. Except for Section 3(c)(i) hereof, which shall be enforceable by the underwriters referred to therein, nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties hereto, and their respective successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 20. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective successors, legal representatives and permitted assigns. Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Shareholder except in connection with a Transfer of Common Shares or Warrants permitted hereunder, in which case, subject to the next sentence, the rights and obligations hereunder shall be transferred pro rata. No such assignment shall be effective unless the assignee shall execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by this Agreement (or the surviving provisions hereof).

SECTION 21. Interpretation. The Table of Contents and the Headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement. All references herein to Sections, subsections, clauses and Schedules shall be deemed references to such parts of this Agreement, unless the context otherwise requires. All pronouns and any variations thereof refer to the masculine, feminine or neuter, as the case may require. The definitions of terms in this Agreement shall be applicable to both the singular and plural forms of the terms defined where either such form is used in this Agreement. Whenever the words "include", "includes" and "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "herein", "hereof, and "hereunder", and other words of similar import, refer to this Agreement as a whole and not to any particular Section, Subsection, or clause.

SECTION 22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

SECTION 23. Applicable Law. The validity of this Agreement, its construction, interpretation and enforcement, and the rights of the parties hereunder, shall be determined under, governed by and construed in accordance with the laws of New York. Each party hereto agrees that any suit, action or other proceeding arising out of this Agreement may be brought and litigated in the appropriate Federal and state courts of the State of New York and each party hereto hereby irrevocably consents to personal jurisdiction and venue in any such court and hereby waives any claim it may have that such court is an inconvenient forum for the purposes of any such suit, action or other proceeding. The Shareholders and the Company each hereby irrevocably designates and appoints CT Corporation with offices on the date hereof at 111 Eighth Avenue, New York, NY 10011, and its successors, as its agent to receive, accept or acknowledge for or on behalf of it, service of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court. Each Shareholder acknowledges that CT Corporation will transmit services of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court to such Shareholder's address as shown in the stock transfer books of the Company from time to time. Each Shareholder further irrevocably consents to the service of any and all legal process, summonses, notices and documents by the mailing of copies thereof by registered or certified air mail, postage prepaid, to such party at the address of such party as shown in the stock transfer books of the Company from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

Wellington Management Company, LLP
as investment adviser on behalf of the client accounts listed on Schedule A

By /s/ Julie A. Jenkins
Name: Julie A. Jenkins
Title: Vice President and Counsel

April 8, 2004

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

LEMMING CAPITAL PARTNERS

By /s/ Vincent J. Dowling Jr.
Name: Vincent J. Dowling Jr.
Title: Managing Member

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Jeffrey P. Hughes
Name: Jeffrey P. Hughes
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/
Name:
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ William Spiegel
Name: William Spiegel
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Gene Lee
Name: Gene Lee
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Alath Dalal
Name: Alath Dalal
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

CHOU ASSOCIATES MANAGEMENT INC.

By /s/ Francis Chou
Name: Francis Chou
Title: President

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Roger K. Taylor
Name: Roger K. Taylor
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Randall H. Talbot
Name: Randall H. Talbot
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Terry L. Baxter
Name: Terry L. Baxter
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Roger F. Harbin
Name: Roger F. Harbin
Title:

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

By /s/ Robert E Snyder
Name: Robert E Snyder
Title: Trustee
R E SNYDER & CO, Profit Sharing Plan

[Signature Page to Shareholders Agreement]

Exhibit 9.3

EXECUTION VERSION

SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT (this "Agreement"), dated as of April 16, 2004, is among Occum Acquisition Corp., a Delaware corporation (the "Company"), and each of the Persons listed on Schedule 1 hereto and any future security holder of the Company that becomes a party to this Agreement (each, a "Shareholder" and collectively the "Shareholders").

The authorized share capital of the Company consists of 15,000,000 shares, par value U.S. $0.01 per share (collectively or any number thereof, the "Common Shares"). Each of the Shareholders has subscribed to purchase Common Shares and desires to promote the interests of the Company and the mutual interests of the Shareholders by establishing herein certain terms and conditions upon which the Common Shares (including Common Shares issued upon conversion, exchange or exercise of any portion, warrant or other security) will be held, including provisions restricting the transfer of Common Shares, providing certain registration rights and providing for certain other matters.

In consideration of the mutual covenants and agreements hereinafter contained, the Company and the Shareholders hereby agree as follows:

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to them in the Subscription Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person. Without limiting the generality of the foregoing, the term "Affiliate" shall include an investment fund managed by such Person or by a Person that directly or indirectly Controls, is Controlled by or is under common Control with such Person.

"Agreement" shall have the meaning given such term in the first paragraph of this Agreement.

"Berkshire" shall mean Berkshire Hathaway Inc., a Delaware corporation, or any successor entity thereto.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day except a Saturday, Sunday or other day on which banks in New York City are authorized or obligated by law or executive order to close.

"By-laws" shall mean the By-laws of the Company as in effect from time to time.

"Closing Date" shall mean the dates for the closing of the sale of up to 11,000,000 Common Shares by the Company pursuant to the several Subscription Agreements.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Commission" shall mean the U.S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative to the foregoing.

"day" shall mean a calendar day.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, or any U.S. federal statute then in effect that has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Founders" shall mean White Mountains and Berkshire. A "Founder" shall mean either one of them.

"Initial Public Offering" shall mean the completion, whether by the Company or by any Shareholders, of an underwritten public offering of the Common Shares pursuant to a registration statement filed under the Securities Act resulting in aggregate net proceeds, together with any such underwritten public offering previously completed, of not less than U.S.$ 125 million, or (ii) the completion by the Company of a merger, acquisition or comparable business combination transaction in connection with which the Company has issued Common Shares pursuant to a registration statement filed under the Securities Act on Form S-4, which shares have any aggregate value, based on the average closing price of such shares during the five trading days after completion of such transaction, of not less than U.S.$125 million; and "initial public offering" shall mean the completion, whether by the Company or any Shareholders, of the initial public offering of the Common Shares pursuant to a registration statement filed under the Securities Act, regardless of the amount of net proceeds from such offering or the issuance of Common Shares in connection with a merger, acquisition or comparable business combination transaction pursuant to a registration statement on Form S-4 filed under the Securities Act.

"NASD" shall mean the U.S. National Association of Securities Dealers, Inc. or any successor organization.

"NASDAQ" shall mean The Nasdaq National Market or any successor quotation system.

"Offering" shall mean the offering and sale of up to 11,000,000 Common Shares pursuant to the several Subscription Agreements.

"Person" shall mean an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

"Registrable Securities" shall mean (i) Common Shares (including any Common Shares issuable on exercise of the Warrants) issued on the Closing Date to the Shareholders, (ii) the Warrants and (iii) any securities of the Company issued successively in exchange for or in respect of any of the foregoing, whether as a result of any successive stock split or reclassification of, or stock dividend on, any of the foregoing or otherwise; provided, however, that such securities shall cease to be Registrable Securities if and when (A) a registration statement with respect to the disposition of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement, (B) such securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Registrable Securities relating to restrictions on the transferability thereof under the Securities Act is removed by the Company, (C) such securities are eligible to be sold pursuant to paragraph (k) of Rule 144, (D) such securities have ceased to be outstanding or (E) as of any time, in the reasonable judgment of the Company, such securities would be eligible for sale pursuant to Rule 144 under the Act (without giving effect to the provisions of Rule 144 (k)) in the 90-day period following such time. Notwithstanding clauses (C) and (E) above, Common Shares shall continue to be deemed Registrable Securities until such time as the holder of such Common Shares could sell all of such holder's Registrable Securities pursuant to clause (C) or (E) above.

"Registration Expenses" shall mean all expenses incident to the Company's performance of or compliance with its obligations under Section 3, including all Commission, NASD and stock exchange or NASDAQ registration and filing fees and expenses, fees and expenses of compliance with applicable state securities or "blue sky" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities), printing expenses, messenger and delivery expenses, fees and disbursements of any custodian, the fees and expenses incurred in connection with the listing of the securities to be registered in an initial public offering on each securities exchange or automated quotation system on which such securities are to be so listed and, following such initial public offering, the fees and expenses incurred in connection with the listing of such securities to be registered on each securities exchange or automated quotation system on which such securities are listed, fees and disbursements of counsel for the Company and all independent certified public accountants (including the expenses of any annual audit and "cold comfort" letters required by or incident to such performance and compliance), the

fees and disbursements of underwriters customarily paid by issuers or sellers of securities (including the fees and expenses of any "qualified independent underwriter" required by the NASD), the reasonable fees of one counsel retained in connection with each such registration by the holders of a majority of the Registrable Securities being registered, the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, and fees and expenses of other Persons retained by the Company (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of Registrable Securities by holders of such Registrable Securities other than the Company).

"securities" shall have the meaning given to such term under the Securities Act.

"Securities Act" shall mean the U.S. Securities Act of 1933 or any U.S. federal statute then in effect which has replaced such statute, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such replacement federal statute.

"Shareholder" shall have the meaning given to such term in the first paragraph of this Agreement.

"Subscription Agreement" shall mean all and each of the Subscription Agreements, dated as of various dates on or before the date hereof, between the Company and each of the Investors (as defined therein) for the purchase and sale of Common Shares in the Offering.

"Subsidiary" shall mean any corporation, limited liability company or other Person of which shares of stock or other ownership interests having a majority of the general voting power (without regard to the occurrence of any contingency) in electing the Board of Directors thereof or other Persons performing a similar function are, at the time as of which any determination is being made, owned by the Company either directly or through its Subsidiaries and any partnership in which the Company or any Subsidiary is a general partner.

"Transfer" shall mean to sell, assign or otherwise transfer an interest, in whole or in part, whether voluntarily or involuntarily or by operation of law or at a judicial sale or otherwise; provided, however, that Transfer shall not include the bona fide pledge of Common Shares or Warrants in connection with a loan by a financial institution or any transfer back to the pledgor by the pledgee of such Common Shares or Warrants following the termination of any such bona fide pledge.

"U.S." shall mean the United States of America and dependent territories or any part thereof.

"Warrant Shares" shall mean any Common Shares issuable upon exercise of the Warrants.

"Warrants" shall mean those Warrants to be issued to White Mountains and Berkshire pursuant to the Warrant Issuance Agreements (as defined in the Subscription Agreement).

"White Mountains" shall mean White Mountains Re Group, Ltd., a company existing under the laws of Bermuda, or any successor entity thereto.

SECTION 2. Transfer of Shares or Warrants. (a) General. No Shareholder shall Transfer any Common Shares other than

(i) to one or more third parties after having complied with Section 2(b) hereof, if applicable,

(ii) in connection with the exercise of its tag-along rights under Section 2(b) hereof,

(iii) in connection with the Founders' exercise of drag-along rights under Section 2(c) hereof or any other transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares,

(iv) in the case of any Shareholder that is an individual, to any one or more of such Shareholder's spouse or lineal relatives, or to any custodian or trust for the benefit of any of the foregoing,

(v) to any Affiliate of such Shareholder,

(vi) in the case of any Shareholder that is a partnership, corporation or limited liability company, as a distribution to the partners, shareholders or members thereof,

(vii) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof or

(viii) following an initial public offering, pursuant to Rule 144 (or any successor provision) under the Securities Act.

No Shareholder shall Transfer any Warrants, other than (i) to one or more third parties (including other Shareholders or the Company) after complying with Section 4 of the Warrants, (ii) in connection with any transaction with any Person approved by the Board and Shareholders in accordance with the Certificate of Incorporation and By-laws pursuant to which cash, shares or other securities of such Person are exchanged or substituted for all the Common Shares, (iii) to any Affiliate of such Shareholder or (iv) in connection with the exercise by such Shareholder of its registration rights under Section 3 hereof; provided, however, that a Transfer pursuant to clauses (i) or (iv) above may not be made until the earliest of (A) the third anniversary of the date of this Agreement, (B) such time as the Shareholders (other than the Founders)

who are party to this Agreement as of the date hereof own less than 50% of the Common Shares initially acquired pursuant to their respective Subscription Agreements or (C) the first anniversary of the initial closing of an Initial Public Offering; provided further, however, that at any time each of White Mountains and Berkshire (and any Affiliate of White Mountains or Berkshire to whom Warrants have been Transferred pursuant to clause (iii) above) may Transfer Warrants to each other.

Notwithstanding any other provision of this Agreement, no Transfer may be made in violation of any provision or any requirement of the U.S. securities laws. Each Shareholder agrees that it will not seek to evade the restrictions on transfer set forth in this Section 2 by Transferring Common Shares or Warrants to an Affiliate and thereafter transferring beneficial ownership of the Affiliate, as part of a unified plan to avoid such restrictions. If any Shareholder wishes to Transfer any of its Common Shares or Warrants to another Person (a "Transferee") other than any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) (A) by subsection (iii), (vii) or (viii) of the first sentence of this Section 2(a), (B) by subsection (vi) of the first sentence of this Section 2(a) if at the time of such Transfer such Shareholder would be permitted to transfer its Common Shares pursuant to (x) subsection (viii) of the first sentence of this Section 2(a) and (y) Rule 144(k) under the Securities Act or (C) by subsection (ii) or (iv) of the second sentence of this Section 2(a), such Shareholder shall, as a condition of such Transfer, require the Transferee to execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by all of the provisions hereof. The preceding sentence shall survive an Initial Public Offering until the date that is 18 months following the initial closing of such Initial Public Offering.

(b) Tag-Along Rights. (i) If, at any time, one or more Shareholders (the "Selling Shareholders") propose to Transfer to any Person or group of Persons (the "Proposed Purchaser") in any transaction or series of related transactions a number of Common Shares equal to (x) prior to an Initial Public Offering, 5% or more of the then outstanding Common Shares, and (y) following an Initial Public Offering, 10% or more of the then outstanding Common Shares, the Selling Shareholders shall afford each other Shareholder the opportunity to participate proportionately in such Transfer in accordance with this Section 2(b). At least 20 days prior to the date proposed for such sale, the Selling Shareholders shall give notice to the Company, which shall provide a copy to each other Shareholder with a notice of the proposed Transfer, stating such Selling Shareholders' intent to make such sale, the number of Common Shares proposed to be transferred, the kind and amount of consideration to be paid for such Common Shares and the name of the Proposed Purchaser (the "Purchase Offer"). Each other Shareholder shall have the right to Transfer to the Proposed Purchaser a number of Common Shares equal to such Shareholder's Allotment. Such Shareholder's "Allotment" shall be equal to (A) the total number of Common Shares proposed to be Transferred by the Selling Shareholders multiplied by (B) a fraction, the numerator of which is the number of Common Shares then owned by such Shareholder and the denominator of which is the total number of Common Shares then outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (i), the exercise of all then outstanding Warrants).

(ii) Each Shareholder shall have 10 days from the receipt of the Purchase Offer in which to accept such Purchase Offer by written notice to the Selling Shareholders. Contemporaneously with the sale by the Selling Shareholders, each other Shareholder so electing to participate shall, on the date of the closing, sell the Common Shares indicated in its written notice for the same consideration and on the same terms as those provided by the Proposed Purchaser to the Selling Shareholders as specified in the Purchase Offer.

(iii) Notwithstanding the foregoing, this Section 2(b) shall not apply to any Transfer permitted (or, in the event that such provisions shall have terminated in accordance with Section 10 hereof, that would have been permitted) by subsections (iii) through (viii) of the first sentence of Section 2(a) hereof.

(c) Drag-Along Rights. If, at any time, the Founders jointly propose to transfer all of the Common Shares owned by the Founders in a single transaction to a third party (the "Proposed Acquiror") pursuant to a Qualified Sale (as defined below), and the Board of Directors of the Company has approved such Qualified Sale, the Founders may cause to be included in such Qualified Sale all, but not less than all, of the Common Shares held by each of the other Shareholders by providing to each such other Shareholder a notice (a "Qualified Sale Notice") of the proposed Qualified Sale at least 20 days prior to the date proposed for such Qualified Sale, stating the identity of the Proposed Acquiror, the kind and amount of consideration proposed to be paid for the Common Shares to be purchased by the Proposed Acquiror and the other material terms of such Qualified Sale. For purposes of determining the number of Common Shares outstanding pursuant to the immediately preceding sentence, Common Shares issuable upon the exercise of Warrants, options or other rights to acquire Common Shares, or upon the conversion or exchange of any security outstanding as of the time of delivery of the Qualified Sale Notice, shall not be deemed to be outstanding.

In the event the Founders so provide a Qualified Sale Notice with respect to a Qualified Sale, each other Shareholder shall (i) be obligated to transfer all of the Common Shares owned by such Shareholder to the Proposed Acquiror on the terms and conditions set forth in the Qualified Sale Notice and (ii) execute and deliver such instruments of conveyance and transfer and take such other action, including voting such Shareholder's Common Shares in favor of such Qualified Sale and executing any purchase agreements, merger agreements, indemnity agreements, escrow agreements or related documents, as the Founders or the Proposed Acquiror may reasonably require in order to carry out the terms and provisions of this Section 2(c); provided, however, that such instruments of conveyance and transfer and such purchase agreements, merger agreements, indemnity agreements, escrow agreements and related documents shall not include any representations or warranties of such Shareholder except such representations and warranties as are ordinarily given by a seller of securities with respect to such seller's authority to sell, enforceability of agreements against such seller, such seller's good title in such securities and the good title in such securities to be acquired at closing by the Proposed Acquiror, provided further, however, that any indemnity provision included in any such instrument, agreement or related document shall only indemnify the Proposed

Acquiror with respect to breaches of such representations and warranties by such Shareholder, without any obligation or liability for contribution.

The term "Qualified Sale" means a sale by the Founders to a third party which is not an Affiliate of the Company or any Shareholder that meets all of the following requirements:

(i) the Common Shares owned in the aggregate by the Founders (assuming for this purpose the exercise of all outstanding Warrants) to be sold in such sale equals or exceeds 25% of the total outstanding Common Shares (assuming for this purpose the exercise of all outstanding Warrants), (ii) the terms of such sale were negotiated between the Founders and such unaffiliated third party (or on their behalf by their respective agents or representatives) on a bona fide arm's-length basis,

(ii) the terms of such sale provide that the sale of Common Shares pursuant thereto by each Shareholder that is not a Founder shall be made for the same type and amount of consideration for each such Common Share sold as is to be received by each Founder for each Common Share sold (except with respect to Electing Shareholders as set forth below) and, subject to the provisos in the third sentence of this Section 2(c), in all other respects in a manner such that each term and condition applicable to such Shareholder is identical to, or no less favorable than, each corresponding term and condition applicable to either Founder; and

(iii) either (A) the consideration to be received by each Shareholder pursuant to such Qualified Sale is solely cash or (B) effective provision is made such that at the closing of such Qualified Sale each Electing Shareholder (as defined below) will receive the Cash Equivalent (as defined below) of any consideration other than cash proposed to be paid pursuant to the terms of such Qualified Sale.

An "Electing Shareholder" is a Shareholder (other than a Founder) that gives written notice, at least 10 days prior to the date proposed for a Qualified Sale, to the Selling Shareholders that provided the Qualified Sale Notice of such Shareholder's election to receive the Cash Equivalent of any non-cash consideration proposed to be paid pursuant to the terms of such Qualified Sale.

The term "Cash Equivalent" means an amount in cash equal to the fair market value (as determined by a qualified appraiser with experience in the appraising of properties and businesses in the relevant industry, to be selected by the mutual agreement of the interested parties) of non-cash consideration to be paid in a Qualified Sale; provided, however, that if no agreement can be reached, then any such interested party may apply to the American Arbitration Association for the appointment of an appraiser meeting the requirements of the preceding sentence, and any such appointment shall be binding upon the parties; provided further, however, that in the event that such non-cash consideration consists of publicly traded securities, then, in lieu of using an appraiser, the fair market value of such non-cash consideration shall equal the average closing price of

the publicly traded security for the 10 Business Days ending on the trading day immediately preceding the closing of the Qualified Sale. Any such appraiser shall be required to report its appraisal in writing, within 60 days of its appointment, to each interested party.

(d) Preemptive Rights. (A) Grant of Preemptive Rights. If the Company shall, prior to an Initial Public Offering, issue, sell or distribute to any Shareholder any equity securities of the Company, or any option, warrant, or right to acquire, or any security convertible into or exchangeable for, any equity securities of the Company (other than (i) pursuant to an underwritten offering pursuant to an effective registration statement under the Securities Act, (ii) pursuant to a dividend or distribution upon the Common Stock of stock or other equity securities of the Company, (iii) in connection with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person or (iv) Warrant Shares) (any equity securities of the Company or options, warrants, rights to acquire or securities convertible into or exchangeable for equity securities of the Company, the issuance of which is not covered by clauses (i) through (iv) above, being "New Securities"), each Shareholder shall be entitled to participate in such issuance, sale or distribution for up to such number of New Securities (such number being such Shareholder's "Preemptive Allotment") as is equal to (x) the total number of New Securities proposed to be issued, sold or distributed by the Company multiplied by (y) a fraction, the numerator of which is the number of Common Shares owned by such Shareholder and the denominator of which is the total number of Common Shares outstanding (assuming, for purposes of all calculations of outstanding Common Shares in this clause (y), the exercise of all outstanding Warrants.)

(B) Company Notice; Procedures for Exercise of Preemptive Rights. If the Company proposes to issue any New Securities, the Company shall, at least 20 days prior to consummating the issuance of the New Securities, give written notice (the "Company Notice") to the Shareholders, stating the number of New Securities, the price per New Security, the terms of payment and all other terms and conditions on which the issuer proposes to make such issuance. In order for a Shareholder to exercise its preemptive rights under this Section 2(d), such Shareholder must give written notice to the Company within 10 days after the receipt of the Company Notice, stating the number of New Securities that such Shareholder desires to purchase (which number shall not be greater than such Shareholder's Preemptive Allotment).

(C) Re-Set of Preemptive Rights. If no option is exercised pursuant to this Section 2(d) for any of the New Securities within 10 days after receipt of the Company Notice (or if the option is exercised in the aggregate for less than all of the New Securities), the Company shall be free for a period of 180 days thereafter to sell the New Securities as to which such option has not been exercised to the proposed offerees at no less than the sale price set forth in the Company Notice and on terms and conditions that are no more favorable to the proposed offerees than those offered to the Shareholders. If, however, at the

expiration of such 180-day period, such New Securities have not been issued in accordance with the terms set forth in the Company Notice, then any other issuance or proposed issuance thereof shall be subject to all of the provisions of this Agreement and such shares shall not be issued without the Company again offering its shares in the manner provided in this Section 2(d).

SECTION 3. Registration Rights. The Shareholders shall have the right to have their Registrable Securities registered under the Securities Act and applicable U.S. state securities laws, and the Company shall then have the related obligations, in accordance with the following provisions.

(a) Registration on Request. (i) At any time (x) after the third anniversary of the date of the Closing, upon the written request of Shareholders holding in the aggregate 40% of all Registrable Securities then held by Shareholders (assuming for this purpose exercise of all outstanding Warrants) or (y) after an initial public offering, upon the written request of Shareholders holding in the aggregate 10% of all Registrable Securities then held by Shareholders (assuming for this purpose the exercise of all outstanding Warrants) (such Shareholders being referred to as the "Requesting Holders"), the Requesting Holders may request that the Company either (i) effect the registration under the Securities Act for an underwritten public offering of all or part of the Registrable Securities held by them (the "Single Registration Option"), (ii) effect the registration of all or any of their Registrable Securities by filing a registration statement under the Securities Act (the "Shelf Registration Statement") which provides for the sale by the Requesting Holders of their Registrable Securities from time to time in underwritten public offerings pursuant to Rule 415 under the Securities Act (the "Shelf Option"), or (iii) permit the sale of Registrable Securities that are already included in an effective Shelf Registration Statement pursuant to an underwritten public offering (the "Takedown Option"); provided, however, that the Requesting Holders may not elect the Shelf Option or the Takedown Option if the request thereunder is in connection with or would constitute an initial public offering.

Upon receipt of such request, the Company will promptly give written notice to all other holders of Registrable Securities (the "Other Holders") that a request for registration or for a takedown has been received. For a period of 10 days (or two Business Days in the case of a Takedown Option request) following receipt of such notice, the Other Holders may request that the Company also register their Registrable Securities (or include Registrable Securities in such takedown) and the Company may determine to include its authorized and unissued securities in such registration or takedown. The failure of any Other Holder to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration statement or takedown. After the expiration of such 10-day period or two-Business Day period, as the case may be, the Company shall notify all holders of the number of Registrable Securities to be registered or included. Subject to the provisions of this Section 3, in the case of either the Single Registration Option or the Shelf Option, the Company shall use its reasonable best efforts to cause the prompt registration under the Securities Act of (A) the Registrable Securities that the Requesting Holders and the Other Holders have requested

the Company to register, and (B) all other securities that the Company has determined to register, and in connection therewith will prepare and file a registration statement under the Securities Act to effect such registration. Such registration statement shall be on such appropriate registration form of the Commission as shall be selected by the Company, and such selection shall be reasonably acceptable to the holders of a majority of the aggregate Registrable Securities to be sold by the Requesting Holders. Subject to the provisions of this Section 3, in the case of a Takedown Option, the Company shall use its reasonable best efforts to cause all Registrable Securities so requested to be included in such underwritten public offering and shall prepare and file any prospectus supplement reasonably necessary to effectuate a takedown.

Notwithstanding the foregoing, the Company will not be required to file a registration statement or proceed with a takedown in any of the following situations:

(1) the Registrable Securities of Requesting Holders to be offered pursuant to such request do not have an aggregate offering price of at least U.S. $50 million in the case of an initial public offering or U.S. $25 million with respect to any subsequent offering (based on the then current market price or, in the case of an initial public offering, the aggregate offering price proposed to be set forth on the cover page of the registration statement);

(2) during any period (not to exceed 60 days with respect to each request) when the Company has determined to proceed with a public offering and, in the judgment of the managing underwriter thereof, the requested filing would have an adverse effect on the public offering; provided that the Company is actively employing in good faith all reasonable efforts to cause such public offering to be consummated;

(3) during any period (not to exceed 60 days with respect to each request) when the Company is in possession of material non-public information that the Board determines is in the best interest of the Company not to disclose publicly; or

(4) to the extent required by the managing underwriter in an underwritten public offering, during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, following the effectiveness of any previous registration statement filed by the Company.

The right of the Company not to file a registration statement or proceed with a takedown pursuant to paragraphs (2) and (4) above may not be exercised more than once in any twelve-month period, and pursuant to paragraph (3) above may not be exercised more than twice in any twelve-month period.

Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in a takedown may, at any time prior to the effective date of the registration statement relating to such registration or the execution of an underwriting agreement relating to such takedown, revoke such request, without

liability to any of the other Requesting Holders or the Other Holders, by providing a written notice to the Company revoking such request.

(ii) Number of Registrations; Expenses. The Company shall not be obligated to effect more than one registration or takedown of Registrable Securities pursuant to requests from Requesting Holders under this Section 3(a) in the 180-day period immediately following the effective date of the last registration or takedown of Registrable Securities. The Company shall pay all Registration Expenses in connection with the first six registrations and all takedowns that the Requesting Holders request pursuant to this Section 3(a), including expenses in connection with any prospectus supplement reasonably necessary to effectuate a Takedown Option. The Requesting Holders and, if applicable, the Other Holders that requested that their Registrable Securities be registered and the Company shall pay all Registration Expenses in connection with later registrations pursuant to this Section 3(a) pro rata according to the number of Registrable Securities registered by each of them pursuant to such registration. However, in connection with all registrations and all takedowns, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to this Section 3(a). If the first request hereunder is in connection with or would constitute an initial public offering, the Registrable Securities shall be offered pursuant to a firm commitment underwriting.

(iii) Effective Registration Statement. If the Requesting Holders elect the Single Registration Option in connection with a registration requested pursuant to this Section 3(a), such registration shall not be deemed to have been effected unless the registration statement relating thereto (A) has become effective under the Securities Act and any of the Registrable Securities of the Shareholders included in such registration have actually been sold thereunder, and (B) has remained effective for a period of at least 180 days (or such shorter period in which all Registrable Securities of the Requesting Holders and, if applicable, the Company and the Other Holders included in such registration have actually been sold thereunder); provided, however, that if after any registration statement requested pursuant to this Section 3(a) becomes effective (A) such registration statement is subject to any stop order, injunction or other order or requirement of the Commission or other governmental agency or court solely due to the actions or omissions to act of the Company and (B) less than 75% of all of the Registrable Securities included in such registration have been sold thereunder, then such registration statement shall not constitute a registration of Registrable Securities to be effected by the Company pursuant to Section 3(a)(ii) hereof and the Company shall pay all the Registration Expenses related thereto.

(iv) Selection of Underwriters. If the Requesting Holders elect the Single Registration Option or the Takedown Option, Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown shall have the right to select the lead managing underwriter for the offering; provided, however, that such selection shall be subject to approval by the Company, which approval shall not be unreasonably withheld or delayed; and provided further, that the Company shall have the right to appoint a co-manager in all cases subject to the approval

of Requesting Holders holding a majority of the Registrable Securities requested to be registered or included in such takedown, which approval shall not be unreasonably withheld.

(v) Pro Rata Participation in Requested Registrations or Takedowns. If in connection with a requested registration or takedown pursuant to this Section 3(a), the lead managing underwriter advises the Company, the Requesting Holders and the Other Holders in writing that, in its view, the number of equity securities requested to be included in such registration or takedown exceeds the largest number of securities which can be sold without having an adverse effect on such offering, including the price at which such securities can be sold, the number of Registrable Securities requested to be registered by the Requesting Holders and the Other Holders included by the Company in such registration shall be allocated pro rata (subject to adjustments for tax considerations as provided in Subsection (C) below) among the Requesting Holders and the Other Holders on the basis of the relative number of Registrable Securities then held by them; provided, however, that:

(A) if the Company intends to issue Registrable Securities and to include them in such registration or takedown, the Company's allocation shall first be subject to reduction before the number of Registrable Securities to be registered by the Requesting Holders and the Other Holders is subject to any reduction; and

(B) Requesting Shareholders and Other Holders who become subject to a reduction pursuant to this Section 3(a)(v) in the amount of Registrable Securities to be included in a registration or takedown may elect not to sell any Registrable Securities pursuant to the registration or takedown.

(vi) With respect to any Shelf Registration Statement that has been declared effective and which includes Registrable Securities, the Company agrees to use its reasonable best efforts to keep the Shelf Registration Statement continuously effective and usable for the resale of the applicable Registrable Securities for a period ending on the first date on which all the Registrable Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement, but in no event longer than two years. The foregoing notwithstanding, the Company shall have the right in its reasonable discretion, based on any valid business purpose (including to avoid the disclosure of any material non-public information that the Company is not otherwise obligated to disclose or to coordinate such distribution with other shareholders that have registration rights with respect to any securities of the Company or with other distributions of the Company (whether for the account of the Company or otherwise)), to suspend the use of the applicable Shelf Registration Statement for a reasonable length of time (a "Delay Period") and from time to time; provided, however, that the aggregate number of days in all Delay Periods occurring in any period of twelve consecutive months shall not exceed 90 days; and provided further, however, that the two-year limit referred to above shall be extended by the number of days in any applicable Delay Period. The Company shall provide written notice to each holder of Registrable Securities covered by the Shelf Registration Statement of the beginning and the end of each Delay Period and such holders shall cease all disposition efforts with respect to

Registrable Securities held by them immediately upon receipt of notice of the beginning of any Delay Period.

(b) Incidental Registration. (i) If the Company at any time proposes to register or sell any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (the "Priority Securities") under the Securities Act (other than a registration (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, (B) in connection with any scheme of arrangement, merger or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or any such Affiliate of the shares or substantially all the assets of any other Person, or (C) pursuant to Section 3 (a) hereof) in a manner that would permit registration of Registrable Securities for sale, or the sale in a takedown, to the public under the Securities Act (whether or not for sale for its own account)), including in an initial public offering, it shall each such time, subject to the provisions of Section 3(b)(ii) hereof, give prompt written notice to all holders of record of Registrable Securities of its intention to do so and of such Shareholders' rights under this Section 3(b), at least 10 days (or two Business Days, in the case of a takedown from an effective shelf registration statement) prior to the anticipated filing date of the registration statement relating to such registration or the offering date in the case of a takedown. Such notice shall offer all such Shareholders the opportunity to include in such registration statement or in such takedown such number of Registrable Securities as each such Shareholder may request.

Upon the written request of any such Shareholder made within seven days (or two Business Days in the case of a takedown) after the receipt of the Company's notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Shareholder), the Company shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that the Company has been so requested to register by the Shareholders thereof or to include requested Registrable Securities in a takedown; provided, however, that (A) all holders of Registrable Securities requesting to be included in the Company's registration or takedown must sell their Registrable Securities to the underwriters selected by the Company on substantially the same terms and conditions as apply to the Company (other than provisions relating to the indemnification of underwriters or Shareholders), and (B) if, at any time after giving written notice pursuant to this Section 3(b)(i) of its intention to register any Priority Securities or to proceed with a takedown and prior to the effective date of the registration statement filed in connection with such registration or prior to the execution of an underwriting agreement in connection with a takedown, the Company shall determine for any reason not to register or sell such Priority Securities, the Company shall give written notice to all holders of Registrable Securities and shall thereupon be relieved of its obligation to register any Registrable Securities in connection with such registration or to include requested Registrable Securities in a takedown (without prejudice, however, to rights of Shareholders under Section 3(a) hereof). The failure of any holder of Registrable Securities to affirmatively indicate its intent to include its Registrable Securities in such registration or takedown shall be deemed a waiver of any right to so include such Registrable Securities in such registration or

takedown. Any holder of Registrable Securities requesting to be included in such registration may elect, in writing prior to the effective date of the registration statement filed in connection with such registration, not to register such Registrable Securities in connection with such registration.

No registration or takedown effected under this Section 3(b) shall relieve the Company of its obligations to effect a registration or takedown upon request under Section 3(a) hereof. The Company shall pay all Registration Expenses in connection with each registration or takedown of Registrable Securities requested pursuant to this Section 3(b). However, each Shareholder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Shareholder's Registrable Securities pursuant to a registration statement or takedown effected pursuant to this Section 3(b).

(ii) Priority in Incidental Registrations. If in connection with a registration or a takedown pursuant to this Section 3(b) the managing underwriter advises the Company in writing that, in its good faith view, the number of equity securities (including all Registrable Securities) that the Company and the Shareholders intend to include in such registration or takedown exceeds the largest number of securities that can be sold without having an adverse effect on such offering, including the price at which such Registrable Securities can be sold, the Company will include in such registration or takedown (A) first, all the Priority Securities to be sold for the Company's own account; and (B) second, to the extent that the number of Priority Securities is less than the number of Registrable Securities that the underwriter has advised the Company can be sold in such offering without having the adverse effect referred to above, Registrable Securities requested to be included in such registration or takedown by the Shareholders pursuant to Section 3(b)(i) hereof, pro rata among all Shareholders requesting registration on the basis of the relative number of Registrable Securities then held by them. Shareholders subject to such allocation may elect not to sell any Registrable Securities pursuant to the registration statement or takedown.

(iii) If the Company at any time proposes to effect a public offering in a jurisdiction other than the United States of any Common Shares or any options, warrants or other rights to acquire, or securities convertible into or exchangeable for, Common Shares (other than a public offering (A) relating to shares issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company, or (B) in connection with any merger, reorganization or consolidation by the Company or Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person), the Company and the Shareholders will have the rights and be subject to the obligations agreed in this Section 3(b) to the extent and where applicable.

(c) Holdback Agreements. (i) Each Shareholder agrees, for the benefit of the underwriters referred to below, not to effect any sale or distribution, including any private placement or any sale pursuant to Rule 144 (or any successor provision) under the Securities Act, of any Registrable Securities, other than to an Affiliate or by gift or pro rata distribution to its shareholders, partners or other beneficial holders (in each case,

which agree to be bound by the remaining provisions hereof), and not to effect any such sale or distribution of any other equity security of the Company or of any security convertible into or exchangeable or exercisable for any equity security of the Company, during the 10 days prior to (or, in the case of a takedown, from the time on such day as such Shareholder receives notice of such takedown), and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, after the later of (i) the effective date of any registration statement filed pursuant to Section 3(a) or (b) hereof in connection with an underwritten offering and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriter of such offering, except as part of such registration, if permitted; provided, however, that each holder of Registrable Securities shall have received written notice of such registration from either the Company or the managing underwriter at least two Business Days prior to the anticipated beginning of the 10-day period referred to above. Each Shareholder agrees that it will enter into any agreement reasonably requested by the underwriters of any such underwritten offering to confirm its agreement set forth in the preceding sentence.

(ii) The Company agrees (A) not to effect any public sale or distribution of any of its equity securities or of any security convertible into or exchangeable or exercisable for any equity security of the Company (other than any such sale or distribution of such securities in connection with any merger, reorganization or consolidation by the Company or any Affiliate of the Company or the acquisition by the Company or an Affiliate of the Company of the shares or substantially all the assets of any other Person or in connection with an employee stock ownership or other benefit plan) during the 10 days prior to, and during a period, not to exceed 180 days in the case of the initial public offering or 90 days in the case of all other offerings, which begins on the later of (i) the effective date of such registration statement and (ii) the execution of an underwriting agreement in connection with an underwritten offering, without the consent of the managing underwriters of such offering, and (B) that any agreement entered into after the date hereof pursuant to which the Company issues or agrees to issue any privately placed equity securities shall contain a provision under which the holders of such securities agree not to effect any public sale or distribution of any such securities during the period and in the manner referred to in the foregoing clause (A), including any private placement and any sale pursuant to Rule 144 under the Securities Act (or any successor provision), except as part of such registration, if permitted.

(d) Registration Procedures. In connection with any offering of Registrable Securities registered pursuant to this Section 3, the Company shall:

(i) Promptly prepare and file a registration statement with the Commission within 45 days after receipt of a request for registration pursuant to a Single Registration Option or a Shelf Option, and use its reasonable best efforts to cause such registration statement to become, as soon as practicable, and remain, effective as provided herein; provided, however, that before filing with the Commission a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to one counsel selected by the holders of a majority of the Registrable Securities requested to be registered

copies of all such documents proposed to be filed for such counsel's review and comment (and the Company shall not file any such document to which such counsel shall have reasonably objected in writing on the grounds that such document does not comply (explaining why) in all material respects with the requirements of the Securities Act or the rules or regulations thereunder).

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 180 days in the case of a Single Registration Option, or two years in the case of a Shelf Option, or such shorter period that will terminate when all Registrable Securities covered by such registration statement have been sold (but not before the expiration of the periods referred to in Section 4(3) and Rule 174 of the Securities Act or any successor provision, if applicable), and to prepare and file prospectus supplements to effect sales pursuant to takedowns and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement; provided, however, that the 180-day period referred to above shall be extended by the number of days such registration statement may be subject to a stop order or otherwise suspended.

(iii) Furnish to each holder and each underwriter, if any, of Registrable Securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such registration statement, including each preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as any Shareholder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Shareholder.

(iv) Unless the exemption from state regulation of securities offerings under Section 18 of the Securities Act applies, use its commercially reasonable efforts to register or qualify such Registrable Securities under such other state securities or "blue sky" laws of such jurisdictions as any holder, and underwriter, if any, of Registrable Securities covered by such registration statement reasonably requests; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection (iv), (B) subject itself or any of its Subsidiaries to taxation or regulation (insurance or otherwise) of its or their respective businesses in any such jurisdiction other than the United States, or (C) consent to general service of process in any such jurisdiction.

(v) Use its commercially reasonable efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and its Subsidiaries to enable the holder or holders thereof to consummate the disposition of such

Registrable Securities in accordance with the intended method or methods of distribution thereof.

(vi) Promptly notify each holder of such Registrable Securities, the sale or placement agent, if any, thereof and the managing underwriter or underwriters, if any, thereof (A) when such registration statement or any prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the Blue Sky or securities commissioner or regulator of any state with respect thereto or any material request by the Commission for amendments or supplements to such registration statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or threatening of any proceedings for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(vii) Use its commercially reasonable efforts to obtain as soon as possible the lifting of any stop order that might be issued suspending the effectiveness of such registration statement.

(viii) Promptly notify each holder of such Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event that comes to the Company's attention if as a result of such event the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Company will promptly prepare and furnish to such Shareholder a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(ix) Use its commercially reasonable efforts (A) to cause all such Registrable Securities to be listed on a national securities exchange in the United States or on NASDAQ and, if applicable, on each securities exchange on which similar securities issued by the Company may then be listed, and enter into such customary related agreements including a listing application and indemnification agreement in customary form, and (B) to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement no later than the effective date of such registration statement.

(x) Enter into such customary agreements (including an underwriting agreement or qualified independent underwriting agreement, in each case, in

customary form) and take all such other actions as the holders of a majority of the Registrable Securities requested to be registered or included in a takedown or the underwriters retained by such Shareholders, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities, including customary representations, warranties, indemnities and agreements and preparing for, and participating in, such number of "road shows" and all such other customary selling efforts as the underwriters reasonably request in order to expedite or facilitate such disposition, and to use its commercially reasonable efforts to assist the underwriters in complying with the rules of the NASD (if applicable).

(xi) Make available for inspection, during the normal business hours of the Company, by any holder of Registrable Securities requested to be registered or included in a takedown, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such Shareholder or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate and business documents and documents relating to the properties of the Company and its Subsidiaries (collectively, "Records"), if any, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees and independent auditors, and those of the Company's Subsidiaries, to supply all information and respond to all inquiries reasonably requested by any such Inspector in connection with such registration statement or takedown; provided, that each such Inspector hereby agrees to keep in confidence the contents and existence of any Records that may contain non-public information with respect to the Company or any of its Subsidiaries, except (but only to the extent) as required by applicable law to disclose such non-public information.

(xii) Obtain a "cold comfort" letter addressed to the underwriters and the holders of the Registrable Securities being sold from the Company's appointed auditors in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the underwriters and the holders of a majority in interest of the Registrable Securities being sold reasonably request, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement (and also dated the date of the closing under the underwriting agreement relating thereto).

(xiii) Obtain an opinion of counsel to the Company addressed to the underwriters and the holders of the Registrable Securities being sold in customary form and covering such matters, of the type customarily covered by such an opinion, as the managing underwriters, if any, or as the holders of a majority in interest of the Registrable Securities being sold may reasonably request, addressed to such holders and the placement or sales agent, if any, thereof and the underwriters, if any, thereof, and dated the later of the effective date of such registration statement and the date of the execution of the underwriting agreement

(or also dated the date of the closing under the underwriting agreement relating thereto).

(xiv) Otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to the Shareholders, as soon as reasonably practicable, an earnings statement covering a period of at least twelve months, but not more than eighteen months, beginning with the first full calendar quarter after the effective date of the registration statement (as the term "effective date" is defined in Rule 158(c) under the Securities Act) which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

It shall be a condition precedent to the obligation of the Company to take any action with respect to any Registrable Securities that the holder thereof shall famish to the Company such information regarding such holder, the Registrable Securities and any other Company securities held by such holder as the Company shall reasonably request and as shall be required in connection with the action taken by the Company. The Company agrees not to include in any amendment to any registration statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus used in connection therewith, any reference to any holder of any Registrable Securities covered thereby by name, or otherwise identify such holder as the holder of Registrable Securities, without the consent of such holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law or regulation.

Each holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(d)(viii) or the commencement of a Delay Period described in Section 2(a)(vi) hereof, such Shareholder will forthwith discontinue disposition of Registrable Securities until such Shareholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof or the end of the Delay Period, as the case may be, and, if so directed by the Company such Shareholder will deliver to the Company (at the Company's expense) all copies (including any and all drafts), other than permanent file copies, then in such Shareholder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event that the Company shall give any such notice, the period mentioned in Section 3(d)(ii) hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 3(d)(viii) hereof to and including the date when each holder of Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(d)(viii) hereof. Each Holder of Registrable Securities shall be entitled to reimbursement from the Company for any out-of-pocket losses actually incurred as a result of such holder's inability to make delivery of sold securities due to the Company's failure to notify the holder of any event described in Section 3(d)(viii) hereof or of a Delay Period described in Section 2(a)(vi) hereof.

(e) Indemnification. (i) Indemnification by the Company. In consideration of the agreements of the holders of the Registrable Securities contained

herein and in the several Subscription Agreements, and as an inducement to such holders to enter into the Subscription Agreement, the Company shall agree that in the event of any registration under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless, to the full extent permitted by law, each of the holders of any Registrable Securities covered by such registration statement, their respective directors and officers, members, general partners, limited partners, managing directors, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls, is controlled by or is under common control with any such Shareholder or any such underwriter within the meaning of the Securities Act (and directors, officers, controlling Persons, members, partners and managing directors of any of the foregoing) against any and all losses, claims, damages or liabilities, joint or several, and expenses including any amounts paid in any settlement effected with the Company's consent, which consent will not be unreasonably withheld, to which such Shareholder, any such director or officer, member, or general or limited partner or managing director or any such underwriter or controlling Person may become subject under die Securities Act, U.S. state securities "blue sky" laws, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expenses arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein or any amendment or supplement thereto, (B) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the Statements therein not misleading, or (C) any violation or alleged violation by the Company of any U.S. federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration. The Company shall reimburse each such Shareholder and each such director, officer, member, general partner, limited partner, managing director or underwriter and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company or its representatives by such Shareholder, in its capacity as a Shareholder in the Company, or any such director, officer, member, general or limited partner, managing director, underwriter or controlling Person expressly for use in the preparation thereof; provided further that the Company shall not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities, if any, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this Section 3(e)(i) with respect to any preliminary prospectus or the final prospectus or the final prospectus as amended or supplemented as the case may be, to the extent that any such loss, claim, damage or liability of such underwriter or controlling Person (other than a holder of Registrable

Securities covered by the Registration Statement) results from the fact that such underwriter sold Registrable Securities to a Person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously furnished copies thereof to such underwriter and such final prospectus, as then amended or supplemented, had corrected any such misstatement or omission, except that the indemnification obligation of the Company with respect to any Person who participates as an underwriter in the offering or sale of Registrable Securities, or any other Person (other than a holder of Registrable Securities covered by the registration statement), if any, who controls such underwriter within the meaning of the Securities Act, pursuant to this proviso shall be modified in such manner, which shall be reasonably acceptable to the Company and a majority of the holders of Registrable Securities participating in any such registration, as is consistent with customary practice with respect to underwriting agreements for offerings of such type. The indemnity provided for herein, when it becomes a commitment of the Company, shall remain in full force and effect regardless of any investigation made by or on behalf of such Shareholder or any such director, officer, member, general partner, limited partner, managing director, underwriter or controlling Person and shall survive the transfer of such securities by such Shareholder.

(ii) Indemnification by the Shareholders and Underwriters. The Company will require, as a condition to including any Registrable Securities in any registration statement filed in accordance with the provisions hereof, that the Company shall have received an undertaking reasonably satisfactory to it from the holders of such Registrable Securities or any underwriter, to indemnify and hold harmless (in the same manner and to the same extent as set forth in subsection (i) above) the Company and its directors, officers, controlling persons and all other prospective sellers and their respective directors, officers, general and limited partners, managing directors, and their respective controlling Persons with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Shareholder, in its capacity as a Shareholder in the Company, or such underwriter, as applicable, expressly for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the holders of Registrable Securities, underwriters or any of their respective directors, officers, members, general or limited partners, managing directors or controlling Persons and shall survive the transfer of such securities by such Shareholder, provided, however, that no such Shareholder shall be liable in the aggregate for any amounts exceeding the amount of the proceeds to be received by such holder from the sale of its Registrable Securities pursuant to such registration (after deducting any fees, discounts and commissions applicable thereto), as reduced by any damages or other amounts that such holder was otherwise required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(iii) Notices of Claims, etc. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 3(e), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, promptly give written notice to the indemnifying party of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subsections of this Section 3(e), except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified party and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and, jointly with any other indemnifying party similarly notified, to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defense thereof, and the indemnifying party will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel in any single jurisdiction for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels as may be reasonably necessary. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(iv) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 3(e) is for any reason unavailable, or insufficient to hold harmless an indemnified party in respect of any loss, claim, damage, liability (or actions or proceedings in respect thereof) or expense referred to herein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) or expense, as well as any other relevant equitable considerations. The relative fault of such

indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3(e)(iv) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 3(e)(iv). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions or proceedings in respect thereof) or expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3(e)(iv), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 1 l(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriter's obligations in this Section 3(e)(iv) to contribute shall be several in proportion to the number of Registrable Securities sold or underwritten, as the case may be, by them and not joint. For purposes of this Section 3(e), each Person, if any, who controls a Shareholder or an underwriter within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such Shareholder or underwriter, and each director of the Company, each officer of the Company who signed the registration statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

(f) Underwriting Agreement. Holders of Registrable Securities requested to be registered pursuant to this Section 3 shall be parties to the underwriting agreement with the underwriters for such offering in connection with such offering and may, at their option, require that any or all of the representations and warranties by, and the agreements on the part of, the Company to and for the benefit of such underwriters be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement shall also be conditions precedent to the obligations of such holders of Registrable Securities. No underwriting agreement or other agreement in connection with such offering shall require any such holder of Registrable Securities to make any representations or warranties to or agreement with the Company or the underwriters other than representations, warranties or agreements regarding such holder, such holder's

Registrable Securities and such holder's intended method of distribution or any other representations required by applicable law and agreements regarding indemnification and contribution to the effect, but only to the extent, provided in Section 3(e) hereof.

(g) Rule 144 and Rule 144A. At all times after a public offering of any Common Shares, the Company agrees that it will file in a timely manner all reports required to be filed by it pursuant to the Exchange Act, and, if at any time thereafter, the Company is not required to file such reports, it will make available to the public, to the extent required to permit the sale of Common Shares by any holder of Registrable Securities pursuant to Rule 144 and Rule 144A under the Securities Act, current information about itself and its activities as contemplated by Rule 144 and Rule 144A under the Securities Act, as such Rules may be amended from time to time. Notwithstanding the foregoing, the Company may deregister any class of its equity securities under Section 12 of the Exchange Act or suspend its duty to file reports with respect to any class of its securities pursuant to Section 15(d) of the Exchange Act if it is then permitted to do so pursuant to the Exchange Act and the rules and regulations thereunder.

SECTION 4. Restrictive Legends. (a) Each certificate representing Common Shares (including any Warrant Shares) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"Any sale, assignment, transfer, pledge or other disposition of the shares represented by this certificate is restricted by, and the rights attaching to these shares are subject to, the terms and conditions contained in the Shareholders Agreement dated as of [ ], 2004, as they may be amended from time to time, which are available for examination by registered holders of shares at the registered office of the Company. The registered holder of the shares represented by this certificate, by acquiring and holding such shares, shall to the extent required under the Shareholders Agreement be deemed a party to such Shareholders Agreement for all purposes and shall be required to agree in writing to be bound by and perform all of the terms and provisions of such Shareholders Agreement, all as more fully provided therein. In addition, any transferee of the shares represented by this certificate shall to the extent required under the Shareholders Agreement be deemed to be a party to such Shareholders Agreement for all purposes and shall be required by the transferring shareholder to agree in writing to acquire and hold such shares subject to all of the terms of such Agreement, all as more fully provided therein, which terms are to be enforced by the shareholders of the Company.

The shares represented by this certificate have not been registered under the U.S. Securities Act of 1933 (the "Securities Act"), or any U.S. state securities laws and may not be transferred, sold or otherwise disposed of unless (i) a registration statement is in effect under the Securities Act with respect to such shares, or (ii) a written opinion of counsel reasonably acceptable to the Company is provided to the Company to the effect that no such registration is required for such transfer, sale or disposal."

(b) Following termination of Section 2(a) hereof, the Company shall, promptly upon request and surrender of the legended certificate, deliver a replacement certificate not containing the first paragraph of the legend above in exchange for the legended certificate. In the event that Common Shares are disposed of pursuant to an effective registration statement or, following an initial public offering, Rule 144 (or any successor provision) under the Securities Act or if the Company shall have received an opinion of counsel reasonably acceptable to the Company (or a copy of a "no action" or interpretive letter from the Commission) to the effect that such shares are eligible to be sold pursuant to paragraph (k) of Rule 144, the Company shall promptly upon request deliver a replacement certificate not containing either paragraph of the legend above in exchange for the legended certificate.

SECTION 5. Competition. (a) Each Shareholder agrees that each Shareholder and its officers, directors, employees, agents and Affiliates (other than Persons that are also the officers of the Company or any of its Subsidiaries) may, alone or in combination with any other Person, engage in activities or businesses, make investments in and acquisitions of any Person, and enter into partnerships and joint ventures with any Person, whether or not competitive now or in the future with the businesses or activities of the Company or any Subsidiary of the Company, and neither the Company nor any Shareholder shall have the right to disclosure of any information in regard thereto, to participate therein, or to derive any profits therefrom.

(b) Each Shareholder and the Company agree that none of the Shareholders or any of their respective officers, directors, employees, agents or Affiliates (other than Persons that are also officers of the Company or any of its Subsidiaries) shall have the obligation to refer to the Company or its Subsidiaries any business opportunities presented or developed by any of them.

SECTION 6. Restrictions on Other Agreements. Neither the Company nor any Shareholder shall enter into or agree to be bound by any voting trust, voting agreement or any shareholder agreement or arrangements of any kind, written or otherwise, with any person with respect to the Common Shares on terms inconsistent with the provisions of this Agreement (whether or not such agreements and arrangements are with other Shareholders or holders of Common Shares that are not parties to this Agreement).

SECTION 7. Financial Statements and Other Information. (a) The Company shall furnish or shall cause to be furnished to each Shareholder the following information at the following times:

(i) with respect to each fiscal quarter of the Company, no later than 45 days after the end of such quarter, a consolidated summary balance sheet, income statement and cash flow statement as of the end of and for such quarter and the comparable quarter of the preceding fiscal year together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such quarter;

(ii) accompanying the financial information to be delivered pursuant to clause (a)(i) above, a certificate, executed by the principal financial officer of the Company, stating that such information was prepared in accordance with U.S. generally accepted accounting principles consistently applied, with such exceptions as are set forth in detail in such certificate; and

(iii) with respect to each full fiscal year of the Company, no later than 90 days after the end of such year, a consolidated balance sheet, income statement and cash flow statement as of the end of and for such year prepared in accordance with U.S. generally accepted accounting principles consistently applied and accompanied by a signed audit report by a nationally recognized accounting firm, together with a letter from management of the Company summarizing the financial condition, results of operations and business of the Company and its subsidiaries as of the end of and for such year.

(b) The Company shall, and shall cause its Subsidiaries to, (1) permit each Shareholder during normal business hours to visit and inspect any of its properties and those of its Subsidiaries, including books and records (and, prior to an initial public offering only, make copies thereof), (2) make appropriate officers and directors of the Company and its Subsidiaries available periodically for consultation with such Shareholder with respect to matters relating to the respective business and affairs of the Company and its Subsidiaries, including, without limitation, significant changes in management personnel and compensation of employees, introduction of new products or new lines of business, important acquisitions or dispositions of plants and equipment, significant research and development programs, the purchasing or selling of important licenses, trademarks or concessions, and the proposed commencement or compromise of significant litigation and (3) consider the recommendations of such Shareholder in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Company and its Subsidiaries.

(c) Notwithstanding any other provision of this Agreement the Company may, as a condition to the rights of any Shareholder under this Section 7, require such Shareholder to execute and deliver a confidentiality agreement in commercially reasonable form covering all non-public information conveyed to such Shareholder.

SECTION 8. Board of Directors; Committees. (a) On and after the Closing Date and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of the Common Shares held by such Shareholder, to cause the Board of Directors of the Company to consist at all times of seven directors, and to vote in favor of three individuals designated by White Mountains to be members of such Board of Directors. Following an initial public offering, the number of individuals designated by White Mountains for whom the Shareholders shall be obligated to vote as members of the Board of Directors of the Company shall be reduced to two, so long as White Mountains owns, directly or indirectly, Common Shares, including Common Shares issuable upon exercise of outstanding Warrants (whether or not currently exercisable), at least 20% of the outstanding Common Shares (assuming for this

purpose the exercise of all outstanding Warrants), and such number shall be further reduced to one if White Mountains' ownership (as calculated in the preceding clause) is less than 20% but at least equal to 10%. If such ownership falls below 10%, no Shareholder shall have any further obligations under this Section 8(a). White Mountains hereby designates David Foy, John Gillespie and John J. Byrne as its designees for the Board of Directors of the Company, which designation shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(b) On and after the Closing Date, and prior to an initial public offering, each Shareholder shall take all action necessary, including the voting of Common Shares held by such Shareholder, to cause one or more individuals designated by White Mountains to be appointed by the Board of Directors as Chairman of the Board, and to be appointed chairman of any audit committee, finance committee or compensation committee of the Board. White Mountains hereby designates David Foy as its designee to be Chairman of the Board, David Foy to be chairman of the audit committee, John Gillespie to be chairman of the finance committee and David Foy to be chairman of the compensation committee, which designations shall continue until such time as White Mountains shall otherwise designate in writing to the other parties hereto.

(c) Notwithstanding anything to the contrary contained in this Section 8, this Section 8 shall be subject to applicable law and any applicable regulations of governmental entities and self-regulatory organizations.

SECTION 9. Further Action. Each Shareholder shall, for so long as such Shareholder owns any Common Shares or Warrants, (i) take any and all action (on a timely basis) necessary to carry out the intentions of the Shareholders set forth in this Agreement, including voting (or causing the voting of), all Common Shares held by such Shareholder in favor of any necessary amendment to the Certificate of Incorporation or the By-laws of the Company and (ii) refrain from taking any wilful action knowingly inconsistent with this Agreement including, without limitation, voting (or causing the voting of) any Common Shares held by such Shareholder in a manner inconsistent with this Agreement.

SECTION 10. Term. This Agreement shall terminate upon the first to occur of

(a) an Initial Public Offering,

(b) the consent of the Company and all Shareholders who are parties to this Agreement that the Agreement be terminated,

(c) any transaction with any Person pursuant to which shares or other securities of such Person are exchanged or substituted for all the Common Shares, provided that the shares or securities of such Person issued to the Shareholders are registered under the Securities Act and applicable U.S. state securities laws and listed on a U.S. national securities exchange or on NASDAQ; provided, however, that the Shareholders receive freely tradable shares or securities, other than any limits on transfer

arising from any Shareholder's status as an affiliate (as such term is used in the Securities Act and the rules thereunder), of such Person or the Company; and provided further, however, that all Shareholders that are subject to such limits on transfer described in the preceding proviso receive registration rights entitling such Shareholders to request registration of the shares or securities received,

(d) the liquidation or dissolution of the Company or

(e) the tenth anniversary of the date of this Agreement; provided, however, that

(i) in the case of termination pursuant to clauses (a) or (b),

(A) the provisions of Section 3 (other than the proviso in Section 3(d)(xi) and Section 3(e)) shall survive until the earlier of (x) the occurrence of an event described in clause (d) above and (y) the tenth anniversary of the termination of this Agreement, in each case to the extent that the rights under such provisions have not theretofore been exercised;

(B) the last two sentences of Section 2(a) shall survive any Initial Public Offering as set forth therein;

(C) the second sentence of Section 2(a) and the entirety of Section 2(b) shall survive until the first anniversary of the initial closing of the Initial Public Offering, and

(ii) in any case the proviso in Section 3(d)(xi) and the provisions of Sections 3(e), 5, 8(a), 9, 10, 1 l(b) and 12 through 22 shall survive the termination of this Agreement indefinitely.

SECTION 11. Additional Matters.

(a) No Inconsistent Agreements. The Company shall not grant registration rights other than those granted under this Agreement, with respect to the Common Shares or any other securities of the Company, which are more favorable than the registration rights contained in this Agreement without the prior written consent of Shareholders holding at least two-thirds of the outstanding Common Shares then held by all of the Shareholders who are parties to this Agreement (assuming for this purpose the exercise of all outstanding Warrants). Without limiting the generality of the foregoing, in no event shall the holders of such other registration rights have priority over Shareholders with respect to the inclusion of their securities in any registration or takedown (it being understood that such other registration rights may be pari passu with the registration rights granted under this Agreement with respect to registrations or takedowns).

(b) VCI Status. To the extent that any Shareholder is subject to such regulations, the Company shall reasonably cooperate with such Shareholder to provide to

such Shareholder such rights of consultation as may be required pursuant to regulations, advisory opinions or announcements issued after the date of this Agreement by the United States Department of Labor or by a court of competent jurisdiction in order for such Shareholder's investment in the Company to continue to qualify as a "venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i). Notwithstanding anything to the contrary in this Agreement, Section 7(b) hereof shall survive any Initial Public Offering with respect to any Shareholder who is a party to this Agreement as of the date hereof as long as such Shareholder holds any Common Shares purchased under its Subscription Agreement, if and only to the extent that such Shareholder establishes, to the reasonable satisfaction of the Company, that such survival is necessary in order for such Shareholder's investment in the Company to qualify as a "venture capital investment" for purposes of the United States Department of Labor Regulation published at 29 C.F.R. Section 2510.3-101(d)(3)(i).

SECTION 12. Amendments. Neither this Agreement nor any provision hereof may be amended except by an instrument in writing signed by the Company and Shareholders holding at least two-thirds (or such higher percentage as may be required by any provision which is the subject of a proposed amendment) of the outstanding Common Shares then held by all of the Shareholders who are parties to this Agreement (assuming for this purpose the exercise of all outstanding Warrants). Any amendment approved in the foregoing manner will be effective as to all Shareholders. For the avoidance of doubt, the addition or deletion of any Person as a party hereto in accordance with the terms hereof shall not constitute an amendment hereof.

SECTION 13. Waiver and Consent. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach, and no failure by any party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

SECTION 14. Recapitalization, Exchanges, etc. Except as expressly provided otherwise herein, the provisions of this Agreement shall apply to the full extent set forth herein with respect to shares or other securities in the Company or any other Person that may be issued in respect of, in exchange for, or in substitution of the Common Shares or the Warrants.

SECTION 15. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed, unless otherwise specified herein, to have been duly given if sent by hand, mail, courier service, cable, telex, facsimile or other mode of representing words in a legible and non-transitory form (a) if to the Shareholders, at their respective addresses in the Register of Shareholders of the Company or at such other address as any of the Shareholders may have furnished to

the Company in writing, and (b) if to the Company, at 370 Church Street, Guilford, Connecticut 06437, Attention: Reid Campbell, Treasurer, Telephone: 203-458-2380, Facsimile: 203-458-0754, or such other address as the Company may have furnished to the Shareholders in writing.

All such communications shall be deemed to have been given, delivered or received when so received, if sent by hand, cable, telex, facsimile or similar mode, on the next Business Day after sending if sent by Federal Express or other similar overnight delivery service, on the fifth Business Day after mailing if sent by mail and otherwise on the actual day of receipt.

SECTION 16. Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, the non-breaching parties would be irreparably harmed and could not be made whole by monetary damages. Accordingly, each of the parties hereto agrees that the other parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled, subject to applicable law, to compel specific performance of this Agreement.

SECTION 17. Entire Agreement. This Agreement (including any schedules, annexes or other attachments hereto) and all Subscription Agreements and any other agreements delivered at the Closing with respect to the subject matter hereof constitute the entire agreement between the parties hereto and supersede all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

SECTION 18. Severability. To the fullest extent permitted by applicable law, any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without invalidating the remaining provisions hereof or affecting the validity, unenforceability or legality of such provision in any other jurisdiction.

SECTION 19. Binding Effect; Benefit. Except for Section 3(c)(i) hereof, which shall be enforceable by the underwriters referred to therein, nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties hereto, and their respective successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 20. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective successors, legal representatives and permitted assigns. Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Shareholder except in connection with a Transfer of Common Shares or Warrants permitted hereunder, in which case, subject to the next sentence, the rights and obligations hereunder shall be transferred pro rata. No such assignment shall be effective unless the assignee shall execute and deliver an agreement in form and substance reasonably satisfactory to the Company agreeing to be bound by this Agreement (or the surviving provisions hereof).

SECTION 21. Interpretation. The Table of Contents and the Headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement. All references herein to Sections, subsections, clauses and Schedules shall be deemed references to such parts of this Agreement, unless the context otherwise requires. All pronouns and any variations thereof refer to the masculine, feminine or neuter, as the case may require. The definitions of terms in this Agreement shall be applicable to both the singular and plural forms of the terms defined where either such form is used in this Agreement. Whenever the words "include", "includes" and "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "herein", "hereof, and "hereunder", and other words of similar import, refer to this Agreement as a whole and not to any particular Section, Subsection, or clause.

SECTION 22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

SECTION 23. Applicable Law. The validity of this Agreement, its construction, interpretation and enforcement, and the rights of the parties hereunder, shall be determined under, governed by and construed in accordance with the laws of New York. Each party hereto agrees that any suit, action or other proceeding arising out of this Agreement may be brought and litigated in the appropriate Federal and state courts of the State of New York and each party hereto hereby irrevocably consents to personal jurisdiction and venue in any such court and hereby waives any claim it may have that such court is an inconvenient forum for the purposes of any such suit, action or other proceeding. The Shareholders and the Company each hereby irrevocably designates and appoints CT Corporation with offices on the date hereof at 111 Eighth Avenue, New York, NY 10011, and its successors, as its agent to receive, accept or acknowledge for or on behalf of it, service of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court. Each Shareholder acknowledges that CT Corporation will transmit services of any and all legal process, summonses, notices and documents that may be served in any such suit, action or proceeding in any such court to such Shareholder's address as shown in the stock transfer books of the Company from time to time. Each Shareholder further irrevocably consents to the service of any and all legal process, summonses, notices and documents by the mailing of copies thereof by registered or certified air mail, postage prepaid, to such party at the address of such party as shown in the stock transfer books of the Company from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

Scion Value Fund, a Series of Scion Funds LLC.

By /s/ Michael J. Burry M.D.
Name: Michael J. Burry, M.D.
Title: Managing Member
Scion Capital, LLC
Managing Member
Scion Value Fund,
a Series of Scion Funds, LLC

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be executed as of the date first above written.

OCCUM ACQUISITION CORP.,

by /s/ Kernan V. Oberting
Name: Kernan V. Oberting
Title: President

Scion Qualified Value Fund, a Series of Scion Qualified Funds LLC,

By /s/ Michael J. Burry M.D.
Name: Michael J. Burry, M.D.
Title: Managing Member
Scion Capital, LLC
Managing Member
Scion Qualified Value Fund,
a Series of Scion Qualified Funds, LLC

[Signature Page to Shareholders Agreement]

Exhibit 10.1

INFORMATION TECHNOLOGY SERVICES AGREEMENT

by and between

SYMETRA LIFE INSURANCE COMPANY

and

ACS COMMERCIAL SOLUTIONS, INC.

October 28, 2004

CONFIDENTIAL

[***] Confidential Treatment Requested

TABLE OF CONTENTS

SCHEDULES

ATTACHMENTS

INFORMATION TECHNOLOGY SERVICES AGREEMENT

This Information Technology Services Agreement (the "***Agreement***") is entered into as of this 28th day of October, 2004 (the "***Effective Date***"), by and between Symetra Life Insurance Company, a Washington corporation with corporate offices at 5069 154th Place NE, Redmond, Washington 98052 ("***Symetra***"), and ACS Commercial Solutions, Inc., a Nevada corporation with corporate offices at 2828 N. Haskell, Dallas, Texas 75204 *("**ACS**")* (Symetra and ACS sometimes are collectively referred to herein as the "**Parties**").

RECITALS

WHEREAS, on July 16, 2004, Symetra issued to ACS a Request for Proposal for Information Technology Outsourcing (the ***"RFP"),***

WHEREAS, ACS submitted to Symetra a response dated September 17, 2004 (as the same may have been supplemented and/or revised, the ***"ACS Bid"),*** and represented to Symetra that it had the expertise, personnel, products, services and skills required to meet the requirements of Symetra as reflected in the RFP;

WHEREAS, in reliance on the representations made by ACS in the ACS Bid and subsequent discussions, Symetra selected ACS over other prospective technology providers to provide Symetra with outsourced IT services; and

WHEREAS, Symetra and ACS want to specify the terms and conditions under which ACS will provide such outsourced IT services to Symetra.

NOW, THEREFORE, in consideration of the representations, warranties, promises and covenants contained herein, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, agree to the foregoing and as follows:

ARTICLE 1
GUIDING PRINCIPLES, RELATIONSHIP MANAGEMENT AND INTERPRETATION

1.1 Guiding Principles. The principles identified below (***"****Guiding Principles****"***) include principles that the Parties have determined to be important to ensure the success of their relationship. The Guiding Principles function as "constitutional" statements regarding the Parties' overall intentions for this Agreement. If any term or condition of this Agreement is ambiguous or unclear, or if the Parties did not anticipate a particular issue, the Parties shall refer to and apply the Guiding Principles to resolve and/or address the ambiguous, unclear and/or unanticipated issue.

1.1.1 Enhanced IT Capabilities and Effectiveness. Services will be provided in a manner that enhances Symetra's ability to deliver high-quality, cost-effective services both internally within Symetra and externally to its customers with minimal interruptions in, and adverse impacts on, Symetra's delivery of services to its customers. Technology utilized by ACS will provide Symetra with industry-leading levels of functionality and performance.

1.1.2 Reduce IT Costs. Cost reduction is a key objective for Symetra in securing Services from ACS. ACS will continuously implement new, cost-effective technologies in order to further reduce the overall cost of Services to Symetra.

1.1.3 Improve and Maintain Technology. ACS will implement new technologies to deliver the Services to Symetra in order to maintain competitiveness in the quality and scope of Services available to Symetra and to take advantage of market cost efficiencies.

1.1.4 Focus on Core Competencies. By outsourcing the Services to ACS and leveraging ACS' core competencies, Symetra will be able to focus more of its internal resources on providing services to its market constituents and improve the levels of service in the outsourced areas.

1.1.5 Improve Business Processes. Symetra will learn best practices from ACS which will allow Symetra to improve its business processes, including improving the efficiencies of delivering services to its own customers.

1.2 Relationship Management. The relationship between the Parties shall be managed as described in this Section and in **Schedule 1.**

1.2.1 IT Outsourcing Committee. A joint IT outsourcing committee, comprised of senior business and technology staff from Symetra and ACS (the ***"IT Outsourcing Committee"***), shall be responsible for providing input and advice concerning the overall business and technology relationship between the Parties including, without limitation, the effectiveness and value of the Services provided by ACS and guidance to improve such effectiveness and value. The IT Outsourcing Committee shall be chaired by a Symetra representative, and the ACS members shall include the ACS Project Executive and appropriate ACS executives and managers. The IT Outsourcing Committee shall meet quarterly at a Symetra facility, or more often at Symetra's request, to discuss:

(a) the status of each Service Tower and any Problems or difficulties experienced by a Party in transitioning to and/or delivering the Services;

(b) ACS' compliance with the SLRs;

(c) all financial arrangements, including invoices submitted by ACS;

(d) Symetra's satisfaction with the ACS Key Personnel;

(e) in accordance with **Section 2.5.4,** innovative and emerging ideas and strategies for more effective use of IT and related business transformation services and how such innovative ideas and strategies can more effectively impact the enterprise transformation of Symetra's businesses;

(f) ACS' future financial and operational plans relating to the business unit that fulfills ACS' obligations to provide Services under this Agreement, to the extent discloseable under applicable law; and

(g) such other matters as one Party may bring to the other.

For each such meeting, ACS shall prepare a suggested agenda, with active input from the Symetra Project Executive. ACS shall make available its senior management personnel to answer questions from Symetra's senior management personnel regarding the agenda items for such meeting. Further, the IT Outsourcing Committee may invite industry thought leaders to participate in such meetings to facilitate information exchange and increase the value of the strategies discussed.

1.2.2 Project Executives. Each Party shall designate an individual (for Symetra, the ***"Symetra Project Executive",*** and for ACS, the ***"ACS Project Executive"***), who shall be each Party's primary point of contact for all matters relating to this Agreement throughout the Term. The ACS Project Executive shall be: (a) knowledgeable about the Services and each of ACS' and its Subcontractors' products and services; (b) experienced at running information technology systems and networks of a size and scope minimally equal in size and scope to those of Symetra; (c) otherwise acceptable to Symetra; and (d) assigned (in the case of each ACS Project Executive) to Symetra for a minimum period of twenty-four (24) months, except in cases involving: (i) a voluntary or For Cause termination; (ii) removal at Symetra's request; or (iii) inability to work due to death, disability or illness. Without limiting any other rights and remedies that may then be available to Symetra, if ACS fails to comply with the terms of the foregoing **subsection (d),** ACS represents to Symetra that Symetra shall have the right to communicate dissatisfaction and impact to ACS senior operations personnel through the customer satisfaction survey process. Symetra shall have the right to pre-approve any candidate proposed by ACS to serve as the ACS Project Executive, and to require ACS to remove and replace any previously appointed ACS Project Executive, and ACS promptly shall comply with any such Symetra request. The ACS Project Executive shall have overall responsibility for directing all of ACS' activities hereunder and shall be vested by ACS with all necessary authority to act for ACS in connection with all aspects of this Agreement. ACS and Subcontractor staff shall be managed in the performance of their duties by the ACS Project Executive. Upon ACS' request, Symetra will provide a written evaluation of the ACS Project Executive's performance that ACS may elect to consider when determining the ACS Project Executive's salary and bonus compensation.

1.2.3 Service Delivery Managers. Each Party shall designate an individual to serve as that Party's service delivery manager for each Service Tower (for Symetra, each, a ***"Symetra Service Delivery Manager",*** and for ACS, each, an ***"ACS Service Delivery Manager"***). The primary role of the service delivery managers is to take ownership of the day-to-day operational relationships between Symetra's information technology service delivery and Symetra's business. This involves managing and coordinating the appropriate Symetra resources across all information technology services, including resources and services provided by ACS, to ensure optimal service delivery and ensure that all issues raised are resolved promptly and in accordance with the applicable SLR. The Symetra Service Delivery Manager (or his or her designee) for a particular Service Tower shall be the only Symetra representative authorized to request chargeable services from ACS with respect to that Service Tower, and ACS acknowledges that it shall not have the right to bill or collect from Symetra or any of its Affiliates any amounts ACS claims it is owed for otherwise chargeable services provided without the written authorization of the applicable Symetra Service Delivery Manager.

1.2.4 Management Functions. At Symetra's request from time-to-time in order to more efficiently administer certain functional aspects of the Parties' relationship, each Party shall designate individual(s) to address various subject matters including, without limitation, performance and process management, architecture and technology management, finance/contract management, enterprise standards management, sourcing relationship management, quality assurance management, business unit management, and transition management, with such roles and responsibilities of these individuals as may be determined by the Parties at such time.

1.3 Agreement Structure.

1.3.1 Master Agreement. This Agreement provides a framework for, and the general terms that are applicable to, the Services that ACS will provide to Symetra under this Agreement.

1.3.2 Country Agreements. If Symetra wants to receive from ACS, and ACS agrees to provide to Symetra, Services in countries that are located outside the United States (each, a ***"New Country"),*** the terms of this Agreement shall apply to Services delivered in such New Country, except that the local Affiliates of each Party in such New Country shall execute an agreement that identifies any country-unique terms (and/or deviations from the terms of this Agreement) that are required by local laws in such New Country and addresses appropriate pricing for the Services to be provided in such New Country (each, a ***"Country Agreement").***

1.3.3 Affiliates of Symetra. As of the Effective Date, ACS shall be responsible for providing to Symetra and those Symetra Affiliates identified in **Schedule 7** the Services contemplated to be received by Symetra and those Symetra Affiliates identified in **Schedule 7** under this Agreement as of the Effective Date. After the Effective Date, Symetra may add Affiliates and/or business ventures of Symetra and/or its Affiliates to the scope of this Agreement pursuant to **Section 6.2.4.** ACS is fully responsible for the performance of its obligations under this Agreement with respect to the Services provided by ACS to Symetra and its Affiliates. Symetra (and not its Affiliates) shall be responsible for paying all Fees to be paid to ACS hereunder.

1.3.4 Effect of Certain Provisions. The following Sections hereof shall be applicable to this Agreement only, and may not be applicable to certain Country Agreements where the Services may be provided: **14.4** and **14.5.**

1.4 Interpretation. If there is a conflict among the terms in the various contract documents including this Agreement, the Schedules, the Attachments, the Addenda, the Appendices and/or any other documents that comprise this Agreement:

(a) to the extent the conflicting terms can reasonably be interpreted so that such terms are consistent with each other, such consistent interpretation shall prevail; and

(b) to the extent **subsection (a)** does not apply, the following order of precedence will prevail:

(i) first, the terms set forth in **Attachment K** (including its addenda and appendices), excluding, however, the terms of any separately executed agreement containing the terms set forth in **Attachment K** pursuant to **Sections 9.2.4** and/or **14.4.1;**

(ii) second, the terms set forth in the body of this Agreement;

(iii) third, the terms set forth in the **Attachments A** through **Q** to this Agreement (including any attachments, addenda or appendices thereto), but excluding **Attachment K** and its addenda and appendices, provided that no order of precedence shall be given among them;

(iv) fourth, the terms set forth in the **Schedules 1** through **7** to this Agreement (including any attachments or addenda thereto), provided that no order of precedence shall be given among them; and

(v) fifth, the terms set forth in any other documents that comprise this Agreement, provided that no order of precedence shall be given among them.

(c) ACS and Symetra hereby acknowledge that they have drafted and negotiated the Agreement jointly, and the Agreement will be construed neither against nor in favor of either, but rather in accordance with its fair meaning.

Notwithstanding the foregoing terms of this **Section 1.4,** to the extent a defined term in **Attachment P** conflicts with a defined term in any **Schedule 2**, the defined term in such **Schedule 2** shall take precedence over the defined term in **Attachment P** for purposes of that **Schedule 2.**

Captions and titles to Schedules, Attachments, Addenda, Appendices and/or other documents that comprise this Agreement are used herein for convenience of reference only and shall not be used in the construction or interpretation of this Agreement. Any reference herein to a particular Section number *(e.g.*, "Section 2"), shall be deemed a reference to all Sections of this Agreement that bear sub-numbers to the number of the referenced Section *(e.g.*, Sections 2.1, 2.1.1, etc.). As used herein, the word "including" shall mean "including, without limitation" or "including, but not limited to".

ARTICLE 2
SERVICES

2.1 General.

2.1.1 Commencement of Services. Subject to Symetra's exercise of its management and oversight functions and prerogatives as identified in **Article 5** or elsewhere in this Agreement, ACS shall provide the Services to Symetra at or with respect to all Symetra Sites. Except as otherwise provided in this Agreement, ACS shall procure or otherwise provide all hardware, software, network facilities and other items required to provide the Services and otherwise perform its obligations hereunder, all of which shall be deemed included in the Fees. In accordance with the terms of this Agreement, ACS shall begin providing: (a) the transition and other Services described herein (excluding the Service Tower Services) at 12:01 a.m., Pacific time, on the Effective Date; and (b) each of the Service Tower Services at 12:01 a.m., Pacific time, on the Handover Date that is applicable to each of such Service Tower Services. Symetra shall not be precluded from obtaining services from any other provider that may be similar or identical to the Services.

2.1.2 Locations for Performance of Services. Without Symetra's prior written consent, ACS shall not perform any of the Services from locations, or using employees, agents and/or contractors (including Subcontractors), situated outside the United States. Notwithstanding the foregoing, Symetra acknowledges and agrees that the Services identified in **Attachment M** will be provided from the respective countries identified therein; however, ACS represents and warrants to Symetra that: (a) no Symetra Data will reside in any country other than the United States; and (b) except to the extent minimally necessary for ACS' employees, agents and/or contractors (including Subcontractors) to perform the Services under this Agreement, no Symetra Data, and no data,

information and/or mechanisms (including, without limitation, sniffer traces), that would enable a Person to discover Symetra Data, will be accessible from any country other than the United States. ACS will provide to Symetra from time to time upon Symetra's request a written list of all ACS employees, agents and/or contractors (including Subcontractors), if any, who have had access to the Symetra Data, and the contents of such written list shall include, without limitation, the name and business location of each such employee, agent and/or contractor (including Subcontractors), the date of access of the Symetra Data and the type of Symetra Data accessed. If any law or regulation enacted after the Effective Date has, or is likely to have, an adverse impact on the desirability to either Party of having such Services provided from a location outside the United States including, without limitation, as a result of new tax and/or privacy laws, at the affected Party's request, the Parties shall engage in good faith negotiations to arrive at a mutually agreeable reasonable alternative.

2.2 Service Tower Services.

2.2.1 Initial Service Tower Services. **Schedules 2A, 2B, 2C, 2D, 2E, 2F, 2G** and **2H** (each, together with any additional Schedules relating to additional Services that may be added to this Agreement by mutual agreement of the Parties following the Effective Date, is sometimes referred to herein as "the applicable **Schedule 2**", or similar terminology) contain a detailed description of each of the following Service Tower Services provided by ACS that will be available to be purchased by Symetra from ACS:

(a) Cross-Functional Services **(Schedule 2A);**

(b) Data Center Services **(Schedule 2B);**

(c) Distributed Computing Services **(Schedule 2C);**

(d) Data Network Services **(Schedule 2D);**

(e) Voice Communications Services **(Schedule 2E);**

(f) Help Desk Services **(Schedule 2F);**

(g) Output Processing **(Schedule 2G**); and

(h) Content Management **(Schedule 2H).**

The Parties may develop additional Schedules relating to additional Services that will be provided by ACS to Symetra hereunder. Once approved in accordance with the terms herein, all such Schedules shall be deemed to be numbered sequentially and made a part of **Schedule 2.**

2.2.2 ***SLRs for Service Towers.***

(a) Commitment to SLRs. From and after each applicable Handover Date (or upon the occurrence of such other date or event as may be expressly set forth in a particular **Schedule 2** for a particular SLR), ACS shall perform the applicable Service Tower Services in accordance with, and in such a manner as to meet or exceed, the SLRs. ACS shall perform any Other Services in accordance with, and in such a manner as to meet or exceed, any SLRs that may be set forth in the applicable Out-of-Scope Work Order or otherwise agreed to by the Parties in writing.

(b) Measurement and Reporting. ACS shall measure its performance against the SLRs in accordance with the methodologies specified in the applicable **Schedule 2** and shall provide a detailed, comprehensive report of its performance against the SLRs during the applicable reporting period **("*SLR Reports*")** by the fifth (5th) Business Day following

the end of the applicable reporting period. Such reports shall be provided in accordance with **Section 2.11.1** and in accordance with the SLR metrics set forth in the applicable **Schedule 2.** ACS shall meet with Symetra at least monthly, or more or less frequently if requested by Symetra, to review ACS' actual performance against the SLRs and shall recommend remedial actions to resolve any performance deficiencies.

(c) Root-Cause Analysis and Resolution. Promptly, but in no event later than five (5) calendar days after ACS' discovery of, or if earlier, ACS' receipt of a notice from Symetra regarding, ACS' failure to provide any of the Services in accordance with the SLRs, ACS shall, as applicable under the circumstances: (i) perform a Root-Cause Analysis to identify the cause of such failure; (ii) provide Symetra with a written report detailing the cause of, and procedure for correcting, such failure; and (iii) provide Symetra with satisfactory evidence that such failure will not recur. ACS' correction of any such failures shall be performed in accordance with the time frames set forth in the applicable **Schedule 2** entirely at ACS' expense unless it has been determined, by mutual agreement of the Parties or through the Problem-resolution process specified in this Agreement, that: (iv) Symetra (or one of its subcontractors, agents or Third Parties provided by Symetra and not managed by ACS) and/or its self-managed properties and/or systems was the predominant contributing cause of the failure and ACS could not have worked around the failure without expending a material amount of additional time or cost; or (v) Third Party software or firmware directly resulted in such failure; provided that such Third Party software or firmware: (A) was expressly approved by Symetra; (B) was implemented by ACS following its standard, rigorous, documented interoperability testing, quality assurance, user acceptance and change management processes; (C) was unknown, undocumented and unreported prior to ACS' implementation of such Third Party software or firmware; and (D) ACS could not have worked around the failure without expending a material amount of additional time or cost. In such event: (vi) ACS shall be entitled to temporary relief from its obligation to timely comply with the affected SLR, but only to the extent and for the duration so affected; and (vii) in the case of an event described in **subsection (iv),** Symetra shall reimburse ACS for ACS' expenses to correct such failure, but only to the extent Symetra caused such failure, unless the Parties otherwise mutually agree. For purposes hereof, any preexisting condition of those of Symetra's properties and systems that are used and managed by ACS to deliver the Services shall not be deemed a contributing cause of any failure if such condition was or reasonably should have been identified in ACS' reasonable, pre-implementation diligence processes, or as a result of ACS' post-implementation, industry-standard quality assurance processes; provided, however, that this exception specifically shall not apply to any hidden defect that was not identified following such diligence and quality assurance processes.

(d) Annual Review of SLRs. Symetra expects that SLRs will improve over time and that new SLRs may be added to reflect Symetra's changing and/or new business requirements. Accordingly, at least once annually, Symetra expects to review and reach agreement with ACS on, among other things: (a) adjustments to the SLRs to reflect such anticipated continuous improvements in the SLRs; and/or (b) the addition of new SLRs. Unless requested by Symetra, in no event will the SLRs be made less favorable to Symetra as a result of such reviews.

(e) Classifying an SLR as an SLA. Subject to limitations set forth in **Schedule 5,** upon sixty (60) calendar days' prior written notice to ACS, Symetra shall have

the right to classify any SLR as an SLA and to re-allocate the SLA Weighting Factors so that a Weighting Factor is applicable to such newly classified SLA.

(f) Benchmarking. As part of the Services, ACS shall conduct benchmarking with Symetra in accordance with the terms, conditions and procedures described in **Attachment A.**

2.2.3 Symetra Sites. Attached hereto as **Attachment B** is a list of Symetra facilities (collectively, the ***"Symetra Sites"***) with respect to which ACS shall provide the Services.

2.2.4 Governance Regarding Relief Events. The Parties acknowledge and agree that from time to time during the Term, events and circumstances caused by the actions or inactions of Symetra may arise that have (or are reasonably anticipated to have) a material adverse impact on ACS' ability to achieve the SLRs, or otherwise provide the Services in the manner required by this Agreement, without expending a material amount of additional time or cost (such events and circum stances, ***"Relief Events"***). By way of example and without limiting the foregoing, the Parties acknowledge that a Relief Event may arise as a result of ACS' compliance with Symetra's instructions in connection with an Extraordinary Event under **Section 2.10** and/or as a result of Symetra's exercise of its retained authorities under **Article 5**. With respect to such Relief Events, the following terms and principles shall apply:

(a) If a Relief Event causing ACS to be unable to provide any of the Services in accordance with the SLRs has occurred, the terms of **Section 2.2.2(c)** shall apply.

(b) Without limiting ACS' obligations under **Section 2.2.2(c),** if a Relief Event has occurred, ACS shall nevertheless use commercially reasonably efforts to perform the Services and achieve the SLRs throughout the duration of such Relief Event using existing levels of resources dedicated to Symetra's account, and the Parties shall work together in good faith to address the impact of such Relief Event on the Services and the SLRs in a timely manner.

(c) To the extent that either Party anticipates or determines that a Relief Event is likely to occur, such Party shall notify the other Party of such determination, and the Parties shall work together in good faith in advance of the anticipated Relief Event to establish a plan for providing the Services during such Relief Event, taking into account the relevant specifics and details of the Relief Event. Where Symetra's actions or inactions are the predominant cause of the anticipated Relief Event, such plan may include the temporary suspension of SLRs associated with the affected Services, and/or additional fees or charges associated with Other Services provided by ACS that are designated to address the impact of the Relief Event or achieve the SLRs during the Relief Event.

(d) If an unanticipated Relief Event occurs, and Symetra's actions or inactions are the predominant cause of such Relief Event, or such Relief Event is the result of a Force Majeure Event, without limiting ACS' obligations under **Section 2.2.2(c)** and this Section, ACS shall be relieved from its obligations to meet or exceed the SLRs affected by the Relief Event (and its responsibility with respect to any related Fee Reductions) during the duration of such Relief Event.

2.3 Transition Services.

2.3.1 Transition Plan. **Attachment C** sets forth a preliminary, high-level transition plan (the ***"Transition Plan"***) that generally outlines the tasks, timelines, responsibilities, dependencies, major milestones, deliverables and acceptance testing procedures for each Service area. Within thirty (30) calendar days following the Effective Date, the Parties shall develop a detailed, complete Transition Plan, which shall replace and supersede the initial high-level Transition Plan. In accordance with the terms set forth in the Transition Plan, ACS shall accomplish the transparent, seamless, orderly and uninterrupted transition from the manner in which Symetra and its Affiliates received all services prior to the applicable Handover Date to the manner in which the Services will be provided as described herein.

2.3.2 Progress Reports. ACS shall provide to the Symetra Project Executive (or his/her designee) a weekly written report as to the progress of completion of the activities contained in the Transition Plan until each of ACS' responsibilities thereunder has been completed. Such reports shall be provided in accordance with **Section 2.11.1.**

2.3.3 Financial Responsibility. ACS shall assume financial responsibility for providing each of the Service Tower Services as of the applicable Handover Date. Further, at Symetra's option, ACS shall assume financial responsibility for providing each of the Service Tower Services irrespective of whether handover of the applicable Service Tower Service actually has been completed as of such date.

(a) If ACS is unable to provide any of the Service Tower Services as of the applicable Handover Date, "assume financial responsibility" means that:

(i) ACS shall reimburse Symetra for all costs and expenses incurred by Symetra to provide such Service Tower Services (including by way of example and not of limitation, salaries and other payments to in-scope Symetra employees, fees under in-scope third party contracts, etc.) or, in Symetra's sole discretion, Symetra may set off any such costs and expenses against the Fees, if any, due under the Agreement; and

(ii) ACS shall be entitled to invoice Symetra for such Service Tower Services as if ACS itself were providing such Service Tower Services.

(b) ACS shall not be required to assume financial responsibility for a particular Service Tower Service as described in the foregoing **subsection (a)** to the extent ACS' performance is excused due to a Force Majeure Event or to the extent the delay was requested by Symetra. Further, if ACS is unable to provide a particular Service Tower Service as of the applicable Handover Date, the SLRs shall not apply until ACS actually begins providing such Service Tower Service.

2.4 Purchasing Agent Services. Without limiting ACS' obligations to procure or otherwise provide all hardware, software, network facilities and other items required to provide the Services as described in this **Article 2**, and in addition to ACS' other responsibilities herein, as and when requested by Symetra, ACS shall procure hardware and software (such as, for example, personal office printers) ("***Procured Technology***") from a Symetra-approved product list on Symetra's behalf. ACS' procurement responsibilities in this **Section 2.4** shall include, without limitation,

evaluating ACS qualifications and independence; negotiating Symetra-favorable pricing (including obtaining the most favorable prices, rates and discounts available); ordering, receiving, configuring, installing, testing, maintaining and distributing all Procured Technology. As between Symetra and ACS, all right, title and interest in and to each item of Procured Technology shall be vested in Symetra, and Symetra shall reimburse ACS for the purchase price for such Procured Technology.

2.5 Technology Management and Security Services.

2.5.1 General. ACS shall provide the technology management and security Services described in this **Section 2.5**. ACS shall obtain Symetra's prior written consent before acquiring, maintaining, upgrading or replacing any asset that is used by ACS to satisfy its obligations hereunder if such acquisition, maintenance, upgrade or replacement could result in any material change in, or adverse impact on, the method, manner, types or levels of Services that are then being provided to Symetra.

2.5.2 Technology Upgrades and Enhancements. ACS will keep all Services under this Agreement current with industry advances and leading technology standards. Without limiting the generality of the foregoing, all hardware and software used to provide the Services will be kept at levels supportable by the respective manufacturers, and equipment will be upgraded or replaced as required to meet the SLRs and manufacturer-recommended requirements. Additionally, ACS shall notify Symetra as soon as hardware and software upgrades and enhancements become available from their respective vendors, and the Parties thereafter will coordinate implementation of such upgrades and enhancements. ACS shall schedule all such upgrades and enhancements in advance and in such a way as to prevent any interruption or disruption of, or diminution in, the nature or level of any portion of the Services.

2.5.3 ACS' Technology Refresh Requirements. ACS shall replace and/or upgrade its own equipment and software periodically as specified in **Attachment F.** In purchasing new equipment and software, ACS shall conform to the Technology Plan as described in **Section 2.5.4.** ACS will review the proposed purchase strategies each year (or more frequently, if required) with Symetra in order to determine which technology strategies will provide optimal and/or improved Services to Symetra.

2.5.4 Technology Planning and Innovation. On or before June 1 and December 1 of each calendar year, or more frequently as requested by Symetra, ACS shall prepare for Symetra's review, comments and approval a technology plan (the ***"Technology Plan"***) that is comprised of both short-term and long-range plans that tie into Symetra's business goals. The short-term plan will include information technology budget development for the next fiscal year including, consistent with the requirements of **Section 2.5.3,** identification of software and hardware for which technology refresh may be needed in the next Contract Year, and a projected time schedule for procuring the necessary software, hardware and services and implementing the proposed changes. The long-range plan will include strategic and flexible use of information technology systems in light of Symetra's anticipated business goals, current mission, objectives, priorities and strategies. Once approved by Symetra, each Technology Plan will be deemed to be incorporated in and made a part of this Agreement. ACS will on a regular basis and prior to preparing each annual Technology Plan: (a) identify ACS and non-ACS products and technology services that may benefit Symetra and support the mission, goals and objectives of Symetra; (b) identify ACS or Symetra resources required to complete the short-term and long-range plans; and (c) upon Symetra's request, investigate the requirements, costs and benefits of new technology. Notwithstanding the development of the Technology Plan on

an annual basis as described herein, ACS also shall have an ongoing responsibility to regularly provide Symetra with information regarding any newly improved or enhanced commercially available information technologies that reasonably could be expected to have a positive impact on Symetra including, without limitation, in the areas of increased efficiency, increased quality and/or reduced costs ***("Enhanced Technology"***). At a minimum, at least once annually, or more frequently as requested by Symetra, ACS shall meet with the IT Outsourcing Committee and provide a written report to the IT Outsourcing Committee that identifies any Enhanced Technology that ACS and its principal Subcontractors are developing and IT trends of which Symetra should be made aware. Upon identifying any Enhanced Technology that the Parties believe would materially improve performance, capacity, bandwidth, or reduce the cost, of the Services, the Parties will meet and discuss in good faith the terms upon which such Enhanced Technology may be implemented into the Services, including detailed SLRs specific to each such enhancement.

2.5.5 Asset Management. Within ninety (90) calendar days following the Effective Date, ACS shall develop and thereafter maintain a comprehensive inventory of all: (a) equipment, software and network connections and infrastructure used by ACS to provide the Services; (b) equipment, software and network connections and infrastructure used by Symetra in connection with the Services; and (c) Procured Technology. ACS shall provide an electronic copy of such inventory to Symetra upon request. In addition, ACS shall provide Symetra with reports detailing software usage by Symetra and other activities by Symetra relating to Symetra's compliance with software licenses that can be monitored by ACS in delivering the Services, provided that such responsibilities shall be detailed in each applicable **Schedule 2**. The Parties agree that ACS shall have no legal or financial responsibility for Symetra's non-compliance with such software licenses except to the extent resulting from: (d) events subject to indemnification under **Section 15.1.8;** and (e) potential breach of contract liability under this Agreement based on ACS' failure to comply with its obligations under this Agreement.

2.5.6 Shared Resources. Except as provided in **Attachment G,** ACS shall not use a shared hardware or software environment, or any shared network or platform (collectively, ***"Shared Resources"***) to provide the Services. If, following the Effective Date, ACS wants to migrate or relocate any Services to Shared Resources, ACS shall provide to Symetra for its review, comments and approval, which approval may be withheld in Symetra's sole discretion, a proposal for such migration or relocation, including a listing of all shared use assets that will be used to provide the Services and a breakdown of the cost and price benefits and savings or risks to Symetra. As part of the Disentanglement, ACS shall identify and assist Symetra with procuring suitable functionally equivalent replacements for any Shared Resources used to provide the Services.

2.5.7 Disaster Recovery.

(a) Review of Symetra's Disaster Recovery Plans. On or before the date specified in the Transition Plan, ACS shall review Symetra's existing disaster recovery plan(s) and develop and deliver to Symetra for its review, comments and approval a detailed, complete, written analysis of such disaster recovery plan(s) that identifies, among other things, any deficiencies and gaps in such disaster recovery plan(s) and the changes, modifications and/or updates recommended by ACS in order to address such deficiencies and gaps. Without limiting the generality of the foregoing, ACS' written analysis specifically shall address ways to safeguard the Symetra Data and to ensure the continuing availability of all Services, including the Service Tower Services, in accordance with the terms of this Agreement during any event that would otherwise adversely affect ACS' ability to safeguard the Symetra

Data and/or deliver the Services. Following its receipt of ACS' analysis, Symetra promptly shall review and comment on the same, and ACS thereafter shall update Symetra's disaster recovery plan(s) accordingly and, on or before the date specified in the Transition Plan, deliver to Symetra fully updated paper and electronic copies of such disaster recovery plan(s). Thereafter, ACS shall re-assess Symetra's disaster recovery plan(s) as described herein once annually (or more frequently if necessary) and, not later than sixty (60) calendar days following commencement of the second and each subsequent Contract Year, provide to Symetra for its review, comments and approval proposed changes, modifications and/or updates to Symetra's disaster recovery plan(s) in order to address any identified deficiencies and gaps. Following its receipt of ACS' annual assessment, Symetra promptly shall review and comment on the same, and ACS thereafter shall update Symetra's disaster recovery plan(s) accordingly and, within thirty (30) days after receiving Symetra's comments, deliver to Symetra fully updated paper and electronic copies of such disaster recovery plan(s).

(b) Provision of Disaster Recovery Services. Subject to, and without limiting, the terms of this **Section 2.5.7**, ACS shall provide the disaster recovery Services set forth in the applicable **Schedules 2** in accordance with its own and Symetra's disaster recovery plan(s). ACS shall provide disaster recovery Services as described herein at all times irrespective of whether a Force Majeure Event has occurred, unless the Force Majeure Event prevents the performance of the disaster recovery Services. Further, ACS shall provide dis aster recovery Services if Symetra notifies ACS that a disaster has occurred. Upon the occurrence, and periodically for the duration, of any disaster, ACS shall provide regular reports and notices to Symetra regarding the status of ACS' response to, and recovery from, the disaster.

(c) Review and Testing of Disaster Recovery Plan. ACS' disaster recovery Services shall include regular (not less often than once annually) testing and updating of both its own and Symetra's disaster recovery plans (including plans for data backups, storage management and contingency operations), reserving capacity at alternate site facilities and annually testing network connectivity between such alternate site and the applicable Symetra Sites. Symetra shall have the right to participate fully in any disaster recovery testing conducted by ACS including being physically present at the facilities of ACS and/or any Third Parties involved in such testing.

(d) Fees. ACS' costs and expenses associated with performing the obligations set forth in this **Section 2.5.7** shall be included in the Annual Services Fee as a separate annual line item.

2.6 Standards and Procedures Manual.

2.6.1 Development of Manual. As ACS transitions and migrates Services in accordance with the terms of the Transition Plan, ACS shall develop and continuously update a detailed, Symetra-specific standards and procedures manual that minimally includes the contents specified in **Section 2.6.2** (the ***"Standards and Procedures Manual"***). ACS shall deliver the first draft of the Standards and Procedures Manual to Symetra for its review, comments and approval within ninety (90) calendar days following the Effective Date of the Agreement and shall, with respect to each draft of the Standards and Procedures Manual, incorporate all of Symetra's comments and suggestions. Not later than thirty (30) calendar days following completion of all activities under the Transition Plan, ACS shall deliver an updated draft of the Standards and Procedures Manual to

Symetra for its review, comments and approval and thereafter shall periodically (but not less often than quarterly) update the Standards and Procedures Manual to reflect changes in the operations or procedures described therein. All such updates to the Standards and Procedures Manual shall be provided to Symetra for its prior review, comments and approval. Delivery of the initial draft and the updated draft of the Standards and Procedures Manual as provided herein shall constitute Critical Milestones. Prior to completion of the Standards and Procedures Manual, ACS shall provide the Services in accordance with the standards and procedures generally used by Symetra.

2.6.2 Contents. ACS shall provide the Standards and Procedures Manual to Symetra electronically (and in a manner such that it can be accessed via either Symetra's intranet or the Internet) and communicate to all End-Users the availability of and methodology for accessing the Standards and Procedures Manual. The Standards and Procedures Manual shall describe, among other things, the manner in which ACS will provide the Services hereunder, including the equipment and software being and to be used, the documentation (including, *e.g.*, operations manuals, user guides, specifications, and End-User support) that provide further details of such activities and detailed problem and change management procedures. The Standards and Procedures Manual also shall describe the activities ACS will undertake in order to provide the Services including, where appropriate, direction, supervision, monitoring, staffing, quality assurance, reporting, planning and oversight activities, as well as the specific measures taken to comply with all laws and regulations that are applicable to ACS as an operator of its business or in performing its obligations under the Agreement. The Standards and Procedures Manual also shall identify those Services that ACS is to perform to assist Symetra in complying with its own regulatory obligations including, without limitation, those relating to the privacy and security of the Symetra Data, including HIPAA, the California Statute, GLB and any other laws and regulations applicable to the Symetra Data and/or identified by Symetra. Without limiting ACS' obligations to assist Symetra in complying with its own regulatory obligations as described above, it is expressly agreed and understood by the Parties that Symetra shall be responsible for compliance with all laws and regulations that are applicable to Symetra as an operator of its business, its receipt of the Services, its direct regulatory obligations relating to the Symetra Data and, if the terms of **Section 14.6** are applicable, its status as controller of the Symetra Data. The Standards and Procedures Manual shall describe how the Services will be performed and act as a guide to End-Users seeking assistance with respect to the Services offered hereunder. The Standards and Procedures Manual shall in no event be interpreted as an amendment to this Agreement or so as to relieve ACS of any of its performance obligations under this Agreement.

2.7 Service Compatibility. ACS shall ensure that all services, equipment, networks, software, enhancements, upgrades, modifications and other resources, including those provided by Symetra (collectively, the "***Resources***"), that are: (a) used by ACS to deliver the Services; or (b) approved by ACS for utilization by Symetra in connection with the Services, shall be successfully integrated and interfaced, and shall be compatible with the services, equipment, networks, software, enhancements, upgrades, modifications and other resources that are being provided to Symetra by Third Party service providers (collectively, the "***Third-Party Resources"***); provided, however, that any such responsibilities of ACS for Resources shall be detailed in the applicable **Schedules 2**. Further, ACS shall ensure that none of the Services or other items provided to Symetra by ACS shall be adversely affected by, or shall adversely affect, those of any such Third Party providers, whether as to functionality, speed, service levels, interconnectivity, reliability, availability, performance, response times or similar measures. To the extent that any interfaces need to be developed or modified in order for the Resources to integrate successfully, and be compatible with, the Third-Party Resources, ACS shall develop or modify such interfaces as part of the Services, pursuant to the process set forth in **Section 2.8.** If a question arises as to whether a particular defect, malfunction or other

difficulty with respect to the Services was caused by Resources or by Third-Party Resources, ACS shall be responsible for correcting, at its cost, such defect, malfunction or difficulty, except to the extent that ACS can demonstrate, to Symetra's satisfaction, by means of a Root-Cause Analysis, that the cause was not caused by Resources. In addition, ACS shall cooperate with all Third Party service providers of Symetra to coordinate its provision of the Services with the services and systems of such Third Party service providers. Subject to reasonable confidentiality requirements, such cooperation shall include providing: (a) applicable written information concerning any or all of the systems, data, computing environment, and technology direction used in providing the Services; (b) reasonable assistance and support services to such Third Party providers; (c) access to systems and architecture configurations of Provider to the extent reasonably required for the activities of such Third Party providers; and (d) access to and use of the Resources.

2.8 In-Scope Service Requests. If Symetra requires the performance of work that is not being performed at a particular time but that is within the scope of the Services, Symetra shall deliver to the ACS Project Executive an "***In-Scope Service Request***" in the form set forth in **Attachment D** specifying the proposed work with sufficient detail to enable ACS to evaluate the request. If such In-Scope Service Request is a request for access to ACS personnel versus a request for a particular set of Services that are in the nature of a longer-term project, Symetra shall prioritize (and re-prioritize as deemed necessary by Symetra), and ACS shall respond to, such In-Scope Service Request as follows:

Symetra-Designated Priority	Response	
	Symetra Corporate Headquarters & ACS NWSC - Hillsboro	Symetra Remote Office Locations
Urgent	Immediate	ASAP, not to exceed 8 hours
Standard	2 Hours	2 Business Days
Low	8 Hours	5 Business Days

With respect to In-Scope Service Requests that are in the nature of a longer-term project, unless the Parties mutually agree in writing to proceed otherwise, within five (5) Business Days following the date of ACS' receipt of such In-Scope Service Request, ACS shall provide Symetra with a written proposal in response to the In-Scope Service Request that contains the following: (a) a detailed description of the Services to be performed; (b) specifications (if applicable); and/or (c) an implementation plan, with implementation to commence not later than thirty (30) calendar days after approval thereof, unless otherwise mutually agreed. All services requested in an In-Scope Service Request shall constitute Services for purposes of this Agreement. Following receipt of ACS' proposal, Symetra shall notify ACS in writing whether to proceed with the In-Scope Service Request, and ACS shall take no further action with respect to the In-Scope Service Request until it receives approval from Symetra. In-Scope Service Requests must be executed by the Symetra Project Executive, or his or her designee, in order to be effective.

2.9 Out-of-Scope Work Orders.

2.9.1 Requirements and Process. From time-to-time, Symetra may solicit a response from prospective providers to perform services that are outside the scope of the Services ("***Out-of-Scope Service(s)"***). At its own cost and expense, ACS shall submit a response ("***Out-of-***

Scope Work Order") to any such Out-of-Scope Services request that complies with the terms of this Section within ten (10) Business Days after ACS' receipt of Symetra's request, or, if the scope of the Out-of-Scope Services is such that ten (10) Business Days would be insufficient, within a mutually agreed period of time. ACS' proposed fees for performing each Out-of-Scope Work Order shall be at a fixed price (to the extent the Out-of-Scope Service consists of design, build or other development services) or at a fixed rate per unit of performance or other benefit to be received by Symetra (to the extent the Out-of-Scope Service consists of operational or other ongoing services), in either case based upon the lower of the Service Rates or the best rates, terms and conditions ACS is offering or has offered to other customers for services of a similar nature and scope. Each such response shall be in writing and shall contain the following items and be in conformance with the process set forth herein: (a) ACS' response to Symetra's description and specifications for the Out-of-Scope Services, including all services to be performed, categories of personnel (and number of personnel within each category) required to complete the Out-of-Scope Services, and an implementation plan; (b) the amount, schedule, and method of payment; (c) the timeframe for performance; (d) completion and acceptance criteria; and (e) any proposed SLRs for new services that would result from the Out-of-Scope Services. If Symetra selects ACS as its provider with respect to the Out-of-Scope Work Order, the obligations of ACS with respect to the Out-of- Scope Services shall be deemed Other Services under this Agreement, and the Out-of-Scope Services and the Out-of-Scope Work Order shall be governed by all the terms and conditions of this Agreement.

2.9.2 Potential Limitation on Future Contracts. If ACS, under the terms of this Agreement or through the performance of tasks hereunder, develops specifications or statements of work, and such specifications or statements of work are to be incorporated into a solicitation, at Symetra's option, ACS may be ineligible under Symetra's standard procurement rules or, if such rules do not exist, industry standard procurement rules, to bid on and perform the work described within that solicitation as a prime contractor or subcontractor under a future Symetra contract. Except for the foregoing, ACS shall have the ability to compete for future business with Symetra on an equal basis with other Persons.

2.10 Extraordinary Events or Circumstances. Symetra may, at any time, in a written notice signed by the Symetra Project Executive, or his or her designee, and as a result of an Extraordinary Event: (a) direct ACS, in accordance with **Section 2.8,** to perform Services in an extraordinary manner *(e.g.*, perform Services at service levels above or below the SLRs for a limited duration); or (b) direct ACS to prepare and submit a proposed Out-of-Scope Work Order more quickly than required under **Section 2.9.1;** (c) direct ACS to temporarily cease the performance of certain Services; or (d) obtain a Third Party to perform certain Services for the duration of the Extraordinary Event. If such Extraordinary Event results in ACS' performance of Other Services, to the extent incremental pricing for such Other Services is not set forth in this Agreement (including, in particular, in **Schedule 4**), the Parties shall engage in good faith negotiations in order to arrive at appropriate fees and expenses to be paid to ACS in consideration of its performance of such Other Services. If such Extraordinary Event results in ACS' performance of additional or fewer Services, as the case may be: (e) provided: (i) the upper Pricing Band limit or the lower Pricing Band limit, as applicable, for such Services as specified in **Schedule 3** has not been surpassed for more than ninety (90) calendar days, the applicable pricing set forth in **Schedule 3** shall apply; or (f) once the upper Pricing Band limit or the lower Pricing Band limit, as applicable, for such Services as specified in **Schedule 3** has been surpassed for more than ninety (90) calendar days, the Parties shall engage in good faith negotiations in order to arrive at new pricing for the affected Service Tower Services. The rights and obligations of the Parties under this **Section 2.10** shall be in addition to those under **Sections 2.5.7**, **9.2.3** and similar provisions of this Agreement addressing Force Majeure Events.

2.11 Reports and Other Resource Materials.

2.11.1 General. In addition to any reports that may be required to be furnished pursuant to any **Schedule 2**, ACS shall furnish reports to Symetra in the manner, format, and frequency, and containing contents, reasonably requested by Symetra from time to time. In addition to SLR Reports and reports relating to amounts invoiced to Symetra, ACS' reports shall include, among other things, annual security audit reporting, including reporting on unauthorized system access incidents, and reports regarding cost-management, Subcontractor relationships, End-User satisfaction, human resources matters and any other pertinent data requested by Symetra. ACS promptly shall (but not later than two (2) calendar days after gaining knowledge thereof) inform Symetra of any deficiencies, omissions or irregularities in Symetra's requirements or in ACS' performance of the Services that come to ACS' attention. ACS shall furnish Symetra with all existing and future research and development resources, such as published materials, and industry studies conducted for or by ACS, that pertain to the Services and that might assist Symetra in setting its IT policies or requirements. The ACS Project Executive also shall advise Symetra of all other matters of a material nature that he or she believes would be helpful to Symetra in setting or revising its IT policies or requirements.

2.11.2 Media. ACS shall furnish to Symetra all reports in both hard copy and electronic form per Symetra's specifications in effect on the Effective Date, as the same may be reasonably modified by Symetra from time-to-time thereafter.

2.12 Critical Milestones.

2.12.1 Designation of Critical Milestones. As of the Effective Date, the Parties have designated certain milestones, activities, actions and/or projects under this Agreement as Critical Milestones, and have identified (in the Transition Plan or elsewhere in this Agreement) dates for ACS to achieve such Critical Milestones. Following the Effective Date, the Parties may designate additional milestones, activities, actions and/or projects under this Agreement as Critical Milestones (such agreement not to be unreasonably withheld by either Party), and promptly following such designation, the Parties shall work together cooperatively and in good faith to agree upon appropriate dates for ACS to achieve such Critical Milestones.

2.12.2 Failure to Timely Achieve a Critical Milestone. If ACS fails to achieve any Critical Milestone by the corresponding date for achieving such Critical Milestone, without limiting any other rights and remedies that may be available to Symetra, Symetra shall have the right to: (a) if applicable to the Critical Milestone, reduce the Fees by an amount equal to the Fee Reduction calculated as provided in **Schedule 5;** and/or (b) declare an Event of Default. Notwithstanding the foregoing, the remedies described in **Sections 2.12.2(a)** and **(b)** shall not be available to Symetra if and to the extent ACS' failure to achieve any Critical Milestone by the corresponding date for achieving such Critical Milestone is due to: (c) the occurrence of a Force Majeure Event; (d) a delay by Symetra solely for its own convenience; or (e) Symetra's material failure to perform any of its responsibilities under this Agreement that were a pre-condition to ACS' ability to perform its obligations, provided that such failure previously was identified by ACS in writing.

2.13 End-User Satisfaction and Communication. In addition to any End-User satisfaction survey requirements set forth in **Schedule 2,** not less than once quarterly, ACS shall conduct End-User satisfaction surveys in accordance with this Section. The proposed surveys (including the underlying instrument(s), methodology and survey plan) shall be subject to Symetra's review, comments

and approval and shall cover a representative sample of the End-Users including, as a separate sample category, senior management of Symetra. Symetra shall provide reasonable assistance to ACS to: (a) identify the appropriate sample of End-Users; (b) distribute the surveys; and (c) encourage participation by such End-Users in order to obtain meaningful results. ACS shall report the results of the surveys separately from each of the End-Users or groups of End-Users as may be specified by Symetra, and the ACS Project Executive shall review the results of each survey with Symetra within thirty (30) calendar days following the mutually agreed deadline for completion and return of the survey. During each such review session, ACS shall submit an End-User communication plan to Symetra for its review, comments and approval that shall include, at a minimum, updates to the End-Users regarding the results of the satisfaction surveys. Not later than thirty (30) calendar days following each review session, ACS shall provide to Symetra an action plan for addressing any problem areas identified in the survey results.

2.14 Cooperation with Symetra and Third Parties. ACS shall cooperate fully with Symetra and all Third Parties designated by Symetra, and shall disclose such information to Symetra and such Third Parties relating to ACS and its Subcontractors as may be reasonably required or necessary for delivery of the Services as required herein. All such disclosures shall be subject to the confidentiality provisions of **Article 13.**

2.15 Movement of an ACS Facility. Except as otherwise agreed to by the Parties in writing, if ACS moves, relocates, alters or changes any facility (including, without limitation, any ACS data center), such movement, relocation, alteration or change shall not: (a) result in any charges to Symetra; or (b) alter or excuse ACS' obligation to perform all Services in accordance with the SLRs.

ARTICLE 3
PERSONNEL

3.1 ACS Personnel.

3.1.1 ACS Key Personnel.

(a) Designation of ACS Key Personnel. Each of the ACS Key Personnel is designated on, and shall have the functions assigned to him or her as set forth in, **Attachment E**. This Schedule may be modified from time-to-time in accordance with this Agreement and shall be deemed modified upon any Symetra-approved replacement or substitution of a new person for any ACS Key Personnel. Prior to the assignment, hiring or designation of any person to fill the position or perform the duties provided by any ACS Key Personnel, Symetra shall have the right to interview and participate in the selection of such person to fill the position or perform the duties provided by the ACS Key Personnel to be replaced. ACS shall not hire, assign or designate any new person to fill the position or perform the duties provided by any ACS Key Personnel without Symetra's prior written consent, which consent may be given or withheld in Symetra's sole discretion. In addition, Symetra shall not be obligated to pay any Fees (or portion thereof) that are attributable to ACS Key Personnel until it determines, in its reasonable discretion, that such ACS Key Personnel have sufficient training, education and knowledge about Symetra's then-current status and project needs. ACS shall ensure that all ACS Key Personnel have at least one designated individual as his or her core knowledge backup, ACS acknowledging that cross-sharing of knowledge is critical to minimizing the potential impact to Symetra if any of the ACS Key Personnel become unavailable for any reason. ACS Key Personnel shall treat Symetra as their most favored customer

and shall give Symetra priority over all of ACS' other customers. All other ACS employees who are assigned to Symetra shall treat Symetra as a priority customer.

(b) Removal/Replacement of ACS Key Personnel by ACS. All ACS Key Personnel shall be assigned to perform the Services on such basis *(e.g.*, full time assignment or otherwise) as needed to ensure that the Services contemplated hereunder are provided in an efficient and timely manner. Except as otherwise permitted in **Section 1.2.2(d),** without Symetra's prior written consent, ACS shall not: (i) undertake any action with respect to any ACS Key Personnel that would result in the alteration or reduction of time expended by such ACS Key Personnel in performance of ACS' duties hereunder; or (ii) transfer, reassign or otherwise re-deploy any ACS Key Personnel from performance of ACS' duties under this Agreement, except in cases involving: (i) a voluntary or For Cause termination; (ii) removal at Symetra's request; or (iii) inability to work due to death, disability or illness. If any one of the ACS Key Personnel comes unavailable to perform his/her duties for any reason, subject to the terms of **subsection (c)** below, within forty-eight (48) hours thereafter, ACS shall replace such person with another person approved by Symetra that is at least as well qualified as the person being replaced. For purposes of this Section, the movement of ACS Key Personnel from the employ of ACS to an Affiliate or a Subcontractor of ACS shall be considered a reassignment requiring Symetra's consent and not a cessation of employment. If ACS removes or temporarily reassigns the ACS Key Personnel in accordance with the terms of this Section, Symetra may withhold any and all payments due or that become due to ACS until the ACS Key Personnel vacancy is filled by a qualified replacement, as approved by Symetra.

(c) Removal of ACS Personnel by Symetra. Notwithstanding anything contained herein to the contrary, if Symetra believes that the performance or conduct of any Person employed or retained by ACS to perform ACS' obligations under this Agreement (including, without limitation, ACS Key Personnel) is unsatisfactory for any reason or is not in compliance with the requirements of this Agreement, Symetra shall so notify ACS in writing and ACS shall promptly address the performance or conduct of such person, or, at Symetra's request, immediately replace such Person with another Person acceptable to Symetra and with sufficient knowledge and expertise to perform the Services in accordance with this Agreement. Symetra shall not be responsible for any relocation expenses associated with ACS' compliance with this Section or any other term or condition of this Agreement.

(d) Transition. If: (i) ACS is obligated to replace an individual as provided in **subsection (c)** above; or (ii) ACS wants to replace or reassign any of the ACS Key Personnel, and either Symetra consents to such replacement or reassignment, or Symetra's consent to such replacement or reassignment is not required as provided in **subsection (b)** above, then: (1) the terms of **subsection (a)** above with respect to Symetra's right to select replacement personnel for any ACS Key Personnel shall apply; (2) the proposed replacement personnel shall be "qualified," meaning that the proposed replacement personnel shall possess comparable experience and training as the ACS personnel to be replaced; and (3) the replacement personnel shall work with the replaced personnel during a mutually agreed transition period, the duration of which shall be determined based on the duties and responsibilities of the person to be replaced, and all costs and expenses associated with educating and training the replacement personnel shall be borne by ACS. Without limiting the generality of the foregoing, the transition period for the ACS Project Executive shall be at least one (1) month in length. In addition, provided the replaced personnel remains employed by ACS, such individual

shall continue to be available by telephone to answer any Services or Other Services-related questions.

3.1.2 Additional Personnel Requirements. In addition to ACS Key Personnel, ACS shall provide and make available such additional staff and personnel as ACS deems necessary to properly perform all of ACS' obligations under this Agreement, all of whom shall, prior to their assignment to perform Services, be subject to security clearances by ACS consistent with any applicable policies and/or practices as may be requested and/or approved by Symetra. All costs and expenses associated with providing, equipping and retaining ACS staff and other personnel is included within the Fees, including, without limitation, all wages (including overtime payments), benefits of employment, applicable payroll taxes, and all associated staffing costs such as training and education, office supplies, PC refreshment, travel and lodging costs and recruiting and relocation expenses. On the Effective Date and at the end of every six (6)-month period after the Effective Date, ACS shall provide Symetra with a written list of all ACS and Subcontractor personnel whose time is dedicated fifty percent (50%) or more to providing Services hereunder, and the contents of such written list shall include, without limitation, the employees' names, dates of placement, assignment addresses, assigned duties and responsibilities, and the names of the person to whom they are required to report.

3.1.3 Minimum Proficiency Levels. ACS Key Personnel, and all other personnel assigned by ACS or its Subcontractors to perform ACS' obligations under this Agreement, shall have experience, training and expertise sufficient to perform ACS' obligations under this Agreement including, without limitation, ACS' obligations with respect to the SLRs. Whenever ACS and/or an ACS Subcontractor indicates that a Person has a specific level of experience or expertise, such Person shall in fact possess such experience and expertise. Symetra shall not be required to pay for Services provided by any Person who does not possess the promised levels of experience and expertise.

3.1.4 Specialized Personnel. As part of its provision of Services, ACS shall ensure that all ACS personnel (and the personnel of any ACS Subcontractors) performing Services in work areas requiring specific health, regulatory (including, without limitation, HIPAA, the California Statute, GLB and other regulations identified by Symetra), security or safety-related expertise are trained, qualified, and available to perform the Services in such areas as such training is commercially appropriate for the Services performed by such personnel. As reasonably requested by ACS, Symetra shall make available to ACS personnel (and to the personnel of any ACS Subcontractor(s)) any regulatory training that Symetra makes available to its own personnel in such work areas, with all costs and expenses associated with such training (if any) to be borne by ACS.

3.1.5 Training. At its own cost and expense, ACS shall provide, and cause its Subcontractors to provide, all such training to the employees of ACS and its Subcontractors as may be necessary for them to perform all of ACS' duties under this Agreement (including technical training as well as training regarding applicable administrative matters such as training regarding Symetra-specific policies and SOPs), and, in any event, levels of training equal to or greater than the average levels of training given to other ACS and/or Subcontractor employees holding corresponding positions.

3.1.6 Supervision and Conduct of ACS Personnel. Except as expressly set forth herein, neither ACS, its Subcontractors, nor the employees of any of them, are or shall be deemed to be employees of Symetra. ACS or, with respect to Persons who work for an ACS Subcontractor, the applicable ACS Subcontractor(s), shall be responsible for their own staff assigned to provide Services

under this Agreement, and, subject to this **Article 3,** ACS (directly or through ACS Subcontractors) shall have the sole right to direct and control the management of such staff. ACS and, in respect of Persons who work for ACS' Subcontractors, ACS' Subcontractors, shall: (a) determine and pay all applicable wages and salaries, including applicable overtime and other premium pay; (b) provide welfare and retirement benefits, as it deems necessary or desirable; (c) comply with applicable tax laws, including income tax and employment tax withholding laws; (d) comply with all applicable laws governing the relationship between ACS or ACS' Subcontractors and their respective employees, including laws relating to accommodation of disabilities, equal pay, provision of leave *(e.g.*, FMLA, jury duty, etc.), unlawful discrimination, as well as wage and hour law requirements; (e) comply with all workers' compensation insurance coverage laws; (f) file all applicable reports with federal, state and local agencies and authorities as required by law; (g) maintain all required employment records, including 1-9, personnel and medical files consistent with applicable law and customary business practices; and (h) comply with all applicable equal employment opportunity laws (including, without limitation, Executive Order 11246 as well as all other related laws and regulations). While at or on the premises of Symetra, personnel of ACS and ACS' Subcontractors shall: (i) conduct themselves in a businesslike manner; and (j) comply with the requests and standard rules of Symetra regarding safety and health and personal, professional and ethical conduct (including, without limitation, those contained in Symetra's employee manuals and other written policies and procedures) as may be required for such locations.

3.2 Symetra Personnel. The Symetra Project Executive shall act as the primary liaison between Symetra and the ACS Project Executive and have overall responsibility for the day-to-day oversight of ACS' performance under this Agreement and coordination of Symetra's retained authorities, as well as the additional personnel described in **Section 3.1,** in order to perform Symetra's responsibilities hereunder. If any one of such Symetra personnel is unable to perform the functions or responsibilities assigned to him or her in connection with this Agreement, or if he or she is no longer employed by Symetra, Symetra shall replace such person or reassign the functions or responsibilities to another Person.

3.3 Solicitation of Personnel. Except as provided in **Section 10.3.6,** during the Term and for a period of twelve (12) months thereafter, neither Party shall, without the prior written consent of the other Party, directly or indirectly solicit for employment any employee of the other who is involved in the performance of this Agreement. Notwithstanding the foregoing, a Party (the ***"Recruiting Party"*)** will not have violated the terms set forth in the preceding sentence if an employee of the other Party: (a) responds to a general, non-targeted solicitation for employment issued by the Recruiting Party, such as a newspaper advertisement; or (b) is contacted by a recruiter for the Recruiting Party, where the recruiter has not been instructed by the Recruiting Party to target the employees of the other Party.

3.4 Personnel Restriction. With respect to any ACS Project Executive, provided such ACS Project Executive remains employed by ACS or one of its Affiliates, for a period of twelve (12) months following the date on which such ACS Project Executive last provided Services to Symetra hereunder, ACS shall restrict such ACS Project Executive from directly or indirectly, through the education of other persons or otherwise, providing services to any of the Symetra Competitors.

ARTICLE 4
ASSETS AND THIRD-PARTY CONTRACTS

4.1 Symetra Retained Equipment.

4.1.1 General. Symetra will furnish to ACS, for ACS' use at no charge, the equipment owned by Symetra (the ***"Symetra-Owned Equipment"*** **),** and the equipment leased by Symetra (the ***"Symetra-Leased Equipment"*** **)** that are listed in the applicable **Schedule 2,** but for each such item of Symetra-Owned Equipment and Symetra-Leased Equipment, only for that portion of the Term occurring prior to the date on which, in the case of Symetra-Owned Equipment, Symetra fully depreciates such item of equipment and, in the case of Symetra-Leased Equipment, the lease expires for such item of Symetra-Leased Equipment, after which time ACS shall de-install and replace such item of equipment at ACS' own cost and comply with Symetra's reasonable directions regarding the disposal or other disposition of such item of equipment. The Symetra-Owned Equipment and Symetra-Leased Equipment will remain the property of Symetra and a Symetra-retained expense; however, ACS shall be responsible for managing all such equipment. The applicable **Schedule 2** shall be deemed to be updated to include any additional Symetra-Owned equipment and/or Symetra- Leased equipment made available by Symetra for ACS' use in providing the Services. Notwithstanding the location of any Symetra-Owned Equipment or Symetra Leased Equipment at an ACS or other non-Symetra facility, or the failure to list any item of Symetra-Owned Equipment or Symetra-Leased Equipment on the applicable **Schedule 2,** all right, title and interest in and to any Symetra-Owned Equipment and Symetra-Leased Equipment will be and remain in Symetra, and ACS will have no title or ownership interest in such Symetra-Owned Equipment and Symetra-Leased Equipment. ACS will provide Symetra with reasonable access to all Symetra-Owned Equipment or Symetra-Leased Equipment located at an ACS or other non-Symetra facility, and, notwithstanding any contrary terms that may be contained herein, will be responsible for all costs and expenses associated with repair or replacement of any Symetra-Owned Equipment or Symetra-Leased Equipment or any part thereof damaged (reasonable wear and tear excepted) by the employees, agents or invitees of ACS, its Affiliates and/or its Subcontractors (excluding Symetra).

4.1.2 Third-Party Approvals. ACS and Symetra shall work together to identify, and Symetra with ACS' assistance thereafter will take all actions reasonably necessary to obtain, any consents, approvals or authorizations from Third Parties as required for ACS to lawfully access, operate, and use (at or from any location where Services are to be provided) the Symetra-Owned Equipment and the Symetra-Leased Equipment. Symetra hereby appoints ACS to act as its single point of contact for all matters pertaining to the Symetra-Owned Equipment and the Symetra-Leased Equipment, and with Symetra's approval, ACS promptly will notify all appropriate Third Parties of such appointment. Symetra may at any time revoke such appointment and/or exercise control over ACS' actions with respect to such Third Parties.

4.1.3 Return of Symetra Equipment. Unless a later return date is requested by Symetra, thirty (30) calendar days following any expiration or termination of this Agreement, ACS will return each item of Symetra-Owned Equipment and Symetra-Leased Equipment to Symetra (excluding those items of equipment that previously were replaced by ACS as described in **Section 4.1.1)** in substantially the same condition it was in when initially provided to ACS, reasonable wear and tear excepted.

4.2 ACS Equipment. "ACS Equipment" means equipment owned, leased or otherwise held by ACS that is dedicated solely to ACS providing the Services. Notwithstanding the location of

ACS Equipment at a Symetra facility, all right, title and interest in and to any such ACS Equipment will be and remain in ACS, and Symetra will not have any title or ownership interest in the ACS Equipment.

4.2.1 Use of ACS Equipment by ACS Employees. ACS may provide ACS Equipment for use by ACS employees on behalf of Symetra, at no additional charge to Symetra.

4.2.2 Provision of ACS Equipment to Symetra. ACS may, upon mutual agreement with Symetra as to equipment and charges (if any), provide to Symetra certain ACS Equipment at mutually agreed location(s), and on a mutually agreed delivery schedule. With the advice of ACS, Symetra will prepare and maintain at Symetra's cost and expense any Symetra facility in which ACS Equipment will be installed in accordance with the manufacturers' specifications and all applicable codes, statutes, regulations and standards.

4.2.3 Installation of ACS Equipment. ACS will arrange for, and will determine the mode of transportation and installation of each item of ACS Equipment to such location(s) as may be mutually agreed to by the Parties. If Symetra relocates any Symetra facility in which ACS Equipment may be installed, Symetra will be responsible for the relocation costs of such ACS Equipment. If ACS requests the relocation of any ACS Equipment, ACS shall be responsible for the associated relocation costs.

4.2.4 Maintenance of ACS Equipment. ACS will be responsible for maintaining all ACS Equipment after installation at a Symetra location; provided, however, that Symetra will be responsible for all costs and expenses of repair or replacement to correct any damage to ACS Equipment or any part thereof (reasonable wear and tear excepted) caused by Symetra, or one of their employees, agents or invitees (exclusive of the employees, agents and/or invitees of ACS, its Affiliates and/or its Subcontractors).

4.3 Software.

4.3.1 ACS-Licensed Third Party Software.

(a) Category 1 Software. **Schedule L** to this Agreement sets forth the software that is owned by a Third Party and licensed by ACS and/or any of its Affiliates on an enterprise-wide basis (meaning pursuant to a license that is not specific to Symetra) that Symetra agrees ACS may use to provide the Services (together with all supporting documentation, media and related materials, including all modifications, enhancements, updates, replacements and other Derivative Works thereof, the ***"Category 1 Software").*** ACS shall grant to Symetra, its Affiliates and their employees and independent contractors the right to use, or receive the benefit of the use by ACS of, the Category 1 Software during the Term and during the Disentanglement Period. If and as requested by Symetra during the Disentanglement Period and at no additional charge to Symetra, ACS shall assist Symetra, its Affiliates and/or the Replacement Provider in procuring a license, and in securing maintenance and support, with respect to the Category 1 Software commencing on the Expiration Date and continuing thereafter for as long as Symetra requires at competitive rates (which license and maintenance and support fees shall be paid by Symetra). Except as provided in the preceding sentence, all costs and expenses associated with the Category 1 Software including, without limitation, license, maintenance and support, implementation and/or upgrade fees, shall be deemed to be included in the Fees. All right, title and interest in and to the Category 1 Software

(excluding Derivative Works that contain Work Product) shall remain with the applicable Third Party.

(b) Category 2 Software. **Schedule L** to this Agreement sets forth the software that is owned by a Third Party and licensed by ACS and/or its Affiliates solely for use in performing its obligations under this Agreement (meaning pursuant to a license that is specific to Symetra) that Symetra agrees ACS may use to provide the Services (together with all supporting documentation, media and related materials, including all modifications, enhancements, updates, replacements and other Derivative Works thereof, the ***"Category 2 Software"*** **).** ACS shall obtain for Symetra a non-exclusive, non-transferable, fully paid license for Symetra, its Affiliates and their employees and independent contractors to use, or receive the benefit of the use by ACS, of the Category 2 Software during the Term and during the Disentanglement Period. If ACS is unable to procure such a license, ACS shall so notify Symetra in writing and Symetra may: (i) waive all or any portion of the foregoing license scope requirements in writing; or (ii) become directly involved in negotiations with the Third Party. ACS shall also procure the advance consent of each Third Party software vendor of Category 2 Software to an assignment to Symetra, its Affiliates and/or the Replacement Provider, of the license agreement between such Third Party software vendor and ACS during the Disentanglement Period. If such consent cannot be obtained from any Third Party software vendor, ACS shall so notify Symetra in writing, and Symetra may: (iii) waive this requirement in writing; or (iv) elect to license the applicable Category 2 Software directly from the applicable Third Party software vendor. If Symetra licenses such Category 2 Software directly from the Third Party software vendor, the software shall be deemed Category 3 Software for purposes of this Agreement. If and as requested by Symetra during the Disentanglement Period and at no additional charge to Symetra, ACS shall assist Symetra, its Affiliates and/or the Replacement Provider in procuring a license (if necessary) and securing maintenance and support with respect to the Category 2 Software commencing on the Expiration Date and continuing thereafter for as long as Symetra requires at competitive rates (which license (if any) and maintenance and support fees shall be paid by Symetra). All costs and expenses associated with the Category 2 Software including, without limitation, license, maintenance and support, implementation and/or upgrade fees (but excluding any assignment-related consent fees as described above), shall be deemed to be included in the Fees. All right, title and interest in and to the Category 2 Software (excluding Derivative Works that contain Work Product) shall remain with the applicable Third Party.

4.3.2 Symetra-Licensed Third Party Software.

(a) Category 3 Software. **Schedule L** sets forth certain Third Party software licensed by Symetra that ACS may access and/or use in providing the Services during the Term and during the Disentanglement Period **(*"Category 3 Software"*).** Symetra will attempt to secure the appropriate consents and approvals required to enable ACS to access and/or use the Category 3 Software, and if it is unable to do so, the terms of **Section 4.3.2(c)** shall apply. ACS will pay all required license, maintenance and support, implementation and upgrade fees with respect to the Category 3 Software (up to those amounts that ACS would have been required to pay if such Software constituted Category 2 Software), and Symetra shall pay all required costs and expenses (including, without limitation, license and consent charges imposed by software vendors) required to permit usage by ACS of the Category 3 Software under this Agreement. All right, title and interest in and to the Category 3 Software

(excluding Derivative Works that contain Work Product) shall remain with the applicable Third Party.

(b) Category 4 Software. **Schedule L** sets forth certain Third Party software licensed by Symetra that ACS may access and/or use in providing the Services during the Term and during the Disentanglement Period **(*"Category 4 Software"*).** Symetra will attempt to secure the appropriate consents and approvals required to enable ACS to access and/or use the Category 4 Software, and if it is unable to do so, the terms of **Section 4.3.2(c)** shall apply. Symetra will pay all required: (i) license and maintenance fees, including fees associated with the purchase of any upgrades, with respect to the Category 4 Software; and (ii) all costs and expenses (including, without limitation, license and consent charges imposed by software vendors) required to permit usage by ACS of Category 4 Software under this Agreement. All right, title and interest in and to the Category 4 Software (excluding Derivative Works that contain Work Product) shall remain with the applicable Third Party.

(c) Consents and Approvals. If any consents or approvals under this **Section 4.3.2** are required to be obtained but are not reasonably available, Symetra will not be required to obtain them, and Symetra and ACS agree to negotiate in good faith as to the impact of the lack of consent and to produce a reasonable alternative.

4.3.3 Category 5 Software. **Schedule L** sets forth the software that is owned by ACS and/or any of its Affiliates that Symetra agrees ACS may use to provide the Services (together with all supporting documentation, media and related materials, including any and all modifications, enhancements, updates, replacements and other Derivative Works thereof, the ***"Category 5 Software"*).** ACS shall grant to Symetra a non-exclusive, non-transferable (except in accordance with **Section 19.5),** fully paid, license for Symetra, its Affiliates and their employees and independent contractors to use, or receive the benefit of the use by ACS of, such Category 5 Software during the Term and during the Disentanglement Period. All costs and expenses associated with the Category 5 Software including, without limitation, license, maintenance and support, implementation and/or upgrade fees, shall be deemed to be included in the Fees. All right, title and interest in and to the Category 5 Software (excluding Derivative Works that contain Work Product) shall remain with ACS.

4.3.4 Category 6 Software. **Schedule L** sets forth the software that is owned by Symetra and/or any of its Affiliates that Symetra may instruct ACS to use in connection with the Services (together with all supporting documentation, media and related materials, including any and all modifications, enhancements, updates, replacements and other Derivative Works thereof, the ***"Category 6 Software").*** All right, title and interest in and to the Category 6 Software shall remain with Symetra and/or its Affiliates, and ACS will have no ownership interests or other rights in the Category 6 Software, provided that Symetra grants to ACS the right to access and use the Category 6 Software as necessary to provide the Services. The Category 6 Software will be made available to ACS in such form and on such media as ACS may reasonably request, together with existing documentation and other available materials. If ACS is authorized to make any changes to any Category 6 Software, such changes will be authorized by the change management procedure to be developed as part of the Standards and Procedures Manual. ACS will document any such changes, and all such changes shall constitute Category 6 Software and shall be treated as Work Product for purposes of this Agreement. Without Symetra's prior written permission, ACS will not access or use the Category 6 Software for any purpose other than the provision of Services hereunder.

4.4 Assigned Contracts. **Attachment H** sets forth the written support, maintenance and other agreements that are expected to be assigned to ACS for use in providing the Services. If any agreement inadvertently was omitted from such Schedule, at Symetra's request, the Parties shall work together in a cooperative manner to effectuate the assignment of such agreement to ACS. If Symetra is unable to effectuate an assignment of any of such agreements, such agreements shall become subject to the terms of **Section 4.5.**

4.5 Managed Contracts. **Attachment I** sets forth the support, maintenance and other agreements that will be managed by ACS as part of the Services (collectively, the ***"Managed Contracts"*** **).** If any agreement inadvertently was omitted from such Schedule, at Symetra's request, the Parties shall add such agreement to **Attachment I.** Symetra will attempt to secure the appropriate consents and approvals required to enable ACS to perform its obligations relating to the Managed Contracts. If any such consents or approvals are not reasonably available, Symetra will not be required to obtain them, and Symetra and ACS agree to negotiate in good faith as to the impact of the lack of consent and to produce a reasonable alternative. Symetra hereby appoints ACS to act during the Term as its single point of contact for all matters pertaining to the Managed Contracts, and with Symetra's approval, ACS promptly will notify all appropriate Third Parties of such appointment. Symetra may at any time revoke such appointment and/or exercise reasonable control over ACS' actions with respect to such Third Parties as it relates to the provision of Services.

4.6 Further Assurances. Symetra and ACS agree to execute and deliver such other instruments and documents as either Party reasonably requests to evidence or effect the transactions contemplated by this **Article 4.**

4.7 Use of Symetra Facilities. Symetra shall make reasonably necessary office space, furnishings, and storage space (the ***"Symetra Facilities")*** available to ACS' on-site personnel performing Services at any Symetra Site throughout the Term and shall maintain Symetra Facilities in areas and at a level similar to that which it maintains for its own employees performing similar work. Office space, furnishings, storage space, and assets installed or operated on Symetra premises, and supplies allocated, are provided "AS IS, WHERE IS," and "WITH ALL FAULTS". Symetra shall provide ACS reasonably unencumbered access to such facilities as is reasonably required for ACS to provide the Services. Any furnishings (other than basic office furnishings) and office supplies for the use of ACS' (and its Subcontractors') personnel are the exclusive responsibility of ACS. ACS shall be entitled to make improvements and/or structural, mechanical and/or electrical changes to any space where ACS' personnel are performing Services on-site at any Symetra Site, provided that: (i) such improvements shall have been previously approved in writing by Symetra (which approval may be withheld in Symetra's sole discretion); (ii) such improvements shall be made at no cost or expense to Symetra; (iii) any contractors used by ACS to perform such improvements shall have been identified or otherwise approved in writing by Symetra; and (iv) Symetra shall be granted, without further consideration, all rights of ownership in such improvements.

4.7.1 Specific Hardware and Carrier Charges. ACS shall provide and be responsible for all such telephone and modem lines, telephones, computers and peripheral devices, computer connections, and network access, as may be necessary for ACS to provide the Services. ACS shall be responsible for all usage-based carrier charges incurred by ACS personnel and all usage-based carrier charges incurred to provide a telecommunications link between ACS and any Symetra Site.

4.7.2 Access to Personnel and Information. The Parties shall cooperate with each other in all matters relating to ACS' performance of the Services. With respect to Symetra, such cooperation shall be limited to providing, as reasonably required by ACS for the performance of the Services, access to Symetra's administrative and technical personnel, other similar personnel, and network management records and information.

4.7.3 Other Facility-Related Obligations. Except as expressly provided in this Agreement, ACS shall use Symetra Facilities for the sole and exclusive purpose of providing the Services to Symetra. Use of such facilities by ACS does not constitute a leasehold interest in favor of ACS. ACS shall use Symetra Facilities in a reasonably efficient manner. The employees and agents of ACS, and its Subcontractors shall keep the Symetra Facilities in good order, shall not commit or permit waste or damage to such facilities, and shall not use such facilities for any unlawful purpose or act. ACS shall comply, and shall cause its employees and the employees of its Subcontractors to comply, with all applicable laws and regulations, including all of Symetra's standard policies and procedures that are provided to ACS in writing regarding access to and use of Symetra Facilities, including procedures for the physical security of the Symetra Facilities. When Symetra Facilities are no longer required for performance of the Services, ACS shall return such facilities to Symetra in substantially the same condition as when ACS began use of such facilities, subject to reasonable wear and tear. ACS shall not cause the breach of any lease agreements governing use of Symetra Facilities.

ARTICLE 5
RETAINED AUTHORITIES

5.1 General. Symetra shall retain the exclusive right and authority to set Symetra's IT strategy and to determine, alter, and define any or all of Symetra's requirements and operational and/or business processes and procedures. Symetra shall have the right to approve or reject any or all proposed decisions regarding infrastructure design, technical platform, architecture and standards and, subject to the change management procedures that will be developed as part of the Standards and Procedures Manual, will have the right and authority to cause ACS at any time to change any or all of the foregoing. If ACS can demonstrate that a particular exercise of Symetra's rights and authorities as stated in this Section may interfere with or degrade ACS' provision of the Services or have a materially detrimental impact on ACS' cost of providing the Services or time for delivery of the Services, the Parties shall mutually agree to any proposed exercise of such right or authority pursuant to the terms of change management procedures that will be developed as part of the Standards and Procedures Manual prior to the implementation thereof. Symetra shall consult with ACS to inform ACS of significant changes in Symetra's IT strategy and changes in its requirements and business processes relating to the Services. ACS shall actively participate in any of the foregoing as Symetra requests and shall provide Symetra with advice, information and assistance in identifying and defining IT projects and future IT requirements to meet Symetra's objectives.

5.2 Specific Retained Authorities. Without limiting the generality of **Section 5.1,** Symetra shall retain exclusive authority, discretion and rights of approval with respect to the activities described in this **Section 5.2,** and ACS shall obtain Symetra's prior written approval before undertaking any such activities.

5.2.1 Strategic and Operational Planning. Symetra shall retain exclusive authority, discretion and rights of approval with respect to strategic and operational planning, which includes the following:

(a) developing a series of comprehensive standards and planning guidelines pertaining to the development, acquisition, implementation, and oversight and management of IT systems;

(b) identifying and implementing opportunities for reducing costs for IT systems considering alternatives suggested by ACS;

(c) approving or disapproving, in accordance with guidelines established by Symetra, each proposed acquisition of hardware or software for an IT system;

(d) approving or disapproving, in accordance with guidelines established by Symetra, all requests or proposed contracts for consultants for IT systems;

(e) defining and evaluating IT services, including service availability and minimum acceptable service levels; service specifications and standards; selection of suppliers; security requirements; scheduling, prioritization, and service conflict resolution among End-Users; help desk rules; and general operational management guidelines; and

(f) service-provider strategy, including selection of providers; specialized provider relationships *(e.g.*, telecommunications); and quality assurance standards.

5.2.2 Service Design and Delivery. Symetra shall retain exclusive authority, discretion and rights of approval with respect to service design and delivery, which includes the following:

(a) selecting designs of specific technologies and services from alternatives suggested by ACS;

(b) selecting specific technologies, hardware and software from alternatives suggested by ACS for implementation of such designs;

(c) selecting providers of specific technologies, hardware and software from alternatives suggested by ACS; and

(d) selecting implementation schedules and activities from alternatives suggested by ACS.

5.2.3 Moves, Adds and Changes. Symetra shall retain exclusive authority, discretion and rights of approval with respect to ordering move, add and change activities.

5.2.4 Business Process Reengineering. Symetra shall retain exclusive authority, discretion and rights of approval with respect to any business process reengineering opportunities identified by ACS. The Parties shall ensure that performance metrics related to any business process reengineering are accurately and appropriately developed. Notwithstanding anything contained in this **Section 5.2.4** or anywhere else in this Agreement to the contrary, Symetra shall retain sole control over its business operations.

5.2.5 Contract Management. Symetra shall retain exclusive authority, discretion and rights of approval with respect to managing this Agreement and Symetra's relationship with ACS.

5.2.6 Budget Management. Symetra shall retain exclusive authority, discretion and rights of approval with respect to managing Symetra's annual budget for all Symetra operations, utilizing ACS' estimates for Services included in the scope of this Agreement and for additional services planned or anticipated throughout the Term.

5.2.7 Validation and Verification. Symetra shall retain exclusive authority, discretion and rights of approval with respect to performing validation and verification activities in relation to key projects and operational processes.

5.2.8 Review and Acceptance.

(a) General. Symetra shall have the right to review and accept or reject all components, deliverables and systems to be provided by ACS to Symetra under this Agreement, pursuant to the methodology set forth in this Section.

(b) Acceptance Testing. Following ACS' notification to Symetra that ACS has completed any component or deliverable identified in this Agreement, including In- Scope Service Requests and Out-of-Scope Work Orders, at a mutually agreed scheduled time thereafter, Symetra shall begin testing the component or deliverable to determine whether such component or deliverable conforms to the applicable specifications and/or standards (collectively, the ***"Acceptance Criteria").*** After Symetra has completed such testing or upon expiration of the agreed-upon testing period (the ***"Acceptance Testing Period"),*** Symetra shall notify ACS in writing either that: (i) the component or deliverable meets the Acceptance Criteria and that acceptance of such component or deliverable has occurred ("***Acceptance");*** or (ii) the Acceptance Criteria have not been met and, in accordance with **subsection (c)** below, the reasons therefor. If the component or deliverable is identified as being part of a larger, integrated system being developed thereunder, then any Acceptance under the terms of this subsection shall be understood as being conditional acceptance ("***Conditional Acceptance"),*** and such component or deliverable shall be subject to Final Acceptance in accordance with **subsection (d)** below.

(c) Cure. If Symetra determines that a component or deliverable does not conform to the applicable Acceptance Criteria, Symetra promptly shall deliver to ACS an exception report describing the nonconformity (the ***"Exception Report").*** Within thirty (30) calendar days following receipt of the Exception Report, ACS shall: (i) perform a Root- Cause Analysis to identify the cause of the nonconformity; (ii) provide Symetra with a written report detailing the cause of, and procedure for correcting, such nonconformity; (iii) provide Symetra with satisfactory evidence that such nonconformity will not recur; and (iv) cure the nonconformity; provided, however, that if the nonconformity is incapable of cure within such thirty (30) calendar day period then, within such thirty (30) calendar day period, ACS shall present to Symetra a mutually agreeable plan to cure such nonconformity within a reasonable amount of time. Upon ACS' notice to Symetra that ACS has cured any such nonconformity, Symetra shall re-test the defective component or deliverable for an additional testing period of up to thirty (30) calendar days or such other period as the Parties may mutually

agree upon in writing, at the end of which period the process described in **subsection (b)** above shall be repeated.

(d) Final Acceptance. Upon achievement of Conditional Acceptance for all identified components or deliverables, Symetra shall begin testing the system that is comprised of such components or deliverables using the applicable test procedures and standards to determine whether such system performs as an integrated whole in accordance with the Acceptance Criteria. After Symetra has completed such testing or upon expiration of the testing period (the ***"Final Acceptance Testing Period"***), Symetra shall notify ACS in writing that: (i) the system, and all components and deliverables that are a part thereof, meet the Acceptance Criteria and that final acceptance of the system and such components and deliverables has occurred (***"Final Acceptance"***); or (ii) that the Acceptance Criteria have not been met and, in accordance with **subsection (b)** above, the reasons therefor. If Symetra determines that the Acceptance Criteria have not been so met, the process described in **subsection (b)** above shall be initiated, with all references to "component or deliverable" being references to the "system," and all references to the "Acceptance Testing Period" being references to the "Final Acceptance Testing Period." Neither Conditional Acceptance, Acceptance, nor Final Acceptance by Symetra shall constitute a waiver by Symetra of any right to assert claims based upon defects not discernable through conduct of the applicable test procedures and subsequently discovered in a component or deliverable or the system following Symetra's Final Acceptance thereof. Nothing else, including Symetra's use of the system, or any component thereof, shall constitute Final Acceptance, affect any rights and remedies that may be available to Symetra and/or constitute or result in "acceptance" under general contract law, any state uniform commercial code or any other law.

ARTICLE 6
FEES AND PAYMENT TERMS

6.1 Fees.

6.1.1 General. As the sole and entire financial consideration for all of the Services to be performed by ACS hereunder and for all of the other tasks, services and obligations of ACS, Symetra shall pay to ACS the amounts set forth in this **Article 6.** Except as otherwise expressly stated in this **Article 6,** and as otherwise provided in this Agreement, Symetra shall not be obligated to pay ACS any additional fees, assessments, reimbursements or labor and/or general business expenses (including travel, meals and overhead expenses) for the Services and other obligations of ACS hereunder.

6.1.2 Transition Services. For and in consideration of ACS' provision of the transition Services pursuant to the terms of the Transition Plan, Symetra shall pay to ACS the Fees for transition Services specified in **Schedule 3** in accordance with the payment terms set forth therein.

6.1.3 Annual Services Fees. The ***"Annual Services Fees"*** for the Services are set forth in **Schedule 3** and, subject to the terms of **Sections 2.3.3** and **6.3,** shall be invoiced monthly in twelve (12) equal payments commencing, for each of the Service Tower Services, on the applicable Handover Date.

6.1.4 Service Rates. Services not included in the Services or otherwise designated in this Agreement as "**other services**" (collectively, ***"Other Services")*** that are available from ACS on

a time-and-materials basis, will be provided at rates that do not exceed the hourly service rates set forth in **Schedule 4** ***("Service Rates").*** The Service Rates may be increased by ACS once annually commencing on the first anniversary of the Effective Date; provided, however, that such annual increases shall not exceed the lesser of: (a) the most recent increase in the CPI; and (b) three percent (3%), in each case of the then-current Service Rates. ACS shall not increase the billing rate for a particular individual who is assigned to a Symetra project as a result of a promotion, change in job classification or otherwise without Symetra's prior written consent, it being the understanding of the Parties that Symetra does not expect any rate changes during the course of a particular project. Additionally, ACS shall bill Symetra in increments of not more than one (l)-hour for all Other Services provided, and shall in no event bill Symetra for travel time.

6.1.5 Taxes.

(a) ACS' Taxes. The Fees to be paid by Symetra are inclusive of taxes legally imposed on ACS, including: (i) all applicable sales, use, gross-receipts or value- added, excise, personal property or other similar taxes based upon or measured by ACS' cost in acquiring or providing equipment, materials, supplies or third party services furnished to or used by ACS in providing and performing the Services; (ii) all taxes payable by ACS with respect to its net worth, net income or profits; and (iii) other taxes legally imposed on ACS such as franchise taxes, ad valorem taxes on its owned or leased property, employment taxes with respect to its employees, intangibles taxes on property it owns or licenses, and the Washington business and occupation tax.

(b) Symetra's Taxes. Notwithstanding **Section 6.1.5(a),** if any sales, use, privilege, value added, excise, gross receipts, services and/or similar tax that ACS is authorized by law to collect from or otherwise pass through to Symetra is imposed on, based on, or measured by any consideration for the provision of the Services by ACS to Symetra under this Agreement, Symetra shall be responsible for and pay the amount of any such tax to ACS, or to the appropriate tax authority as the law may otherwise require, in addition to the Fees.

(c) Cooperation to Minimize Tax Liability. The Parties agree to reasonably cooperate with each other in good faith to more accurately determine and reflect each Party's tax liability and to minimize such liability to the extent legally permissible. Each Party shall provide and make available to the other any resale certificates, multi-state benefit certificates, exemption certificates or other evidence of exemption from tax reasonably requested by either Party. The Parties will also work together to segregate the Fees and other amounts payable hereunder into separate payment accounts charged under separate invoices, as appropriate, for Services and the components of the Services (i.e., components that are taxable and nontaxable, including those for which a sales, use or similar tax has already been paid by ACS and for which ACS functions merely as a paying agent for Symetra in receiving goods, supplies or services including licensing arrangements that otherwise are nontaxable or have previously been subjected to tax, components that are capitalized, and components that are expensed).

6.1.6 Currency. Except as set forth herein, all pricing in **Schedule 3** and **Schedule 4** shall be expressed in United States Dollars. Any payments made in local currency other than United States Dollars (a ***"Local Currency")*** shall be converted into United States Dollars based on the official exchange rate posted in the U.S. morning edition of the Wall Street Journal on the thirtieth (30th) day of the month preceding the month in which the currency transaction occurs. By way of

example, if a transaction involving a conversion of Local Currency into United States Dollars takes place on February 15, 2005, the Local Currency shall be converted into United States Dollars at the exchange rate set forth in the US morning edition of the Wall Street Journal on January 30,2005.

6.2 Adjustments to Fees.

6.2.1 Terminated Services. If, in accordance with the terms set forth in **Sections 9.2** and/or **9.5**, Symetra terminates or reduces all or any portion of the Services to be provided here-under, then the Fees relating to such terminated Services shall be appropriately reduced, and such reduction shall apply as of the applicable Termination Date(s).

(b) 6.2.2 **[***]**

6.2.3 Baselines and ARCs and RRCs. The initial Baselines for each of the Service Tower Services are set forth in **Schedule 3.** Promptly following ACS' completion of an initial asset inventory as provided in **Section 2.5.5,** the Parties shall meet to review the accuracy of the initial Baselines set forth in **Schedule 3** and, if appropriate, agree upon any necessary adjustments to such Baselines and associated pricing. Thereafter, on an annual basis commencing on the first anniversary of the last Handover Date to occur under this Agreement, the Parties shall adjust all such Baselines to be equal to Symetra's actual average resource consumption for each such Baseline over the prior twelve (12) month period, with an appropriate corresponding adjustment to the then-current Annual Services Fees. Further, upon the addition or divestiture of a Symetra Affiliate as described in **Section 6.2.4,** the Parties shall appropriately adjust all Baselines, and the then-current Annual Services Fees, to reflect the new Symetra Services volumes associated with such addition or divestiture. ARCs and RRCs that are applicable to each of the Service Tower Services, and the methodology for applying such ARCs and RRCs, are set forth in **Schedule 3.**

6.2.4 Addition or Divestiture of Affiliates and Business Ventures. ACS acknowledges that, following the Effective Date, Symetra may want to add additional Affiliates and/or business ventures of Symetra and/or its Affiliates (including adding new lines of business, adding new services and products, and acquiring additional blocks of business from Third Parties that complement Symetra's current businesses and services) to the scope of this Agreement and/or reduce the number of Affiliates or existing business ventures included within the scope of this Agreement, in each case as a result of Symetra's and/or its Affiliates' acquisition and divestiture activities. If Symetra wants to add an additional Affiliate or an additional business venture of Symetra and/or its Affiliates to the scope of this Agreement, provided such additional Affiliate or business venture is not an ACS Competitor, the Parties shall work together cooperatively and in good faith to incorporate such Affiliate or business venture within the scope of this Agreement including, without limitation, by developing an appropriate transition plan; however:

(a) if ACS will be providing Services to such new Affiliate and/or business venture that are included within the scope of the Service Tower Services that are then being provided to Symetra and/or its Affiliates hereunder and: (i) the addition of such Affiliate and/or business venture will not result in ACS' provision of a volume of any such Services that surpasses the upper Pricing Band limit for such Services as specified in **Schedule 3,** the pricing for Service Tower Services set forth in **Schedule 3** shall apply; or (ii) the addition of such Affiliate and/or business venture will result in the provision of a volume of any such Services that surpasses the upper Pricing Band limit for such Services as specified

in **Schedule 3,** the Parties shall engage in good faith negotiations in order to arrive at new pricing for the affected Service Tower Services;

(b) if ACS will be providing Services to such new Affiliate and/or business venture that are not included within the scope of the Service Tower Services that are then being provided to Symetra and/or its Affiliates hereunder, the Parties shall engage in good faith negotiations in order to arrive at pricing for such new Service Tower Services; and

(c) Symetra shall be responsible for mutually agreed, reasonable set-up costs and expenses required to accommodate such addition including, without limitation, resource expenses, software license and consent fees and other similar expenses incurred by ACS in effecting such request.

Symetra (and not its Affiliates) shall be responsible for paying all Fees to be paid to ACS hereunder. Any SLRs that will be applicable to such new Affiliate and/or business venture shall become effective not later than ninety (90) calendar days following conclusion of the applicable transition period. If Symetra divests an Affiliate or exits an existing business venture and wants to reduce the number of Affiliates or scope of Services included within the scope of this Agreement, then: (d) Symetra shall so notify ACS and, at Symetra's option, all or any portion of the terms of **Article 10** shall apply with respect to such divested Affiliate or business venture; and (e) neither Symetra nor any of its Affiliates shall be obligated to pay a Termination Fee to ACS as a result of any such scope reduction; however, if and to the extent the divestiture of such Affiliate and/or business venture will result in ACS providing a volume of any Service Tower Services that surpasses the lower Pricing Band limit for such Services as specified in **Schedule 3,** the Parties shall engage in good faith negotiations in order to arrive at new pricing for the affected Service Tower Services.

6.2.5 Set Off. Symetra may set off against any and all amounts otherwise payable to ACS pursuant to any of the provisions hereof any and all amounts owed by ACS to it including, without limitation, any Fee Reductions. Within twenty (20) calendar days following any such set off, Symetra shall provide to ACS a written accounting of such set off and a written statement of the reasons therefor.

6.3 Invoices.

6.3.1 Services. As of the Effective Date, ACS shall be required to submit monthly invoices to Symetra for the Services provided hereunder. Invoices shall be in the format as set forth in **Attachment J**, and any changes in the monthly invoice formats shall be approved by Symetra in advance of such changes. All invoices will be subject to Symetra's review and approval prior to payment. ACS shall not submit invoices: (a) for Fixed Charges, prior to the first day of the month in which the invoiced Services will be provided; and (b) for Variable Charges, prior to the last day of the month in which the invoiced Services were provided. Invoices must provide detailed and customized information as requested by Symetra. Such detailed and customized information may include, without limitation, general fee visibility and billing requirements that are consistent with Symetra's specific financial requirements and practices. Invoices shall be accompanied by the SLR Reports and other information and data that support the invoiced Fees, including ARCs and RRCs, as well as any Fee Reductions. Unless subject to a dispute as provided in **Section 6.4**, invoices for Fixed Charges are payable within thirty (30) calendar days after receipt of an invoice that complies with the requirements of this Agreement, and invoices for Variable Charges are payable within **[***]**

after receipt of an invoice that complies with the requirements of this Agreement. Late payments of undisputed and otherwise payable amounts will bear interest at the Interest Rate.

6.3.2 Other Services. The invoicing milestones for Other Services Fees will be determined by the Parties on a case-by-case basis. ACS' invoices for Other Services shall include documentation that references Symetra's authorizing documentation, Symetra's account number, charges and description. No invoice with respect to Other Services shall be paid unless such Other Services were pre-authorized in writing by Symetra.

6.4 Disputed Amounts. Symetra shall have the right to dispute any ACS invoice. Subject to and in accordance with the provisions of this **Section 6.4,** Symetra may withhold payment of any ACS invoice (or part thereof) for Variable Charges that it in good faith disputes as due or owing, but absent any termination of this Agreement, shall not be entitled to withhold any payments due and owing for Fixed Charges. In such case, Symetra shall pay any undisputed amounts and provide to ACS a written explanation of the basis for the dispute. The failure of Symetra to pay a disputed invoice for Variable Charges, or to pay the disputed part of an invoice for Variable Charges, shall not constitute a breach or default by Symetra, so long as Symetra complies with the provisions of this **Section 6.4.** Any dispute relating to amounts owed by a Party hereunder shall be considered a Problem and resolved pursuant to **Article 17.** All of ACS' obligations under this Agreement shall continue unabated during the dispute resolution process.

ARTICLE 7
RECORDKEEPING AND AUDIT RIGHTS

7.1 ***Recordkeeping.*** ACS shall maintain complete and accurate financial and accounting records and books of account relating to its performance of Services under this Agreement, including electronic copies of all such records and books, utilizing generally accepted accounting principles ***("GAAP")***, consistently applied. Further, ACS shall maintain transaction-level documentation, such as supporting invoices, purchase orders, bills of lading, tax returns, exemption certificates and other relevant documents, in each case to the extent relating to its performance of Services under this Agreement. Such records, books and documentation relating to ACS' performance of the Services under this Agreement, and the accounting controls related thereto, shall constitute ACS Confidential Information and shall be sufficient to provide reasonable assurances that:

(a) transactions are recorded so as to permit ACS to prepare its financial statements in accordance with GAAP and to maintain accountability for its assets; and

(b) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Such records, books and documentation relating to ACS' performance of Services under this Agreement shall be maintained by ACS at a location(s) made known to Symetra upon Symetra's request, and Symetra (or its designees) shall have the right to examine and make extracts of information and copy any part thereof at such times during normal business hours as ACS and Symetra shall mutually agree, but in no event later than ten (10) business days after Symetra's written request to ACS, unless a shorter time frame is necessary to enable Symetra to comply with any regulatory requirement. ACS shall retain and maintain accurate records, books and documentation relating to its performance of Services under this Agreement until the latest of: (i) seven (7) years after the final payment to ACS hereunder; (ii) one (1) year following the final resolution of all audits or the conclusion of any

litigation with respect to this Agreement; or (iii) such longer time period as may be required by applicable federal, state, local and/or international laws or regulations, including tax laws.

7.2 Operational Audits. Upon Symetra's request, but no more often than once annually except: (a) as necessary for Symetra to respond to any regulatory requirement or inquiry; or (b) as deemed reasonably necessary by Symetra as a result of Symetra's good faith belief that ACS has breached any of its obligations hereunder and such breach has exposed, or in Symetra's reasonable judgment, is likely to expose, Symetra to financial or other liabilities in excess of **[***]**, ACS shall allow Symetra and/or any independent Third Party selected by Symetra from among the firms listed on **Attachment Q,** or any other firm that may then be agreed to by the Parties, to perform operational and/or security audits with respect to ACS' performance of its obligations hereunder. If a firm listed on **Attachment Q** might otherwise be ineligible to act as Symetra's auditor under this Section due to a conflict of interest arising from a former or current representation of ACS, ACS and Symetra agree that such conflict may be eliminated by the audit firm's creation of an ethical wall or other screening procedure satisfactory to both parties. ACS shall grant, and shall cause its Subcontractors to grant, Symetra and its Third Party representatives full and complete access to ACS' and its Subcontractors' facilities (including, without limitation, the Symetra-specific network and systems environments so that vulnerability and penetration assessments can be performed) and all books, records and other documents of ACS and its Subcontractors as they relate to this Agreement, or as they may be required in order for Symetra to ascertain any facts relative to ACS' performance hereunder. ACS shall provide Symetra, or its authorized Third Party representatives, such information and assistance as requested in order to perform such audits; provided, however, that the Parties shall endeavor to arrange such assistance in such a way that it does not interfere with ACS' performance of the Services. If any audit reveals a material inadequacy or deficiency in ACS' performance, the cost of such audit, up to a cap of **[***]**, shall be borne by ACS. ACS shall incorporate this paragraph verbatim into any Agreement into which it enters with any Subcontractor providing Services under this Agreement.

7.3 Financial Audits. Upon Symetra's request, but no more often than once annually except: (a) as necessary for Symetra to respond to any regulatory requirement or inquiry; or (b) as deemed reasonably necessary by Symetra as a result of Symetra's good faith belief that a billing error has occurred involving an amount in excess of **[***]**, ACS shall allow Symetra and/or any independent Third Party selected by Symetra from among the firms listed on **Attachment Q,** or any other firm that may then be agreed to by the Parties, to fully audit ACS' and/or its Subcontractors' books and records to the extent necessary to verify any amounts paid or payable hereunder. If a firm listed on **Attachment Q** might otherwise be ineligible to act as Symetra's auditor under this Section due to a conflict of interest arising from a former or current representation of ACS, ACS and Symetra agree that such conflict may be eliminated by the audit firm's creation of an ethical wall or other screening procedure satisfactory to both parties. Such auditors shall be provided with full access to such information, books and records as may be necessary to confirm the accuracy of ACS' invoices, documents, and other information supporting such invoices, and any pricing adjustment computations. All such audits shall be conducted during business hours, with reasonable advance notice, and shall include access to all proprietary and confidential information of ACS and its Subcontractors to the extent necessary to comply with the provisions of this **Section 7.3.** If any such audit reveals that ACS has overcharged Symetra five percent (5%) or more during the period to which the audit relates (as determined prior to the commencement of the audit), then ACS promptly shall refund such overcharges to Symetra together with interest thereon retroactive to the date of the overcharge(s) at the Interest Rate, and the cost of such audit (up to a cap of **[***]**), shall be borne by ACS. Similarly, if any such audit reveals that ACS has undercharged Symetra during the period to which the audit

relates (as determined prior to the commencement of the audit), then Symetra shall pay such undercharge(s) to ACS, together with interest thereon retroactive to the date of the undercharge(s) at the Interest Rate, up to an aggregate cap for all such undercharges (plus applicable interest) of **[***]**. ACS shall incorporate the auditing requirements set forth in this paragraph verbatim into any agreement into which it enters with any Subcontractor providing Services under this Agreement.

7.4 Sarbanes-Oxley Compliance.

7.4.1 General. ACS acknowledges that: (a) Symetra's management is now and/or in the future may be required under the SOX Laws to, among other things, assess the effectiveness of its internal controls over financial reporting and state in its annual report whether such internal controls are effective; (b) Symetra's independent auditor is now and/or in the future may be required to evaluate the process used by management to reach the assessment conclusions described in **subsection (a)** above to determine whether that process provides an appropriate basis for management's conclusions; and (c) because Symetra has outsourced certain functions to ACS as described in this Agreement, the controls used by ACS (including, without limitation, controls that restrict unauthorized access to systems, data and programs) are relevant to Symetra's evaluation of its internal controls. Having acknowledged the foregoing, ACS agrees to cooperate with Symetra and its independent auditor as reasonably necessary to facilitate Symetra's ability to comply with its obligations under the SOX Laws including, without limiting the generality of the foregoing, by complying with the further terms of this **Section 7.4.**

7.4.2 SAS 70 Type II Audits.

7.4.2.1 ACS Audits. At its sole cost and expense, ACS shall cause a reputable independent auditor to conduct SAS 70 Type II Audits, and to prepare and deliver to Symetra full and complete copies of written reports prepared following such audits, in July of each year during the Term (covering January through June of that year), and in January of each year during the Term (covering July through December of the prior year). All SAS 70 Type II Audits conducted by ACS pursuant to this **Section 7.4.2.1** shall include a review of all of ACS' internal controls as they relate to ACS' customers generally. If requested by Symetra, ACS shall cause its independent auditor to timely prepare and submit to Symetra for its review and approval a detailed description of the scope of the first SAS 70 Type II Audit to be conducted by ACS hereunder that specifically identifies therein, among other things, any limitations on the scope of the audit. Once approved by Symetra, and unless otherwise agreed to by the Parties in writing, such scope description shall be used for all SAS 70 Type II Audits to be conducted by ACS hereunder.

7.4.2.2 Symetra Audits. At its sole cost and expense and upon reasonable prior written notice to ACS, but no more frequently than twice annually (unless additional audits are necessary for Symetra and/or its Affiliates to address a SOX Laws requirement), Symetra shall have the right (either through its internal audit staff or through a reputable independent auditor) to conduct audits including, without limitation, SAS 70 Type II Audits, of ACS' internal controls as they affect Symetra and/or its Affiliates. In order to facilitate such audits, ACS shall collect and maintain appropriate books and records documenting ACS' internal controls (both for ACS' customers generally and as they affect Symetra and/or its Affiliates) (for purposes of this Section, collectively, ***"Records"***). Further, with respect to such audits, Symetra and/or its independent auditors shall have the right to: (a) examine and audit the Records; and (b) question and interview any ACS personnel, in each case as reasonably necessary or desirable to facilitate Symetra's and/or its Affiliates' ability to comply with the SOX Laws. ACS shall obtain Symetra's prior written consent before modifying any of its internal

controls as they affect Symetra and/or the Records if such modification will, or is likely to, affect Symetra's and/or its Affiliates' compliance under the SOX Laws.

7.4.3 Results of Inquiries and Corrective Plan. If any SAS 70 Type II Audit report and/or Symetra's (or its independent auditor's) inquiries pursuant to **Section 7.4.2.2** reveal any deficiencies and/or exceptions (including, without limitation, if it is determined that ACS' internal controls, in whole or in part, fail to constitute effective controls over financial reporting), ACS shall prepare and deliver to Symetra a detailed plan that is reasonably acceptable to Symetra for promptly correcting all such deficiencies and exceptions ***("Corrective Plan").*** ACS shall deliver such Corrective Plan to Symetra and its independent auditor within ten (10) calendar days following: (a) ACS' delivery to Symetra of the SAS 70 Type II Audit report containing the deficiencies and/or exceptions, if the deficiencies and/or exceptions were identified in a SAS 70 Type II Audit report prepared pursuant to **Section 7.4.2.1;** and/or (b) ACS' receipt of written notice from Symetra that contains a description of such deficiencies and/or exceptions, if the deficiencies and/or exceptions were identified by Symetra (or its independent auditor) through the exercise of the rights described in **Section 7.4.2.2.** ACS shall bear all costs and expenses associated with correcting all deficiencies and exceptions identified in the Corrective Plan if such deficiencies and/or exceptions affect ACS' customers generally. If the deficiencies and/or exceptions do not affect ACS' customers generally, but rather are unique to Symetra, ACS may activate the change management procedures developed by the Parties pursuant to **Section 2.6.2** with respect to the correction of such deficiencies and exceptions.

7.4.4 Subcontractors. To the extent any ACS Subcontractor will perform any function that affects Symetra's financial reporting (irrespective of whether Symetra's consent to such subcontract arrangement is required as provided in **Section 18.1),** the agreement entered into by ACS and the Subcontractor shall include: (a) substantially the same terms as those appearing in this **Section 7.4** (with any substantive deviations being preapproved in writing by Symetra); and (b) a provision identifying Symetra as a direct and intended third-party beneficiary of the agreement between ACS and the Subcontractor.

7.4.5 Confidential Information. Notwithstanding anything that may be contained herein to the contrary, Symetra shall have the right to: (a) disclose all ACS Confidential Information received by Symetra and its independent auditor pursuant to the terms of this **Section 7.4** to its employees, independent auditors, attorneys and other Persons with a reasonable need to know; and (b) use such information as necessary or desirable to facilitate its ability to comply with the SOX Laws.

ARTICLE 8
REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 ACS Representations, Warranties and Covenants.

8.1.1 Performance of the Services. ACS represents and warrants to Symetra that it has the skills, resources and expertise to provide, and shall provide, all Services in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, ACS represents and warrants to Symetra that all Services and Other Services provided under this Agreement shall be provided in a timely, professional and workmanlike manner consistent with the highest industry standards of quality and integrity provided, however, that where this Agreement specifies a particular standard or criteria for performance, including, without limitation, applicable SLRs, this warranty is not intended to and does not diminish that standard or criteria for performance.

8.1.2 Viruses and Disabling Devices. ACS shall implement and use industry best practices to identify, screen, and prevent, and shall not introduce, any Disabling Device in hardware, software or other resources utilized by ACS, Symetra or any Third Party in connection with the Services. A ***"Disabling Device"*** is any virus, timer, clock, counter, time lock, time bomb, Trojan horse, worms, file infectors, boot sector infectors or other limiting design, instruction or routine and surveil lance software or routines or data gathering or collecting software or devices that could, if triggered, erase data or programming, have an adverse impact on the Services, cause the hardware, software or other resources to become inoperable or otherwise incapable of being used in the full manner for which such hardware, software or other resources were intended to be used, or that collect data or information. Without limiting any other rights and remedies that may then be available to Symetra, at no cost or expense to Symetra and without adversely impacting the Services or any Other Services, ACS shall reduce and/or eliminate the effects of any Disabling Device including, without limitation, by restoring and/or bearing the cost to re-create any lost data and/or software programming.

8.1.3 Conflicts of Interest.

(a) No Financial Interest. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates has, shall have, or shall acquire, any contractual, financial, business or other interest or advantage, direct or indirect, that would: (a) materially conflict with, in a manner that would materially, adversely impact, ACS' performance of its duties and responsibilities to Symetra under this Agreement; or (b) result in a breach of ACS' performance of its duties and responsibilities to Symetra under this Agreement. ACS promptly shall inform Symetra of any such improper interest or advantage that may be incompatible with the interests of Symetra.

(b) No Abuse of Authority for Financial Gain. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates has used or shall use the authority provided or to be provided under this Agreement to improperly obtain financial gain, advantage or benefit for ACS and/or any of its Affiliates.

(c) No Use of Information for Financial Gain. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates has used or shall use any Symetra Confidential Information acquired in connection with this Agreement to improperly obtain financial gain, advantage or benefit for ACS and/or any of its Affiliates.

(d) Independent Judgment. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates has accepted or shall accept another Symetra contract to perform auditing or other services as described in **Section 2.9.2** that would impair the independent judgment of ACS in the performance of this Agreement.

(e) No Influence. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates: (a) has accepted or shall accept, in a manner that is inconsistent with Symetra's standard procurement policies or, if such policies do not exist, industry standard procurement policies, anything of value, or an inducement that would provide a financial gain, advantage or benefit, based on an understanding that the actions of ACS or any such Affiliates on behalf of Symetra would be influenced thereby; and (b) shall attempt to influence, in a manner that is inconsistent with Symetra's standard procurement policies or, if such policies do not exist, industry standard procurement policies, any Symetra employee by the direct or indirect offer of anything of value.

(f) No Payment Tied to Award. ACS represents and warrants to Symetra that neither ACS nor any of its Affiliates has paid or agreed to pay any Person, other than bona fide employees working solely for ACS or such Affiliates or any of ACS' Subcontractors, any fee, commission, percentage, brokerage fee, gift or any other consideration in a manner that is inconsistent with Symetra's standard procurement policies or, if such policies do not exist, industry standard procurement policies.

(g) No Collusion. ACS represents and warrants to Symetra that the prices presented in the ACS Bid were arrived at independently, without consultation, communication or agreement with any other proposer for the purpose of restricting competition; the prices quoted were not knowingly disclosed by ACS to any other proposer; and no attempt was made by ACS to induce any other Person to submit or not to submit a proposal for the purpose of restricting competition.

(h) Training. ACS represents and warrants to Symetra that it regularly provides ethics training to its employees on matters such as those covered by this **Section 8.1.3.**

8.1.4 Financial Condition and Information.

(a) Financial Condition. ACS represents and warrants to Symetra that it now possesses, and covenants that it shall maintain throughout the Term, sufficient financial resources to comply with the requirements of this Agreement. If ACS experiences a change in its financial condition that may adversely affect its ability to perform under this Agreement, then it immediately shall notify Symetra of such change.

(b) Accuracy of Information. ACS represents and warrants to Symetra that all financial statements, reports, and other information furnished by ACS to Symetra as part of the ACS Bid or otherwise in connection with the award of this Agreement fairly and accurately represent the business, properties, financial condition and results of operations of ACS as of the respective dates, or for the respective periods, covered by such financial statements, reports or other information. Since the respective dates or periods covered by such financial statements, reports or other information, there has been no material adverse change in the business, properties, financial condition or results of operations of ACS.

8.1.5 Litigation and Service of Process. ACS represents and warrants to Symetra that as of the Effective Date there is no pending or anticipated claim, suit or proceeding that involves ACS or any of its Affiliates or Subcontractors that might adversely affect ACS' ability to perform its obligations under this Agreement including, without limitation, actions pertaining to the proprietary rights described in **Section 8.1.6.** ACS shall notify Symetra, within fifteen (15) calendar days of ACS' knowledge of any such actual or anticipated claim, suit or proceeding. Without limiting the further terms **of Section 13.4,** ACS shall notify Symetra, within forty-eight (48) hours, if process is served on ACS in connection with this Agreement, including any subpoena for ACS' records, and shall send a written notice of the service together with a copy of the same to Symetra within seventy- two (72) hours of such service.

8.1.6 Proprietary Rights Infringement. ACS represents and warrants to Symetra that: (a) it owns, or has the right to use, on its own behalf or on Symetra's behalf, as applicable, any

and all services, techniques or products provided or used by ACS to provide the Services; and (b) such services, techniques and products provided or used by ACS to provide the Services do not and shall not knowingly infringe upon any Third Parry's patent, and do not and shall not infringe upon any Third Party's trademark, copyright or other intellectual-property rights, nor make use of any misappropriated trade secrets.

8.1.7 Legal and Corporate Authority. ACS represents and warrants to Symetra that: (a) it is a Nevada corporation and is qualified and registered to transact business in all locations where the performance of its obligations hereunder would require such qualification; (b) it has all necessary rights, powers and authority to enter into and perform this Agreement and to bind its organization with respect to the same, and the execution, delivery, and performance of this Agreement by ACS have been duly authorized by all necessary corporate action; (c) the execution and performance of this Agreement by ACS shall not violate any law, statute or regulation and shall not breach any agreement, covenant, court order, judgment or decree to which ACS is a party or by which it is bound; (d) it has, and promises that it shall maintain in effect, all governmental licenses and permits necessary for it to provide the Services contemplated by this Agreement; (e) it owns or leases and promises that it shall own or lease, free and clear of all liens and encumbrances, other than lessors' interests, or security interests of ACS' lenders, all right, title, and interest in and to the tangible property and technology and the like that ACS intends to use or uses to provide the Services, and in and to the related patent, copyright, trademark, and other proprietary rights, or has received appropriate licenses, leases or other rights from Third Parties to permit such use; and (f) this Agreement constitutes a valid, binding, and enforceable obligation of ACS.

8.1.8 Violations. ACS represents and warrants to Symetra that it: (a) is not, and covenants that it shall not be, in violation of any laws, ordinances, statutes, rules, regulations or orders of governmental or regulatory authorities to which it is subject as an operator of its business or in performing its obligations under the Agreement; and (b) has not failed, and shall not fail, to obtain any licenses, permits, franchises or other governmental authorizations necessary for the ownership of its properties or the conduct of its business, which violation(s) under the foregoing **subsection (a)** or failure(s) under the foregoing **subsection (b),** either individually or in the aggregate, might substantially adversely affect ACS' ability to consummate the transactions contemplated by this Agreement, or to perform its obligations hereunder.

8.1.9 Information Furnished to Symetra. ACS represents and warrants to Symetra that all written information furnished to Symetra prior to the Effective Date by or on behalf of ACS in connection with this Agreement, including in the ACS Bid, and all the information made a part of this Agreement is true, accurate, and complete, and contains no untrue statement of a material fact or omits any material fact necessary to make such information not misleading.

8.1.10 Previous Contracts. ACS represents and warrants to Symetra that neither it, nor any of its Affiliates or Subcontractors, is in default or breach of any other contract or agreement related to information systems facilities, equipment or services that it or they may have with Symetra or any of its Affiliates. ACS further represents and warrants that neither it, nor any of its Affiliates or Subcontractors, has been a party to any contract for information system facilities, equipment or services with Symetra or any of its Affiliates that was finally terminated within the previous five (5) years for the reason that ACS or such Person failed to perform or otherwise breached an obligation of such contract.

8.1.11 Completeness of Due Diligence Activities. ACS acknowledges that it has been provided with sufficient access to Symetra facilities, information and personnel, and has had sufficient time in which to conduct and perform a thorough due diligence of Symetra's operations and business requirements and those assets currently used to provide the services. In light of the foregoing, ACS will not seek any adjustment in the Fees based on any incorrect assumptions made by ACS in arriving at the Fees.

8.2 Symetra's Representations, Warranties and Covenants.

8.2.1 Legal Authority. Symetra represents and warrants to ACS that it has all necessary rights, powers and authority to enter into and perform this Agreement and that the execution, delivery and performance of this Agreement by Symetra has been duly authorized by all necessary corporate action.

8.2.2 Warranty Disclaimer. Symetra does not make any representation or warranty, express or implied, with respect to the Services or any component thereof. All hardware, software, networks, and other assets made available or conveyed by Symetra to ACS under this Agreement are made available or conveyed to ACS "AS **IS, WHERE IS AND WITH ALL FAULTS,"** and there are no representations or warranties of any kind with respect to the condition, capabilities or other attributes of such items.

8.2.3 Proprietary Rights Infringement. Symetra represents and warrants to ACS that: (a) it owns the Category 6 Software; and (b) the Category 6 Software does not and shall not knowingly infringe upon any Third Party's patent, and does not and shall not infringe upon any Third Party's trademark, copyright or other intellectual-property rights, nor make use of any misappropriated trade secrets.

8.3 General Warranty Disclaimer. **EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY EXPRESS WARRANTIES TO THE OTHER, AND THERE ARE NO IMPLIED WARRANTIES OR CONDITIONS, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

8.4 Material Misstatements or Omissions. No representation or warranty by ACS that is contained in this Agreement or that may be contained in any Schedule, Attachment, or other document that may comprise this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements and facts contained herein or therein not materially misleading.

ARTICLE 9
TERM AND TERMINATION

9.1 Term.

9.1.1 Initial Term. The period during which ACS shall be obligated to provide the Services hereunder shall commence as provided in **Section 2.1.1** and, unless extended as provided in **Section 9.1.2** or terminated earlier in accordance with the terms of this Agreement, shall end at 12:01 am, local time, on the date of the fifth (5th) anniversary of the last Handover Date to occur under this Agreement (the ***"Initial Term").***

9.1.2 Renewal Terms. Symetra shall have the right to extend the Initial Term for up to two (2) successive renewal periods of twelve (12) months each (each, a ***"Renewal Term")*** by providing written notice to ACS in accordance with the terms of **Section 19.6** at least three (3) months before the end of the Initial Term or the then-current Renewal Term, as applicable. At Symetra's request, the Parties shall meet within sixty (60) calendar days of ACS' receipt of Symetra's notice to proceed with a Renewal Term to negotiate modifications to the terms of this Agreement. If: (a) such negotiations are not requested by Symetra; or (b) the negotiations do not result in an agreement on different terms and Symetra elects not to withdraw its renewal notice, the then-existing terms and conditions of this Agreement shall remain unchanged and in full force and effect during each such Renewal Term.

9.1.3 Symetra-Initiated Annual Renegotiation. At Symetra's request, Symetra and ACS shall meet at least thirty (30) days prior to each anniversary of the Effective Date of this Agreement to review the status of the performance of the Agreement and, if requested by Symetra, to negotiate modifications to the terms hereof. If such modifications are not requested by Symetra, or if the negotiations with respect to such modifications do not result in an agreement on different terms, the then-existing terms and conditions of this Agreement shall remain unchanged and in full force and effect during the following Contract Year.

9.2 Early Termination.

9.2.1 For Convenience. Symetra shall have the right to terminate for its convenience all of the Services in one (1) or more countries, terminate for its convenience one (1) or more Service Towers in one (1) or more countries and/or to end the Term of this Agreement for its convenience, in each case by delivering to ACS a Termination Notice at least ninety (90) calendar days before the Termination Date. If Symetra terminates all or any portion of the Services and/or terminates this Agreement in its entirety as provided in this **Section 9.2.1,** upon completion of ACS' Disentanglement obligations with respect to the terminated Services, Symetra shall pay to ACS an amount determined in accordance with **Schedule 6** (the ***"Termination Fee").*** Notwithstanding the foregoing, Symetra shall be obligated to pay to ACS only fifty percent (50%) of the otherwise applicable Termination Fee if any one (1) or more of the following events (each, a ***"Triggering Event")*** occurred on or prior to the date of Symetra's Termination Notice provided that, in the case of a **subsection (a)** Triggering Event, Symetra gives ACS a Termination Notice within six (6) months following the occurrence of such Triggering Event:

(a) ACS failed to achieve any Critical Milestone on or before the mutually agreed date for achieving such Critical Milestone; or

(b) ACS failed to provide the Services in accordance with the SLRs such that any of the circumstances described in **Section 9.3(a)** had occurred.

9.2.2 ***Change in Control of ACS.*** Without in any way limiting Symetra's rights under **Section 9.2.1,** Symetra shall have the right to terminate all of the Services in one (1) or more countries, terminate one (1) or more Service Towers in one (1) or more countries and/or to end the Term of this Agreement, in each case by delivering to ACS a Termination Notice at least ninety (90) calendar days prior to the Termination Date, in the event of a Change in Control of ACS involving an entity (the ***"Acquiring Entity"):*** (a) that is a Symetra Competitor; or (b) with respect to which one (1) or more of Symetra's Third Party vendors fails or refuses to promptly consent to having the

Acquiring Entity act as Symetra's outsourcing services provider (excluding, if paid by ACS and/or the Acquiring Entity, those Third Party vendors that will provide such consent upon payment of an approval or consent fee), provided that in either of the foregoing cases, Symetra gives ACS written notice of such termination within one (1) year following receipt of written notice from ACS of the occurrence of such Change in Control event. If Symetra terminates all or any portion of the Services in one (1) or more countries, terminates one (1) or more Service Towers in one (1) or more countries and/or ends the Term of this Agreement pursuant to this Section, ACS shall perform its Disentanglement obligations hereunder until they are fulfilled. Any termination pursuant to this Section shall not constitute a termination for convenience and: (c) Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination; and (d) except for those terms that survive any expiration or termination of this Agreement, Symetra shall have no further liability or obligation to ACS under this Agreement.

9.2.3 Termination for Force Majeure Event.

(a) Symetra Force Majeure Events. If: (i) a Force Majeure Event occurs with respect to Symetra; (ii) such Force Majeure Event substantially prevents, inhibits and/or frustrates Symetra's ability to receive the Services from ACS under circumstances when ACS is otherwise able to provide the Services to Symetra; and (iii) such Force Majeure Event continues for seven (7) consecutive calendar days or more, or for ten (10) consecutive or non-consecutive calendar days or more during any thirty (30) calendar day period, then Symetra shall have the right to terminate the Services affected by the Force Majeure Event by delivering to ACS a Termination Notice specifying the Termination Date; provided, however, that ACS shall remain obligated to perform its Disentanglement obligations hereunder until such obligations have been fulfilled. During such period, Symetra shall remain obligated to pay the Annual Services Fees and other fees to ACS in accordance with the terms of this Agreement until such Services are terminated in accordance with this Section. Any termination pursuant to this Section shall not constitute a termination for convenience or for cause, and Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination.

(b) ACS Force Majeure Events. If a Force Majeure Event substantially prevents, hinders, or delays ACS' performance of all or any portion of the Services for seven (7) consecutive calendar days or more, or for ten (10) consecutive or non-consecutive calendar days or more during any thirty (30) calendar day period, thereby causing an adverse impact on Symetra's business operations, then:

(i) with Symetra's reasonable cooperation, ACS at its sole cost and expense immediately shall procure the affected Services from an alternate provider, and thereafter provide such Services to Symetra through the use of the alternate provider until ACS is able to resume performance of the affected Services in accordance with the terms of this Agreement, provided that ACS' obligations under this **subsection (i)** shall continue for a period that shall not exceed one-hundred eighty (180) calendar days plus the length of any Disentanglement Period, and during such period Symetra shall remain obligated to pay the Annual Services Fees and other fees to ACS in accordance with the terms of this Agreement; and

(ii) once the affected Services have been stabilized with the alternate provider, ACS shall be obligated to provide such Services to Symetra in accordance with the SLRs and other terms of this Agreement; and

(iii) notwithstanding the foregoing, if ACS is unable to provide the Services through an alternate provider within seven (7) calendar days following commencement of the Force Majeure Event, or the one-hundred eighty (180) calendar day time period described in **subsection (i)** above expires without ACS having resumed performance of the affected Services in accordance with the terms of this Agreement, then Symetra shall have the right to terminate all of the Services in one (1) or more countries, terminate one (1) or more Service Towers in one (1) or more countries and/or to end the Term, in each case by delivering to ACS a Termination Notice specifying the Termination Date; provided, however, that ACS shall remain obligated to perform its Disentanglement obligations hereunder until such obligations have been fulfilled.

Any termination pursuant to this Section shall not constitute a termination for convenience nor cause, and Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination.

9.2.4 HIPAA. ACS acknowledges that the HIPAA terms set forth in **Attachment K** (and the HIPAA terms set forth in any separate HIPAA agreement as contemplated under **Section 14.4.1),** as applicable, include the right under the circumstances described therein for Symetra (and/or the applicable Symetra Affiliate) to terminate this Agreement. Having acknowledged the foregoing, ACS agrees that Symetra shall have the right to terminate this Agreement for cause upon the occurrence of such circumstances, all in accordance with the terms set forth in **Attachment K** and/or the applicable separate HIPAA agreement, as applicable. Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination.

9.3 Events of Default. The following events shall constitute ***"Events of Default," and*** the occurrence of any one (1) or more of such Events of Default by or with respect to a Party shall constitute a material breach of this Agreement that shall afford the non-breaching Party, as applicable, the rights and remedies set forth in this **Article 9:**

(a) In the case of ACS, ACS: (i) fails to achieve any SLR in a manner that constitutes an Event of Default as specified in the applicable Schedule; (ii) fails to achieve any particular SLA that adversely impacts Symetra's business operations for: (A) four (4) or more hours on two (2) consecutive calendar days or more; or (B) four (4) or more hours on five (5) non-consecutive calendar days or more during any thirty (30) calendar day period; (iii) has incurred Fee Reductions equal to thirty-five percent (35%) or more of the Annual At-Risk Amount within: (A) in the case of the first Contract Year, the period between the Effective Date and the first six (6) months following the last to occur of the Hand-over Dates; and (B) in the case of all other Contract Years, the first six (6) months of any such Contract Year; (iv) has incurred Fee Reductions equal to the Annual At-Risk Amount at any time during any Contract Year; or (v) fails to comply with any SLA, and such failure causes a material adverse effect on Symetra's business;

(b) In the case of ACS, ACS fails to achieve any Critical Milestone on or before the mutually agreed date for achieving such Critical Milestone, provided that such

failure is not due to: (i) the occurrence of a Force Majeure Event; (ii) a delay by Symetra solely for its own convenience; or (iii) Symetra's material failure to perform any of its responsibilities under this Agreement that were a pre-condition to ACS' ability to perform its obligations, provided that such failure previously was identified by ACS in writing;

(c) In the case of ACS, ACS' material breach of any warranty that, if curable, is not cured within the time frames, if any, specified in this Agreement for curing any such breach, or if none is specified elsewhere in this Agreement, then within thirty (30) calendar days, in each case following ACS' receipt of written notice of such breach from Symetra;

(d) In the case of ACS, ACS' failure to maintain insurance coverage as specified in **Article 16,** provided that such failure is not cured within thirty (30) calendar days following ACS' receipt of written notice of such failure from Symetra;

(e) In the case of ACS, the institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against ACS under any section or chapter of the United States Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof), if such proceedings have not been dismissed or discharged within thirty (30) calendar days after they are instituted; the insolvency or making of an assignment for the benefit of creditors or the admittance by ACS of any involuntary debts as they mature; the institution of any reorganization arrangement or other readjustment of debt plan of ACS not involving the United States Bankruptcy Code; or any corporate action taken by the Board of Directors of ACS in furtherance of any of the above actions;

(f) In the case of ACS, ACS makes an assignment of all or substantially all of its assets for the benefit of creditors, or ACS' Board of Directors takes any corporate action in furtherance of the above action;

(g) In the case of Symetra, Symetra fails to timely make any undisputed payment in accordance with the terms of **Section 6.3,** provided Symetra fails to cure such failure within thirty (30) calendar days after Symetra has received written notice of such failure from ACS;

(h) In the case of either Party, that Party's failure to comply with the provisions of **Article 13,** provided that such failure is not cured, or substantial progress is not made towards a cure, within seven (7) calendar days following that Party's receipt of written notice of such failure from the other Party; or

(i) In the case of either Party, that Party's material breach of any of its other obligations under this Agreement that is not cured within thirty (30) calendar days following its receipt of written notice of such breach from the other Party.

9.4 Rights and Remedies of ACS Upon Default of Symetra. Upon the occurrence of an Event of Default by or with respect to Symetra, subject to **Section 9.6,** ACS shall be entitled to the following remedies:

(a) subject to Symetra's rights as set forth below in this Section, terminate all of the Services, terminate one (1) or more Service Towers and/or end the Term; and/or

(b) subject to the terms of **Section 11.1,** seek to recover damages from Symetra; and/or

(c) if applicable, obtain the additional rights and remedies set forth in **Section 17.4;** and/or

(d) any additional remedies that may be set forth in this Agreement or in any Schedule, Attachment or Addendum.

Upon the occurrence of a Symetra Event of Default with respect to which ACS exercises a termination remedy as described in **Section 9.4(a),** ACS shall effectuate such termination by delivering to Symetra a Termination Notice specifying the Termination Date, whereupon the terms set forth in **Section 10.2** shall apply; provided, however, that ACS shall remain obligated to perform its Disentanglement obligations hereunder until they are fulfilled, subject, upon ACS' request, and only if such termination is a result of a **Section 9.3(g)** Symetra Event of Default, to Symetra's payment of all: (e) invoices for Fixed Charges monthly in advance; (f) undisputed amounts then due and owing; and (g) invoices for Variable Charges including, if applicable, Disentanglement Services, as incurred. Any termination pursuant to this Section shall not constitute a termination for convenience, and Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination.

9.5 Rights and Remedies of Symetra Upon Default of ACS. Upon the occurrence of an Event of Default by or with respect to ACS, subject to **Section 9.6,** Symetra shall be entitled to:

(a) subject to Symetra's rights as set forth below in this Section, terminate all of the Services, terminate one (1) or more Service Towers and/or end the Term; and/or

(b) subject to the terms of **Section 11.2,** seek to recover damages from ACS; and/or

(c) if applicable, obtain the additional rights and remedies set forth in **Section 17.4;** and/or

(d) any additional remedies that may be set forth in this Agreement or in any Schedule, Attachment or Addendum.

Upon the occurrence of an ACS Event of Default with respect to which Symetra exercises a termination remedy as described in **Section 9.5(a),** Symetra shall effectuate such termination by delivering to ACS a Termination Notice specifying the Termination Date; provided, however, that ACS shall remain obligated to perform its Disentanglement obligations hereunder until they are fulfilled. Any termination pursuant to this Section shall not constitute a termination for convenience, and Symetra shall in no event be required to pay a Termination Fee to ACS with respect to any such termination.

9.6 Non-Exclusive Remedies. The remedies provided in **Sections 9.4** and **9.5** and else where in this Agreement are neither exclusive nor mutually exclusive, and the Parties shall be entitled to any and all such remedies, and any and all other remedies that may be available to the Parties at law or in equity, by statute or otherwise, individually or in any combination thereof.

9.7 Survival. The provisions **of Articles 10, 11, 15, 16, 18 and 19 and Sections 1.1, 1.3, 1.4, 3.3, 3.4, 4.1.3, 6.1, 6.4, 7.1, 9.2-9.7, 12.1.3, 12.5, 13.2-13.6, 14.4** and any other Sections, Schedules, Attachments, Addenda or Appendices to this Agreement that, by their nature, may reasonably be presumed to survive any termination or expiration of this Agreement, shall so survive.

ARTICLE 10
DISENTANGLEMENT

10.1 General Obligations. Upon ***any*** termination or expiration of this Agreement, ACS shall provide the Disentanglement (as defined herein) services as set forth in this Article. ACS shall accomplish a complete transition of any terminated Services from ACS and its Subcontractors to Symetra, its Affiliates and/or to any replacement provider(s) designated by Symetra (collectively, the ***"Replacement Provider"),*** without causing any unnecessary interruption of, or causing any unnecessary adverse impact on, the Services, any Other Services and/or services provided by Third Parties (the ***"Disentanglement").*** Without limiting the generality of the foregoing, ACS shall: (a) cooperate with Symetra, its Affiliates and/or the Replacement Provider, including by promptly taking all steps required to assist Symetra in effecting a complete Disentanglement; (b) provide to Symetra, its Affiliates and/or the Replacement Provider all information regarding the Services as needed for Disentanglement including, without limitation, data conversions, interface specifications and related professional services; (c) provide for the prompt and orderly conclusion of all work, as Symetra may direct, including completion or partial completion of Other Services and/or Out-of-Scope Services, documentation of work in process, and other measures to provide an orderly transition to Symetra, its Affiliates and/or the Replacement Provider; and (d) accomplish the other specific obligations de scribed in this **Article 10.** ACS and Symetra shall discuss in good faith a plan for determining the nature and extent of ACS' Disentanglement obligations and for the transfer of Services in process; provided, however, that ACS' obligation under this Agreement to provide all Services necessary for Disentanglement shall not be lessened in any respect. ACS' obligation to provide the Services shall not cease until a Disentanglement that is satisfactory to Symetra has been completed, including the performance by ACS of all asset transfers, if any, and other obligations of ACS set forth in this **Article 10.**

10.2 Disentanglement Period. The process to effectuate the Disentanglement shall begin on any of the following dates: (a) the date designated by Symetra in connection with expiration of the Term, which date shall not be earlier than one hundred eighty (180) calendar days prior to the end of the Term; or (b) the Termination Date specified in any Termination Notice delivered by Symetra to ACS, if Symetra elects to terminate any or all of the Services pursuant to **Sections 9.2** or **9.5** (unless ACS in good faith disputes such termination); or (c) the Termination Date specified in any Termination Notice delivered by ACS to Symetra pursuant to **Section 9.4** (unless Symetra in good faith disputes such termination), and shall continue: (d) in the case **of subsection (a),** until expiration of the Term; or (e) in all other cases, for a period of up to twelve (12) months thereafter, at Symetra's option (with the applicable date under **subsection (d) or subsection (e)** above on which ACS' obligation to perform the Services expires being referred to as the ***"Expiration Date").*** If requested by Symetra, ACS shall perform its Disentanglement obligations on an expedited basis if Symetra terminates this Agreement pursuant to **Sections 9.2.4 or 9.5.**

10.3 Specific Obligations. Disentanglement shall include, without limitation, the performance of the specific obligations described in this Section and those described in **Section 4.3.** In connection with **Sections 10.3.3 and 10.3.4** below, ACS shall as soon as reasonably possible following its issuance or receipt of a Termination Notice, but in no event longer than ten (10) Business Days

thereafter, provide to Symetra a complete and accurate list of all items that will be subject to conveyance or re-conveyance to Symetra as provided in such Sections. ACS agrees that its agreements with all Third Parties relating to this Agreement, including Subcontractors, shall not include any terms that would prohibit or otherwise restrict such Third Parties, including Subcontractors, from entering into agreements with Symetra, its Affiliates and/or the Replacement Provider (whether directly or through an assignment) as provided herein.

10.3.1 Full Cooperation, Information and Knowledge Transfer. During Disentanglement, the Parties shall cooperate fully with one another to facilitate a smooth transition of the terminated Services from ACS and its Subcontractors to Symetra, its Affiliates and/or the Replacement Provider. ACS shall provide such cooperation both before and after the Expiration Date, and such cooperation shall include, without limitation, provision of full, complete, detailed, and sufficient information (including all information then being utilized by ACS with respect to programs, tools, utilities and other resources used to provide the Services, as well as the information and assistance required pursuant to **Section 2.5.6**, if applicable) and knowledge transfer with respect to all such information in order to enable Symetra's, its Affiliates' and/or the Replacement Provider's personnel (or that of Third Parties) to fully assume, become self-reliant with respect to, and continue without interruption, the provision of the Services. ACS shall cooperate with Symetra and all of Symetra's other service providers to provide a smooth transition at the time of Disentanglement, with no unnecessary interruption of Services, no unnecessary adverse impact on the provision of Services or Symetra's activities and no unnecessary interruption of, or unnecessary adverse impact on, any services provided by Third Parties.

10.3.2 Third-Party Authorizations. Without limiting the obligations of ACS pursuant to **Section 12.2** and subject to the terms of any Third Party contracts, if requested by Symetra as part of the Disentanglement, ACS shall procure at no charge to Symetra any Third Party authorizations necessary to grant Symetra the use and benefit of any Third Party contracts between ACS and Third Party contractors used to provide the Services, pending their assignment to Symetra pursuant to **Section 10.3.4.**

10.3.3 Transfer of Assets. If and as requested by Symetra as part of the Disentanglement, ACS shall convey to Symetra, its Affiliates and/or the Replacement Provider from among those assets used by ACS to provide the Services (including ACS Equipment), such assets (other than software assets otherwise covered by the terms of **Section 4.3)** as Symetra might select from the list provided by ACS pursuant to **Section 10.3** at a price for each such asset that is the lesser of: (a) the net book value as reflected on ACS' books and records; and (b) a fair market value price determined by a mutually agreed Third Party, or the then-remaining lease value; provided, however, that to the extent Symetra has paid all or any portion of the purchase price for any such assets, ACS shall convey such assets to Symetra at a price equal to the original purchase price less the applicable amounts paid by Symetra. At mutually agreed times during Disentanglement, ACS shall remove from Symetra's premises any ACS assets (including ACS Equipment) that Symetra, its Affiliates and/or the Replacement Provider elect not to purchase. In addition, although Symetra acknowledges that ACS does not control Third-Party equipment vendors (if any), if requested by Symetra, ACS shall assist Symetra, its Affiliates, and/or the Replacement Provider in securing maintenance (including all enhancements and upgrades) and support with respect to any such assets for so long as Symetra requires at competitive rates.

10.3.4 Assignment of Contracts. If and as requested by Symetra as part of the Disentanglement, ACS shall assign to Symetra, its Affiliates and/or the Replacement Provider from

among those leases, maintenance, support and other contracts used by ACS, Symetra or any other Person in connection with the Services, such contracts as Symetra might select from the list provided by ACS pursuant to **Section 10.3.** ACS' obligation under this **Section 10.3.4** shall include ACS' performance of all obligations under such leases, maintenance, support and other contracts to be performed by it with respect to periods prior to the date of assignment, and ACS shall reimburse Symetra for any Losses resulting from any claim that ACS did not perform any such obligations.

10.3.5 Delivery of Documentation and Data. If and as requested by Symetra, ACS shall deliver to Symetra, its Affiliates, and/or the Replacement Provider all documentation and data related to ACS' provision of the Services, including the Symetra Data, all results of ACS' processing activities and use of Symetra's Data, as well as all procedures, standards and operating schedules (including the Standards and Procedures Manual), held by ACS. Notwithstanding the foregoing, ACS may retain one (1) copy of such documentation and data, excluding Symetra Data, for archival purposes or warranty support. ACS shall delete all data storage media used in its processing activities following completion of its Disentanglement obligations. All test and data processing material shall be destroyed or turned over to Symetra without undue delay.

10.3.6 Hiring of Employees. ACS shall as soon as reasonably possible following its issuance or receipt of a Termination Notice, but in no event later than ten (10) Business Days thereafter, provide to Symetra a complete and accurate list of all Substantially Dedicated Resources who were involved in providing the Services during the six (6) month period preceding ACS' issuance or receipt of such Termination Notice. ACS shall cooperate with and assist (and shall cause its Subcontractors to cooperate with and assist) Symetra, its Affiliates and/or the Replacement Provider in offering employment, at the sole discretion of Symetra, to any or all of such employees, whether such offers are made at the time of, after or in anticipation of the Expiration Date. ACS shall be solely responsible for and shall pay to any such employees of ACS who are hired by Symetra, its Affiliates, and/or the Replacement Provider, all severance and related payments, if any are payable pursuant to ACS' standard policies, and shall cause relevant Subcontractors to pay severance and related payments to any such employee of a Subcontractor who is hired by Symetra or its designee, if any are payable pursuant to such Subcontractors' standard policies. ACS shall release (and shall cause its Subcontractors to release) from any restrictive covenants including, without limitation, non-compete agreements, any of the employees hired by Symetra, its Affiliates and/ by the Replacement Provider. Notwithstanding any agreements that ACS may have with its employees, ACS shall not take or fail to take any actions that would interfere with or prevent Symetra, its Affiliates and/or the Replacement Provider from hiring any or all of such Substantially Dedicated Resources. ACS shall not (and shall ensure that its Subcontractors do not) in any manner communicate disparaging information about Symetra, its Affiliates, and/or the Replacement Provider, or any of their employees, to transitioning employees or existing employees of Symetra, its Affiliates and/or the Replacement Provider.

10.4 Preparation for Disentanglement.

10.4.1 Complete Documentation. In addition to and/or as part of the Standards and Procedures Manual, at all times during the Term, ACS shall provide to Symetra complete information, including complete documentation, in accordance with the standards and methodologies to be implemented by ACS, for all software (including applications developed as part of the Services) and hardware, that is sufficient to enable Symetra, its Affiliates, and/or the Replacement Provider, to fully assume the provision of the Services to Symetra.

10.4.2 Maintenance of Assets. ACS shall maintain all of the hardware, software, systems, networks, technologies, and other assets utilized in providing Services to Symetra (including leased and licensed assets) in good condition and in such locations and configurations as to be readily identifiable and transferable to Symetra or its designees in accordance with the provisions of this Agreement; in addition, ACS shall insure such assets in accordance with the requirements of **Article 16.**

10.4.3 Advance Written Consents. At all times during the Term, ACS shall seek to obtain advance written consents from all licensors (in accordance with **Section 4.3),** lessors and other contract parties to the conveyance or assignment of licenses, leases and other contracts to Symetra, its Affiliates, and/or the Replacement Provider upon Disentanglement. If any such consent cannot be obtained, ACS shall so notify Symetra in writing, and Symetra may: (a) as to the affected contract(s), waive this requirement in writing; or (b) elect to enter into the applicable license, lease or other contract directly with the applicable Third Party. ACS also shall obtain for Symetra the right, upon Disentanglement, to obtain maintenance (including all enhancements and upgrades) and support with respect to the assets that are the subject of such leases, licenses and other contracts at the price at which, and for so long as, such maintenance and support is made commercially available to other customers of such Third Parties.

10.4.4 All Necessary Cooperation and Actions. ACS shall provide all cooperation, take such additional actions, and perform such additional tasks, as may be necessary to ensure a timely Disentanglement in compliance with the provisions of this **Article 10.**

10.4.5 Payment for Disentanglement Services. Symetra shall be required to pay (at the Service Rates, unless other rates are then agreed to by the Parties) for any Disentanglement Services that are both outside the scope of the Services and cannot be accomplished by the Substantially Dedicated Resources without adversely impacting ACS' ability to comply with the SLRs. Notwithstanding the foregoing: (a) the ACS Key Personnel shall exercise all commercially reasonable efforts to minimize the costs and expenses associated with such Disentanglement services; and/or (b) Symetra may require ACS to re-focus the work efforts of the Substantially Dedicated Resources toward Disentanglement activities and waive any resulting failure of ACS to comply with the SLRs. ACS shall not: (y) in anticipation of sending or receiving a Termination Notice or the expiration of the Term, reduce the number of Substantially Dedicated Resources, nor change the identities of the Substantially Dedicated Resources; or (z) without Symetra's prior written consent, reduce the number, or change the identities, of the Substantially Dedicated Resources during the Disentanglement Period. For purposes of this Agreement, ***"Substantially Dedicated Resources"*** means those employees, agents and/or contractors of ACS and/or its Subcontractors that dedicate fifty percent (50%) or more of their work time to providing Services to Symetra and/or the Affiliates of Symetra, all of whom shall be identified periodically by ACS pursuant to the requirements set forth in **Section 3.1.2.**

ARTICLE 11
LIMITATIONS ON LIABILITY

Subject to the further terms of this **Article 11,** a breaching Party shall be liable to the other Party for all damages incurred by such Party as a result of the breaching Party's failure to perform its obligations under this Agreement.

11.1 Cap On Liability. **EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 11.4 AND 11.5, THE AGGREGATE CUMULATIVE MONETARY LIABILITY OF EITHER**

PARTY (INCLUDING THE AFFILIATES OF EACH PARTY) FOR ALL CLAIMS ARISING UNDER OR RELATING TO THIS AGREEMENT AND/OR ANY COUNTRY AGREEMENTS, NOTWITHSTANDING THE FORM IN WHICH ANY ACTION IS BROUGHT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED IN THE AGGREGATE TO THE TOTAL FEES PAID AND/OR PAYABLE UNDER THIS AGREEMENT AND/OR ANY COUNTRY AGREEMENTS DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE ON WHICH THE FIRST CLAIM AROSE (IT BEING THE UNDERSTANDING OF THE PARTIES THAT IDENTIFYING THE "FIRST" CLAIM WILL ESTABLISH THE BEGINNING POINT FOR ANY TIME PERIOD DESCRIBED IN THIS SECTION 11.1), EXCEPT THAT IF SUCH EVENT ARISES AT ANY TIME FOLLOWING EXPIRATION OR TERMINATION OF THIS AGREEMENT, THEN SUCH AMOUNT SHALL BE EQUAL TO THE FEES PAID BY SYMETRA UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING SUCH EXPIRATION OR TERMINATION DATE (THE *"CAP"*).

NOTWITHSTANDING ANYTHING THAT MAY BE CONTAINED HEREIN TO THE CONTRARY, FEE REDUCTIONS PAID OR PAYABLE TO SYMETRA SHALL NOT COUNT TOWARD SATISFACTION OF THE CAP.

11.2 *Recoverable Damages.* WITHOUT LIMITING THE GENERALITY OF SECTION 11.1, AND NOTWITHSTANDING ANY CONTRARY TERMS IN SECTION 11.3, ACS AGREES THAT THE FOLLOWING TYPES OF DAMAGES (BY WAY OF EXAMPLE AND NOT OF LIMITATION) SHALL BE INTERPRETED AND CONSTRUED TO CONSTITUTE DIRECT DAMAGES RECOVERABLE BY SYMETRA PURSUANT TO SECTION 11.1, AND ACS SHALL NOT CLAIM OTHERWISE:

A. COSTS AND EXPENSES INCURRED TO SELECT, PROCURE, MIGRATE TO AND IMPLEMENT SUBSTANTIALLY EQUIVALENT REPLACEMENT SERVICES (FROM AN IN-HOUSE OR REPLACEMENT PROVIDER) INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES INCURRED: (i) FOR EMPLOYEES (WAGES AND SALARIES, BOTH STRAIGHT TIME AND OVERTIME, AND RELATED EXPENSES, INCLUDING OVERHEAD ALLOCATIONS), CONTRACTORS, TRAVEL EXPENSES, TELECOMMUNICATIONS CHARGES AND OTHER SIMILAR CHARGES; AND (ii) TO RE-CREATE, RELOAD AND/OR CONVERT ANY OF SYMETRA'S DATA, AND TO CREATE AND TEST INTERFACES;

B. REGULATORY FINES AND/OR PENALTIES INCLUDING, WITHOUT LIMITATION, THOSE ASSOCIATED WITH DELAYS IN ELECTRONIC TRANSFERS OR FAILURES TO COMPLY WITH REGULATORY DEADLINES; AND

C. IN THE EVENT OF AN ACS CHANGE IN CONTROL PERMITTING SYMETRA TO TERMINATE THIS AGREEMENT UNDER SECTION 9.2.2(b): (I) IF SYMETRA ELECTS NOT TO EXERCISE ITS RIGHT OF TERMINATION UNDER SUCH SECTION, ALL COSTS AND EXPENSES INCURRED AS A RESULT OF ANY SUCH CHANGE OF CONTROL INCLUDING, IF APPLICABLE UNDER THE CIRCUMSTANCES, THE COSTS AND EXPENSES ASSOCIATED WITH SELECTING, PROCURING, MIGRATING TO AND IMPLEMENTING SUBSTAN-

TIALLY EQUIVALENT REPLACEMENT THIRD PARTY APPLICATION SYSTEMS IF ONE OR MORE OF SYMETRA'S APPLICATION VENDORS WILL NOT CONSENT TO HAVING AN ACQUIRING ENTITY ACT AS SYMETRA'S OUTSOURCING PROVIDER PLUS ANY APPROVAL AND/OR CONSENT FEES NOT PAID UNDER THE TERMS OF SECTION 9.2.2 (THE "CHANGE IN CONTROL EXPENSES"); AND (II) IF SYMETRA ELECTS TO EXERCISE ITS RIGHT OF TERMINATION UNDER SUCH SECTION, ALL CHANGE IN CONTROL EXPENSES LESS ANY COSTS AND EXPENSES AVOIDED BY SYMETRA AS A RESULT OF ITS TERMINATION OF ONE OR MORE CONTRACTS WITH THOSE APPLICATION VENDORS THAT FAIL TO CONSENT TO HAVING AN ACQUIRING ENTITY ACT AS SYMETRA'S OUTSOURCING PROVIDER.

11.3 Non-Direct Damages. **EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 11.4 AND 11.5, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR TO ANY THIRD PARTY CLAIMING BY OR THROUGH THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES WITH RESPECT TO ANY CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM IN WHICH ANY ACTION IS BROUGHT.**

11.4 Symetra Exceptions from the Limitations on Liability. **THE LIMITATION ON SYMETRA'S LIABILITY SET FORTH IN SECTIONS 11.1 AND 11.3 SHALL NOT APPLY TO LOSSES ARISING OUT OF OR RELATING TO: (A) SYMETRA'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 15.2 (INDEMNIFICATION BY SYMETRA); (B) SYMETRA'S FAILURE TO COMPLY WITH THE PROVISIONS OF ARTICLE 13 (SECURITY AND CONFIDENTIALITY); (C) THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF SYMETRA OR ANY ENTITY TO WHICH SYMETRA HAS SUBCONTRACTED ITS OBLIGATIONS UNDER THIS AGREEMENT; OR (D) SYMETRA'S FAILURE TO COMPLY WITH THE PROVISIONS OF ARTICLE 12 (PROPRIETARY RIGHTS). FURTHER, THE LIMITATION ON SYMETRA'S LIABILITY SET FORTH IN SECTION 11.1 SHALL NOT APPLY TO LOSSES ARISING OUT OF OR RELATING TO SYMETRA'S OBLIGATION TO MAKE ANY PAYMENTS THEN DUE AND OWING.**

11.5 ACS Exceptions from the Limitations on Liability. **THE LIMITATION ON ACS' LIABILITY SET FORTH IN SECTIONS 11.1 AND 11.3 SHALL NOT APPLY TO LOSSES ARISING OUT OF OR RELATING TO: (A) ACS' INDEMNIFICATION OBLIGATIONS UNDER SECTION 15.1 (INDEMNIFICATION BY ACS), EXCLUDING ACS' INDEMNIFICATION OBLIGATIONS UNDER SECTION 15.1.8 (NON-PERFORMANCE); (B) ACS' FAILURE TO COMPLY WITH THE PROVISIONS OF ARTICLE 13 (SECURITY AND CONFIDENTIALITY); (C) ACS' REPUDIATION OF, OR UNEXCUSED REFUSAL TO PERFORM, THE SERVICES IN VIOLATION OF SECTION 17.2 (CONTINUED PERFORMANCE; NO TOLLING OF CURE PERIODS); (D) THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ACS AND/OR ITS SUBCONTRACTORS; (E) ACS' FAILURE TO COMPLY WITH THE PROVISIONS OF ARTICLE 12 (PROPRIETARY RIGHTS); OR (F) ACS' INDEMNIFICATION OBLIGATIONS UNDER ATTACHMENT K FOR A VIOLATION OF THE NON-DISCLOSURE AND/OR USE OBLIGATIONS RELATING TO SYMETRA PHI. FURTHER, THE LIMITATION ON ACS' LIABILITY SET FORTH IN SECTION 11.3 SHALL NOT APPLY TO ACS' INDEMNIFICATION OBLIGATIONS UNDER ATTACHMENT K FOR A VIOLATION OF ANY OBLIGATIONS**

THEREUNDER EXCEPT FOR THOSE DESCRIBED IN THE FOREGOING SUBSECTION (F), BUT ONLY UNTIL SUCH TIME AS THE DOLLAR VALUE OF THE CAP HAS BEEN ACHIEVED.

11.6 Costs of Cure. To the extent a Party elects to cure any failure by it to comply with its obligations under the Agreement, all costs and expenses associated with such cure shall be borne solely by the curing party and shall in no event count toward satisfaction of the CAP.

11.7 Attorneys' Fees. If a Party brings an action, suit or proceeding (including, without limitation, any arbitration proceeding under **Section 19.13)** against the other Party to this Agreement arising out of or relating to this Agreement, or pertaining to a declaration of rights under this Agreement, the trier of fact may, in the exercise of its discretion, award the Party it finds to be the prevailing party in such action, suit or proceeding that portion or all of its attorneys' fees, costs and expenses that it deems to be appropriate under the facts and circumstances.

ARTICLE 12
PROPRIETARY RIGHTS

12.1 Work Product.

12.1.1 Symetra Sole Owner. Symetra shall be the sole and exclusive owner of all Work Product, and of all copyright, patent, trademark, trade secret and other proprietary rights in and to the Work Product. Ownership of the Work Product shall inure to the benefit of Symetra from the date of conception, creation or fixation of the Work Product in a tangible medium of expression (whichever occurs first). Each copyrightable aspect of the Work Product shall be considered a "work-made-for-hire" within the meaning of the Copyright Act of 1976, as amended. If and to the extent such Work Product, or any part thereof, is not considered a "work-made-for-hire" within the meaning of the Copyright Act of 1976, as amended, ACS hereby expressly assigns to Symetra all exclusive right, title and interest in and to the Work Product, and all copies thereof, and in and to the copyright, patent, trademark, trade secret, and all other proprietary rights therein, whether in the United States or any other country, territory or jurisdiction, that ACS may have or obtain, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of ACS. ACS shall obtain similar written undertakings from all Subcontractors, employees and consultants who will perform any Services, so as to ensure Symetra's ownership of the Work Product as provided herein, and shall not commence the deployment of any such Subcontractor, employee or consultant until such a written undertaking has been obtained from such Subcontractor, employee or consultant and delivered to ACS. ACS acknowledges that the Parties do not intend ACS to be a joint author of the Work Product within the meaning of the Copyright Act of 1976, as amended, and that ACS shall in no event be deemed the joint author of any Work Product. Symetra shall have unrestricted access to all ACS materials, premises and computer files containing the Work Product. The Parties will cooperate with each other and execute such other documents as may be appropriate to achieve the objectives in this Section.

12.1.2 ACS License to Use. Symetra hereby grants to ACS a non-transferable, non-exclusive, royalty-free, fully paid-up license to use any Work Product solely as necessary to provide the Services to Symetra and/or its Affiliates. Except as provided in this Section, neither ACS nor any Subcontractor shall have the right to use the Work Product in connection with the provision of services to its other customers without the prior written consent of Symetra, which consent may be withheld or given in Symetra's sole discretion.

12.1.3 Intellectual Property. ACS promptly and fully shall disclose in writing and deliver to Symetra all Work Product, which delivery, in the case of computer programs, shall include both source code and object code and all available user manuals and other documentation, including any documentation specifically requested by Symetra. ACS shall execute and deliver any and all patent, copyright or other applications, assignments, and other documents that Symetra requests for protecting the Work Product, whether in the United States or any other country, territory or jurisdiction. Symetra shall have the full and sole power to prosecute such applications and to take all other action concerning the Work Product, and ACS shall cooperate, at Symetra's expense, in the preparation and prosecution of all such applications and in any legal actions and proceedings concerning the Work Product. ACS shall provide to Symetra's Office of the General Counsel, on a quarterly basis, a written report with appropriate information to enable Symetra to pursue all intellectual property registrations or other protections for Symetra's interests in the Work Product.

12.1.4 ACS Underlying and Derivative Works. Notwithstanding anything to the contrary contained in this Agreement, including in this **Section 12.1,** ACS shall be the sole and exclusive owner of all ACS Underlying Works and all Derivative Works thereof that do not contain Work Product **(*"ACS Derivative Works"*).**

12.1.5 Third-Party Underlying and Derivative Works. Notwithstanding anything to the contrary contained in this Agreement, including this **Section 12.1,** the sole and exclusive owner of any Third Party's Underlying Works and of all Derivative Works thereof that are created, invented, conceived, and fixed in a tangible medium of expression by such Third Party (such Derivative Works, collectively with the Third Party's Underlying Works, the ***"Third-Party Works"*)** shall be the applicable Third Party; provided, however, that ACS shall not implement or utilize any Third-Party Works in the provision of any Services unless the Third-Party Works are commercially available or ACS shall have used commercially reasonable efforts to cause such Third Party to agree to grant to Symetra (at Symetra's cost and expense) a perpetual, irrevocable, non-exclusive, fully-paid license to use, copy, modify, and sublicense the Third-Party Works in connection with the conduct of Symetra's business.

12.2 Rights and Licenses. ACS shall obtain from Third Parties all rights and licenses required to perform the Services.

12.3 Symetra Data. Symetra shall permit ACS to have access to Symetra Data solely to the extent ACS requires access to such data to provide the Services in accordance with the terms of this Agreement. ACS may only access and process Symetra Data in connection herewith or as directed by Symetra in writing and may not otherwise modify Symetra Data, merge it with other data, commercially exploit it or engage in any other practice or activity that may in any manner adversely affect the integrity, security or confidentiality of such data, other than as specifically permitted herein or as directed by Symetra in writing. ACS understands and agrees that Symetra owns all right, title, and interest in and to the Symetra Data and in and to any modification, compilation or Derivative Works therefrom (collectively, ***"Data and Modified Data"*),** and also owns all copyright, trademark, trade secrets, and other proprietary rights in and to the Data and Modified Data.

12.4 Infringement. Each of the Parties shall perform its responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of, any patent, trade secret, copyright or other proprietary right of any Third Party, or a violation of the

other Party's software license agreements or intellectual property rights disclosed to or known by such Party.

12.5 Cooperation. If at any time Symetra brings, or investigates the possibility of bringing, any claim against any Person for infringement of any patent, trademark, copyright or similar proprietary right of Symetra, including misappropriation of trade secrets and misuse of confidential information, then ACS, upon the request and at the expense of Symetra, shall cooperate with and assist Symetra in the investigation or pursuit of such claim, and provide Symetra with any information in the possession of ACS that may be of use to Symetra in the investigation or pursuit of such claim.

ARTICLE 13
SECURITY AND CONFIDENTIALITY

13.1 Security.

13.1.1 General. ACS shall provide all Services utilizing security technologies and techniques in accordance with industry best practices and Symetra's security policies, procedures and requirements, including those relating to the prevention and detection of fraud or other inappropriate use or access of systems and networks. Without limiting the generality of the foregoing, ACS shall implement and/or use network management and maintenance applications and tools and appropriate fraud prevention and detection and encryption technologies. In no event shall ACS' actions or inaction result in any situation that is less secure than: (a) the security provided to Symetra as of the Effective Date; or (b) the security ACS then provides for its own systems and data, whichever is greater.

13.1.2 Information Access. Prior to performing any Services, ACS and its employees, agents and Subcontractors who may access Symetra Data and software shall execute the Parties' agreements and forms concerning access protection and data/software security consistent with the terms and conditions of this Agreement. ACS and its employees, agents and Subcontractors shall comply with all policies and procedures of Symetra and its Affiliates regarding data access, privacy and security, including those prohibiting or restricting remote access to Symetra systems and data. Symetra shall authorize, and ACS shall issue, any necessary information-access mechanisms, including access IDs and passwords, and ACS agrees that the same shall be used only by the personnel to whom they are issued. ACS shall provide to such personnel only such level of access as is minimally necessary to perform the tasks and functions for which such personnel are responsible. ACS shall from time-to-time, upon request from Symetra but in the absence of any request from Symetra at least quarterly, provide Symetra with an updated list of those ACS personnel having access to Symetra's and/or its Affiliate's systems, software, and data, and the level of such access. Computer data and software, including Symetra Data, provided by Symetra or accessed (or accessible) by ACS personnel or ACS' Subcontractor personnel, shall be used by such personnel only in connection with the obligations provided hereunder, and shall not be commercially exploited by ACS or its Subcontractors in any manner whatsoever. Without limiting the terms of **Section 9.6,** failure of ACS or ACS' Subcontractors to comply with the provisions of this **Article 13** may result in Symetra restricting offending personnel from access to Symetra computer systems or Symetra Data. It shall be ACS' obligation to maintain and ensure the confidentiality and security of Symetra Data.

13.1.3 Background Checks. If ACS assigns Persons (whether employees, contractors (including Subcontractors) and/or agents) to perform work at any Symetra Site, ACS shall conduct a background check on all such Persons and review the results of the background check of each

Person to verify that the Person meets ACS' standards for employment before presenting the results of the background check to Symetra and requesting that Symetra grant access to any such Person to any Symetra Site. No Person shall have access to any Symetra Site prior to delivery of the written background check to Symetra and Symetra's approval of such Person. Symetra shall be permitted, at its sole option, to refuse access of any Person to any Symetra Site. Such background check shall be in the form generally used by ACS in its initial hiring of employees or contracting for contractors (including Subcontractors and/or agents) or, as applicable, during the employment-screening process but, at a minimum, must have been performed within the preceding twelve (12) month period and detail the individual's arrest record, credit history and employment history. ACS shall obtain all releases, waivers or permissions required for the release of such information to Symetra. Prior to presenting any Person to Symetra, with verification on an annual basis, ACS' human resources manager for this Agreement shall certify that the background check required by this **Section 13.1.3** has been conducted with respect to all Persons assigned by ACS to perform work at any Symetra Site.

13.1.4 Other Policies. ACS shall, and shall cause its employees, contractors (including Subcontractors) and agents to, abide by all policies and procedures of Symetra and its Affiliates that may be established from time-to-time, and which are provided to ACS in writing including, without limitation, rules and requirements for the protection of premises, materials, equipment and personnel. Without limiting the terms of **Section 9.6,** any violations or disregard of these rules shall be cause for denial of access by such personnel to properties of Symetra and/or its Affiliates. The operation of ACS vehicles or private vehicles of ACS personnel on Symetra's property shall conform to posted regulations and safe driving practices. Vehicular accidents on Symetra's and/or its Affiliates property and involving ACS personnel shall be reported promptly to the appropriate Symetra security personnel.

13.2 Confidential Information.

13.2.1 Non-Disclosure.

(a) All Confidential Information disclosed by the Disclosing Party to the Receiving Party shall be deemed the sole property of the Disclosing Party and/or its Affiliates and shall be used solely by the Receiving Party and its employees, contractors (including Subcontractors) and agents for purposes of performing the Receiving Party's obligations and/or exercising the Receiving Party's rights under this Agreement, and, except as permitted under **Sections 13.2.3** and **13.3,** shall not be published, transmitted, released or disclosed by the Receiving Party or its employees, contractors (including Subcontractors) or agents to any other Person without the prior written consent of the Disclosing Party, which consent shall not be unreasonably withheld.

(b) The Receiving Party shall implement and maintain appropriate policies and procedures to safeguard the confidentiality of the Disclosing Party's Confidential Information in accordance with **subsection (a)** above. The Receiving Party shall require as a condition of any subcontract that the Subcontractor expressly acknowledges and agrees to be bound by confidentiality requirements that are no less restrictive than the requirements to which the Receiving Party is bound under this Agreement.

13.2.2 Disclosure Requests. Except to the extent Confidential Information is permitted to be disclosed pursuant to **Sections 13.2.3** or **13.3,** any and all requests, from whatever

source, for copies of, access to, or disclosure of the Disclosing Party's Confidential Information shall be promptly submitted to the Disclosing Party for disposition.

13.2.3 Permitted Disclosures. The Disclosing Party shall require each of its contractors (including Subcontractors) and agents providing Services hereunder or otherwise having access, in whatever form or function, to the Disclosing Party's Confidential Information, to execute, prior to any such activity or access, a confidentiality agreement, the terms of which shall be no less stringent than the confidentiality requirements to which the Receiving Party is bound under this Agreement and under which such contractors (including Subcontractors) and agents agree to protect and maintain as confidential all of the Disclosing Party's Confidential Information (including, without limitation, following any termination of the Disclosing Party's relationship with any such contractor (including Subcontractors) and/or agents). The Receiving Party may disclose the Disclosing Party's Confidential Information only to those of such employees, contractors (including Subcontractors) and agents who have a need to know the Disclosing Party's Confidential Information in order to perform their duties and/or exercise their rights under this Agreement, as determined by an appropriate official of the Disclosing Party, and only to the extent minimally necessary. Regardless of the form of any agreement executed with Receiving Party's contractors (including Subcontractors) and agents, ACS shall retain liability for all breaches of this Agreement and for the acts or omissions of its officers, employees (including former employees), contractors (including Subcontractors), agents and the like, including the unauthorized use or disclosure of the Disclosing Party's Confidential Information, by its officers, employees (including former employees), contractors (including Subcontractors), agents and the like. Notwithstanding any contrary terms that may be contained herein, the Receiving Party shall have the right to disclose the Disclosing Party's Confidential Information to the Receiving Party's accountants, attorneys, financial advisors, banks and other financing sources and other similar advisors who have a need to know such Confidential Information, and Symetra shall have the right to disclose ACS' Confidential Information to a Replacement Provider to the extent strictly necessary.

13.3 Legally Required Disclosures. The Receiving Party may disclose the Confidential Information of the Disclosing Party to the extent disclosure is based on the good faith written opinion of the Receiving Party's legal counsel that disclosure is required by law or by order of a court or governmental agency or in order to comply with applicable Securities and Exchange Commission (***"SEC"***) requirements; provided, however, that the Receiving Party shall give advance notice of such requested disclosure and legal opinion to the Disclosing Party prior to any such disclosure (except in the case of SEC-required disclosures or when a judicial or other binding governmental order or decree or binding written instruction of a governmental regulator may prevent such notice) and shall use all commercially reasonable efforts to obtain a protective order or otherwise protect the confidentiality of the Disclosing Party's Confidential Information. Notwithstanding the foregoing, the Dis-closing Party reserves the right to obtain a protective order or otherwise protect the confidentiality of such Confidential Information. For purposes of this Section, the Office of General Counsel of each Party may act as that Parry's legal counsel.

13.4 Notification and Mitigation. In the event of any impermissible disclosure, loss or destruction of Confidential Information, the Receiving Party shall immediately notify the Disclosing Party and take all reasonable steps to mitigate any potential harm or further disclosure, loss or destruction of such Confidential Information.

13.5 Return of Confidential Information. Upon the expiration or termination of the Term, and at any other time upon written request by the Disclosing Party, the Receiving Party

promptly shall return to the Disclosing Party all Confidential Information (and all copies thereof) of the Disclosing Party then in its possession or control, in whatever form, or, in the case of a written request by the Disclosing Party, the Confidential Information specified in such request as then in the Receiving Party's possession or control, in whatever form. In addition, unless the Disclosing Party otherwise consents in writing, the Receiving Party also shall deliver to the Disclosing Party or, if requested by the Disclosing Party, shall delete or destroy, any copies, duplicates, summaries, abstracts or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of the Receiving Party. Notwithstanding the foregoing: (a) ACS may retain one (1) copy of documentation and data, excluding Symetra Data, for archival purposes or warranty support; provided, however, that any subsequent disclosure of such archived data shall comply with this **Article 13;** and (b) Symetra may retain ACS' Confidential Information (excluding any Category 5 Software) to the extent required by law or regulation, to the extent otherwise permitted under this Agreement and for legal archival purposes.

13.6 Injunctive Relief. If the Receiving Party or anyone acting on its behalf or operating under its control, including employees, Subcontractors and other Third Parties, publishes, transmits, releases, discloses or uses any Confidential Information of the Disclosing Party in violation of this **Article 13,** or if the Disclosing Party anticipates that the Receiving Party may violate or continue to violate any restriction set forth in this **Article 13,** then the Disclosing Party shall have the right to have the provisions of this **Article 13** specifically enforced by any court having equity jurisdiction, without being required to post bond or other security and without having to prove the inadequacy of available remedies at law, it being acknowledged and agreed that any such violation shall cause irreparable injury to the Disclosing Party and that monetary damages shall not provide an adequate remedy.

ARTICLE 14
LEGAL COMPLIANCE

14.1 Compliance with All Laws and Regulations. ACS shall perform its obligations hereunder in compliance with all laws and regulations throughout the world that are applicable to it as an operator of its business and/or in connection with performance of its obligations hereunder, including, without limitation, all laws and regulations relating to the collection, dissemination, transfer and use of data, specifically including, without limitation, the privacy and security of confidential, personal, sensitive or other protected data. ACS acknowledges and agrees that it may be required to modify the manner in which it provides the Services to Symetra in order to be compliant with policies and procedures developed by Symetra that are designed to assure compliance with HIPAA, the California Statute, GLB and all other applicable laws and regulations. Without limiting the generality of the foregoing, such policies and procedures may require ACS to cause its employees and those of its Subcontractors with access to the Symetra Data to execute confidentiality and non-disclosure agreements. Any such change required under this **Section 14.1** shall be effected through the applicable change management process, and Symetra shall be responsible for any additional costs or expense resulting from such change, provided that ACS use all commercially reasonable efforts to mitigate any such additional costs and expenses. No provision of this Agreement, including any InScope Service Request, shall have any force or effect if it would cause a violation of any law or regulation, or would require any consent or approval to prevent any such violation.

14.2 ACS Permits, Licenses and Assistance. ACS shall obtain and maintain, and shall cause its Subcontractors to obtain and maintain, at no cost to Symetra, all approvals, permissions, permits, licenses, and other forms of documentation required in order to comply with all foreign or

domestic statutes, ordinances, and regulations or other laws that may be or become applicable to performance of Services hereunder. Symetra reserves the right to reasonably request and review all such applications, permits, and licenses prior to the commencement of any Services hereunder. If requested, Symetra shall cooperate with ACS, at ACS' cost and expense, to obtain any such approvals, permits and licenses. Similarly, and without additional charge or fee, ACS shall provide relevant assistance to Symetra in its attempt to fully comply with any domestic or foreign laws concerning data protection, including any obligation to certify or respond to any data protection authority regarding such matters.

14.3 Hazardous Materials. In providing the Services, ACS shall be responsible for compliance with all Environmental Laws and all other laws, rules, regulations, and requirements regarding Hazardous Materials, health and safety, notices and training. ACS shall not store any Hazardous Materials at any Symetra Site. ACS agrees to take, at its expense, all actions necessary to protect Third Parties including, without limitation, employees and agents of Symetra, from any exposure to Hazardous Materials generated or utilized in its performance under this Agreement. ACS agrees to report to the appropriate governmental agencies all discharges, releases, and spills of Hazardous Materials that are required to be reported by any Environmental Law and to immediately notify Symetra of same. ACS shall not be liable to Symetra for Symetra's failure to comply with, or violation of, any Environmental Law.

14.4 HIPAA.

14.4.1 General. In order to address certain requirements that are now or will become applicable to Symetra and/or one (1) or more of its Affiliates pursuant to regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996 (as the same may have been and/or may be amended from time-to-time, ***"HIPAA"),*** ACS shall comply with the requirements set forth in **Attachment K** and shall, if and as requested by Symetra, execute with any such Affiliate a separate agreement that contains terms and conditions that are substantially the same as those set forth in **Attachment K.** Notwithstanding anything contained herein to the contrary, ACS agrees that **Attachment K** (and any separate agreements that may be entered into by ACS and any Symetra Affiliate) shall be modified appropriately if Symetra determines that such modifications are necessary for Symetra and/or its Affiliates to comply with any and all modifications to HIPAA and/or its implementing regulations.

14.4.2 Security Requirements. ACS acknowledges that certain Security and Electronic Signature Standards have been issued by the Secretary (as the same may have been and/or may be modified from time-to-time, the ***"Security Standards")*** and that such Security Standards will affect the manner in which ACS provides the Services to Symetra hereunder. Having acknowledged the foregoing, ACS agrees that it will cooperatively work with Symetra and, as part of the Services, take all actions that may be necessary to ensure Symetra's and/or it Affiliates' ability to comply with the Security Standards. ACS agrees that this provision shall equally apply with any other security or privacy standards as may be promulgated under domestic or foreign law concerning such matters.

14.5 California Personal Information Statute. ACS acknowledges that Symetra Confidential Information may include personal information pertaining to California residents. ACS shall ensure that the system and/or the network complies with the requirements of California Civil Code §1798.82 et. seq.; or any similar federal or state statute that may enacted (the ***"California Statute"),*** including the encryption of all personally-identifiable Symetra Confidential Information. If ACS believes that personally-identifiable Symetra Confidential Information has been subject to unauthorized

access, ACS shall provide written notice to Symetra within twenty-four (24) hours. If Symetra determines that actions must be taken to comply with the California Statute, ACS shall fully cooperate with Symetra to achieve such compliance and all such compliance-related activities by both Symetra and ACS shall be performed at ACS' cost. Nothing contained herein shall be deemed to release ACS from its indemnification obligations as set forth in **Section 15.1.**

14.6 Data Protection. The terms of this Section shall be applicable in European Union countries where this Agreement may be performed, and shall be "localized", as necessary, to address local requirements and considerations.

(a) General Compliance. ACS shall during the Term comply with all applicable laws, regulations, regulatory requirements and codes of practice in connection with all processing of personal data by ACS pursuant to its obligations under this Agreement, including, without limitation, by complying with all the provisions of the applicable country's data protection act and its amendments if any (the ***"Act"***) and any regulations or instruments thereunder, and of Directive 95/46/EC of the European Parliament and of the Council on the Protection of Individuals with Regard to the Processing of Personal Data and on the Free Movement of Such Data and any relevant recommendation issued by Article 29 working group and/or the data protection authority in the applicable country (together with the Act, the ***"Data Protection Laws"***), and shall not do, or cause or permit to be done, anything which may cause or otherwise result in a breach by Symetra of the same. ACS will oblige its employees and Subcontractors (if any) to comply with applicable Data Protection Laws and to undertake in writing only to collect, process or use any personal data received from Symetra for purposes of providing the Services and not to make personal data received from Symetra available to any Third Parties.

(b) Security. ACS warrants and undertakes that, as part of the Services provided to Symetra, it shall take, implement and maintain all such technical and organizational security procedures and measures necessary or appropriate to preserve the security and confidentiality of personal data processed by it and protect such personal data against unauthorized or unlawful disclosure, access or processing, accidental loss, destruction or damage, including any technical and organizational security procedures and measures as may be required or directed by Symetra from time to time. Having regard to the state of the art and the cost of their implementation, ACS shall ensure that such measures will provide a level of security appropriate to the risks represented by the Services to the processing and in consideration of the nature of the data to be protected. In addition, and without limiting the foregoing, ACS agrees, at Symetra's request, to provide relevant assistance to Symetra to devise appropriate technical and organization measures. By executing this Agreement, Symetra appoints ACS as a data processor of Symetra Data. As a processor of such data, ACS will process Symetra Data as specified in this Agreement. ACS may perform such processing as it reasonably considers necessary or appropriate to perform the Services. Upon expiration or termination of this Agreement and, if necessary, Symetra will give the data protection authority prompt notice of the termination of the appointment of ACS as Symetra's data processor.

(c) Trans-border Data Flows. ACS will not transfer any Symetra Data across a country border unless ACS reasonably considers such transfer necessary for ACS' performance of the Services and obtains Symetra's prior written consent.

(d) ACS as a Data Processor. ACS understands and acknowledges that, to the extent that performance of its obligations hereunder involves or necessitates the processing of personal data, it shall act only on instructions and directions from Symetra. ACS shall comply promptly with all such instructions and directions received by ACS from Symetra from time to time. ACS undertakes to keep the Symetra Data confidential and not to disclose personal data to any Third Party in any circumstances other than at Symetra's specific written request or in compliance with legal obligation. If ACS subcontracts any of its obligations under this Agreement, it shall ensure contractually that the provisions agreed hereunder also apply towards the subcontractor before any Symetra Data is transmitted to the subcontractor. ACS undertakes to monitor its subcontractors' compliance with such provisions as often as it deems necessary.

(e) Transfer Outside of the European Union or Outside of a Country Considered as Providing an Adequate Level of Protection Pursuant to Article 25 of the EU Directive 95/46 of 24 October 1995. As part of the Services provided to Symetra under this Agreement, ACS undertakes to transfer Symetra's personal data to its Affiliates, which may be located in countries considered as not providing an adequate level of protection only if necessary for the performance of the Services. With respect to trans-border data flows mentioned under **Section 14.6(c)** above, ACS also undertakes to execute, as part of the Services provided to Symetra, any documents, including any data transfer agreement, that may be required for Symetra to comply with the Data Protection Laws.

(f) Data Subject Right of Access and Rectification. If Symetra is required to provide information to a data subject regarding that individual's personal data, ACS will reasonably cooperate with Symetra in providing such information to the full extent necessary to comply with Data Protection Laws, and where a request by a data subject is made directly to ACS, it shall as soon as reasonably practicable notify Symetra upon receipt of a request (whether oral or in writing) from such an individual providing sufficient details and information as are required by Symetra to comply with its obligations under the Data Protection Laws. If further to this request the personal data must be rectified, ACS undertakes to amend the personal data as instructed by Symetra.

ARTICLE 15
INDEMNIFICATION

15.1 By ACS.

15.1.1 Intellectual Property. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay all settlements, judgments, awards, fines, penalties, interest, liabilities, losses, costs, damages and expenses, including attorneys' fees and disbursements and court costs (collectively, ***"Losses"***), sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of them for actual or alleged infringement of any patent, trademark, copyright or other proprietary right, including misappropriation of trade secrets, arising out of or relating to technology (excluding the Category 6 Software) and/or methods or processes used by ACS to provide the Services (an ***"Infringement Claim").*** If Symetra's right to use any such technology or enjoy continued use of any method or process is enjoined or appears likely to be enjoined, at its sole cost and expense, ACS shall either procure a license to enable Symetra to continue such use or replace or modify the technology,

method or process so that it no longer is subject to any such claim, suit or proceeding while maintaining equivalent or better functionality and performance capabilities in a form acceptable to Symetra.

15.1.2 Personal Injury, Property and Other Damage. ACS shall indemnify, defend, and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party, ACS employee or Symetra employee against any of the Symetra Indemnitees for actual or alleged bodily injury or death, damage to tangible personal or real property including computer data, data loss or any other damage, notwithstanding the form in which any such action is brought *(e.g.*, contract, tort or otherwise), to the extent such injuries or damages arise directly or indirectly from acts, errors or omissions that constitute negligence, willful misconduct or violations of law, by ACS and/or its employees, agents and/or Subcontractors.

15.1.3 Third-Party Contracts. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees for: (a) actual or alleged breach by ACS of any agreement with any Third Party; and (b) actual or alleged breach by Symetra of any agreement with any Third Party, to the extent the claim, suit or proceeding arises out of, relates to or is a result of ACS': (i) failure to fulfill its obligations under this Agreement; and/or (ii) breach of any term or condition of this Agreement.

15.1.4 ACS Employees. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any ACS employee against any of the Symetra Indemnitees based upon any act by ACS, its employees, agents and/or its Subcontractors on or after the Effective Date (or in connection with services provided by ACS prior to the Effective Date) including, without limitation, any claim relating to the non-hire of employees by ACS, claims for wages, benefits, discrimination or harassment of any kind, wrongful termination and/or denial of severance or termination payments upon leaving ACS' employ. In connection therewith, ACS shall retain for an appropriate length of time in light of applicable statutes of limitation and make available to Symetra upon request any and all employment records relating to any such claim, suit or proceeding.

15.1.5 Hazardous Material. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees as a result of: (a) ACS' failure to comply with any applicable Environmental Laws; or (b) the presence of any Hazardous Material upon, above or beneath ACS' facilities or locations.

15.1.6 Information Disclosure. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees as a result of any failure by ACS, its employees, agents and/or Subcontractors to comply with the obligations set forth in this Agreement relating to Symetra Confidential Information or the protection of the security or privacy of data.

15.1.7 Security Breaches. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees as a result of any failure by ACS, its employees, agents and/or Subcontractors to comply with the security obligations set forth in this Agreement relating to protection against fraudulent or other inappropriate or unauthorized use of or access to the systems and/or networks described herein.

15.1.8 Non-Performance. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees as a result of ACS' breach or default of any term of this Agreement.

15.1.9 Taxes. ACS shall indemnify, defend and hold harmless the Symetra Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Symetra Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the Symetra Indemnitees as a result of ACS' failure to pay applicable taxes including, without limitation, payroll and other employment-related taxes.

15.2 By Symetra.

15.2.1 Intellectual Property. Symetra shall indemnify, defend and hold harmless the ACS Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the ACS Indemnitees, arising out of any claim, suit or proceeding brought by any Third Party against any of them for actual or alleged infringement of any patent, trademark, copyright or similar proprietary right, including misappropriation of trade secrets, arising out of or relating to the Category 6 Software. If ACS' right to use such software is enjoined, Symetra may, in its reasonable discretion and at Symetra's sole expense, either procure a license to enable ACS to continue use of such software or develop or obtain a non-infringing replacement. Symetra shall have no obligation with respect to any claim or action to the extent it is based solely upon: (a) modification of the software by ACS or any of its Affiliates or Subcontractors; or (b) ACS' combination, operation or use of such software with other apparatus, data or programs; provided, however, that this sentence and therefore this exception shall not be applicable to any such combination, modification, operation or use required or specified in writing by Symetra.

15.2.2 Managed and Assigned Contracts. Symetra shall indemnify, defend, and hold harmless the ACS Indemnitees from and against, and shall pay any and all Losses sustained or incurred by the ACS Indemnitees, based upon or relating to any claim, suit or proceeding brought by any Third Party against any of the ACS Indemnitees as a result of an actual or alleged breach by Symetra of: (a) any Managed Contract (to the extent not caused by ACS); or (b) any Assigned Contract (to the extent not caused by ACS) occurring prior to the date the Assigned Contract was assigned to ACS.

15.2.3 Hazardous Materials. Symetra shall indemnify, defend, and hold harmless the ACS Indemnitees from and against, and shall pay any and all Losses sustained or incurred by the ACS Indemnitees upon or relating to any claim, suit or proceeding brought by any Third Party against any of the ACS Indemnitees as a result of: (a) Symetra's failure to comply in all material respects with any applicable Environmental Laws; or (b) the presence of any Hazardous Material upon,

above or beneath Symetra's facilities or locations, provided such Hazardous Material was not introduced to such facilities or locations by ACS or any of its Subcontractors or released into the environment by ACS or any of its Subcontractors.

15.3 Indemnification Procedures.

15.3.1 General. If any legal action governed by this **Article 15** is commenced against an Indemnified Party, such Indemnified Party shall give written notice thereof to the Indemnifying Party promptly after such legal action is commenced; provided, however, that failure to give prompt notice shall not reduce the Indemnifying Party's obligations under this **Article 15,** except to the extent the Indemnifying Party is prejudiced thereby. After such notice, if the Indemnifying Party acknowledges in writing to the Indemnified Party that the right of indemnification under this Agreement applies with respect to such claim, then the Indemnifying Party shall be entitled, if it so elects in a written notice delivered to the Indemnified Party not fewer than ten (10) Business Days prior to the date on which a response to such claim is due, to take control of the defense and investigation of such claim and to employ and engage attorneys of its choice, that are reasonably satisfactory to the Indemnified Party, to handle and defend same, at the Indemnifying Party's expense. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its attorneys, at the Indemnifying Party's expense, in the investigation, trial, and defense of such claim and any appeal arising therefrom; provided, however, that the Indemnified Party may participate, at its own expense, through its attorneys or otherwise, in such investigation, trial, and defense of such claim and any appeal arising therefrom. If a court of competent jurisdiction later determines, without right of further appeal, that a claim, suit or proceeding for which the Indemnifying Party assumed defense was not eligible for indemnification under this **Article 15,** within thirty (30) calendar days following such determination, the Indemnified Party shall reimburse the Indemnifying Party in full for all judgments, settlements, costs and expenses (including attorneys' fees) incurred in connection with such claim, suit or proceeding.

15.3.2 Settlement of Claims. No settlement of a claim that involves a remedy other than the payment of money by the Indemnifying Party along with standard settlement terms, specifically including a dismissal of all claims with prejudice as well as a non-admission of liability or other wrongdoing, shall be entered into by the Indemnifying Party without the prior written consent of the Indemnified Party, which consent may be withheld in the Indemnified Party's sole discretion. In no event shall an adverse judgment be entered against the Indemnified Party as part of a settlement without its express written consent.

15.3.3 Defense Declined. If the Indemnifying Party declines to assume defense of a claim as provided in this Section: (a) the Indemnified Party may assume such defense and, if such defense is assumed, unless the Parties otherwise agree in writing, the Indemnifying Party thereafter shall be barred from assuming such defense at a later time; and (b) if it is later determined by a court of competent jurisdiction, without right of further appeal, that such claim was eligible for indemnification by the Indemnifying Party under this **Article 15,** within thirty (30) calendar days following such determination, the Indemnifying Party shall reimburse the Indemnified Party in full for all settlements, judgments, costs and expenses (including attorneys' fees) incurred by the Indemnified Party in connection with such claim.

15.3.4 Defense Accepted. Notwithstanding anything contained herein to the contrary, if the Indemnifying Party accepts defense of a claim as provided in this Section, the Indemnified Party shall have the right to engage independent counsel to monitor and participate in the

defense of the matter as such counsel or the Indemnified Party deems fit to protect its interests. The Indemnifying Party and its counsel must reasonably cooperate with the Indemnified Party's counsel to enable such counsel to adequately represent the interests of the Indemnified Party.

ARTICLE 16
INSURANCE

16.1 Required Insurance Coverages. During the Term and for such other periods as may be required herein, at its sole expense, ACS shall provide and maintain insurance consistent with acceptable and prudent business practices including, at a minimum, the types of insurance and the amounts described in **Attachment N**. The fact that ACS has obtained the insurance required in this **Article 16** shall in no manner lessen nor otherwise affect ACS' other obligations or liabilities set forth in this Agreement including, without limitation, its obligations under **Article 15.** If ACS retains any Subcontractors, ACS shall require all such Subcontractors to carry the same coverages at the same limits set forth herein.

16.2 General Provisions.

16.2.1 Evidence of Insurance. On or before the Effective Date and thereafter at Symetra's request, ACS shall deliver to Symetra certificates of insurance evidencing the insurance required hereunder, together with appropriate separate endorsements. In addition, upon reasonable notice, ACS grants Symetra the right to examine its underlying policies solely for the purpose of confirming ACS' compliance with the terms of this **Article 16.**

16.2.2 Claims-Made Coverage. If any coverage is written on a "claims-made" basis, the certificate of insurance shall clearly so state. In addition to the coverage requirements specified above, ACS will make all commercially reasonable efforts with respect to any such policies to provide that:

(a) the policy's retroactive date shall coincide with or precede ACS' commencement of performance of Services (including subsequent policies purchased as renewals or replacements);

(b) similar insurance is maintained during the required extended period of coverage following expiration of the Agreement for a minimum of two (2) years;

(c) if insurance is terminated for any reason, ACS shall purchase a replacement claims-made policy with the same or an earlier retroactive date or shall purchase an extended reporting provision to report claims arising in connection with this Agreement for a minimum of two (2) years following termination or completion of the Services; and

(d) all claims-made policies shall allow the reporting of circumstances or incidents that might give rise to future claims.

16.2.3 Notice of Cancellation or Change of Coverage. All certificates of insurance provided by ACS must evidence that the insurance ACS will give Symetra forty-five (45) calendar days' written notice in advance of any cancellation, lapse, reduction or other adverse change in respect of such insurance.

16.2.4 Qualifying Insurers. All policies of insurance required hereby shall be issued by companies that have been approved to do business in the State of Washington, unless prior written approval is obtained from Symetra's risk manager. All providers of insurance shall have an AM Best rating of A- and Financial Size Category VI or better.

16.2.5 Waiver of Subrogation. All policies of insurance required hereby shall include a waiver of subrogation in favor of Symetra and its Affiliates, a copy of which shall be provided to Symetra upon request. ACS does hereby exercise its waiver of subrogation in favor of Symetra and its Affiliates for any insurance proceeds payable under any policies of insurance required hereby.

ARTICLE 17
PROBLEM RESOLUTION

17.1 Problem Resolution Process.

17.1.1 Administrative-Level Performance Review. If a Problem arises between the Parties, the Symetra Project Executive and the ACS Project Executive shall meet and attempt to resolve the Problem. Written minutes of such meetings shall be kept. If the Parties are unable to resolve the Problem within ten (10) calendar days after the initial request for a meeting, then the Parties shall seek to resolve the Problem through the IT Outsourcing Committee Performance Review as provided in **Section 17.1.2.**

17.1.2 IT Outsourcing Committee Performance Review. Upon receipt of a written Problem referral from the Parties' representatives as provided in **Section 17.1.1**, the IT Outsourcing Committee shall meet within five (5) Business Days thereafter in an effort to resolve the Problem. If the IT Outsourcing Committee is unable to resolve the Problem within ten (10) calendar days after the Problem was referred to it or fifteen (15) calendar days have passed since the Problem resolution process was begun, then the IT Outsourcing Committee shall forward the written Problem referral to the Parties' executives as provided in **Section 17.1.3** along with a statement of any actions taken or recommendation made by the respective members of the IT Outsourcing Committee.

17.1.3 Executive-Level Performance Review. For Problems that are not resolved as described in **Section 17.1.2,** negotiations shall be conducted by the Chief Information Officer or higher-level officer of Symetra and the Western Region Vice President or higher-level officer of ACS. If such representatives are unable to resolve the Problem within five (5) Business Days after the Parties have commenced negotiations, or fifteen (15) calendar days have passed since the initial request for negotiations at this level, then the Parties shall be entitled to discontinue negotiations, to seek to resolve the Problem through mediation as hereinafter provided or, if the Parties do not agree to submit the Problem to mediation, to seek any and all rights and remedies that may be available to them as provided in this Agreement.

17.1.4 Voluntary, Non-Binding Mediation. If executive-level performance review is not successful in resolving the Problem, the Parties may, but shall not be obligated to, mutually agree in writing to submit the Problem to non-binding mediation. Mediation must occur within five (5) Business Days after the Parties agree to submit the Problem to mediation. The Parties mutually shall select an independent mediator experienced in IT systems, and each shall designate a representative(s) to meet with the mediator in good faith in an effort to resolve the Problem. The specific format for the mediation shall be left to the discretion of the mediator and the designated Party representatives

and may include the preparation of agreed-upon statements of fact or written statements of position furnished to the other Party.

17.2 Continued Performance; No Tolling of Cure Periods. The Parties agree to continue performing their obligations under this Agreement while the Problem is being resolved as provided in this **Article 17**, unless and until the Problem is resolved or until this Agreement is terminated. The time frame for a Party to cure any breach of the terms of this Agreement shall not be tolled by the pendency of any Problem resolution procedures.

17.3 De Minimis Problems. Notwithstanding anything to the contrary in this **Article 17** or elsewhere in this Agreement, if: (a) Symetra requests services, products and/or resources from ACS and the Parties disagree as to whether any such request is within the scope of the Services; and (b) the financial impact on ACS of satisfying such request is less than **[***]**, then the disagreement shall not be deemed a Problem, but absent mutual agreement of the Parties through the IT Outsourcing Committee, shall be deemed resolved in Symetra's favor. The maximum financial impact on ACS pursuant to this Section shall not exceed **[***]** in the aggregate during any Contract Year.

17.4 Equitable Relief. Notwithstanding anything contained in this Agreement to the contrary, the Parties shall be entitled to seek injunctive or other equitable relief whenever the facts or circumstances would permit a Party to seek equitable relief in a court of competent jurisdiction.

ARTICLE 18
USE OF SUBCONTRACTORS

18.1 Approval; Key Subcontractors. Except as hereinafter provided in this Section, ACS shall not perform or provide the Services through Subcontractors, including providers of hardware and software, without the prior written consent of the Symetra Project Executive as to the selection of the Subcontractor, which consent may be withheld by Symetra in its sole discretion. Any such consent, or ACS' subcontracting to the wholly owned subsidiaries of Affiliated Computer Services, Inc. (which shall not require Symetra's prior consent) shall be contingent on ACS' compliance with the terms of **Section 7.4.4** (when applicable) and **Section 13.2.3** before the Subcontractor (including any wholly owned subsidiary) begins providing any Services to ACS or Symetra. Symetra consents to the Subcontractors identified in **Attachment O,** provided that ACS complies with the terms of **Section 7.4.4** (when applicable) and **Section 13.2.3** before the Subcontractor begins providing any Services to ACS or Symetra. ACS shall ensure that each Subcontractor has obtained and maintains all licenses required in connection with the Services for which such Subcontractor is responsible. ACS agrees that it shall continue throughout the Term to retain the Subcontractors identified as ***"Key Sub contractors"*** in **Attachment O** and that such Persons shall continue to provide the Services initially provided, unless ACS has obtained Symetra's prior written consent to any changes, which consent may be withheld in Symetra's sole discretion.

18.2 Subcontractor Agreements. ACS will provide to Symetra copies of all agreements between ACS and its Subcontractors related to the performance of this Agreement within thirty (30) calendar days after such contracts are executed by ACS and its Subcontractors. Such subcontracts will contain materially the same terms and conditions as this Agreement, to the extent such terms and conditions are relevant to the Services to be provided by the Subcontractor (including, without limitation, a restriction on the subcontractor's right to further subcontract its obligations without Symetra's prior written consent), and shall identify Symetra as a direct and intended third-party beneficiary

thereof. ACS represents and warrants that the copies of Subcontractor agreements required to be provided to Symetra hereunder will be true and complete copies thereof.

18.3 Liability and Replacement. In no event shall ACS be relieved of its obligations under this Agreement as a result of its use of any Subcontractors. ACS shall supervise the activities and performance of each Subcontractor and shall be jointly and severally liable with each such Subcontractor for any act or failure to act by such Subcontractor. If Symetra determines that the performance or conduct of any Subcontractor is unsatisfactory, Symetra may notify ACS of its determination in writing, indicating the reasons therefor, in which event ACS promptly shall take all necessary actions to remedy the performance or conduct of such Subcontractor or, subject to the terms **of Section 18.1,** replace such Subcontractor by another Third Party or by ACS personnel.

18.4 Direct Agreements. Upon expiration or termination of the Term for any reason, Symetra shall have the right to enter into direct agreements with any Subcontractors. ACS represents, warrants, and covenants to Symetra that its arrangements with such Subcontractors shall not prohibit or restrict such Subcontractors from entering into direct agreements with Symetra.

ARTICLE 19
MISCELLANEOUS

19.1 Defined Terms. Capitalized terms used in this Agreement (including in any Schedules, Attachments, Addenda and other documents attached to this Agreement), shall have the meanings ascribed to them in **Attachment P.** Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meanings ascribed to them therein. The terms defined in **Attachment P** include the plural as well as the singular.

19.2 Third-Party Beneficiaries. The applicable agreements are agreements between the applicable Parties and, except for the Symetra Indemnitees and the ACS Indemnitees, confer no rights upon any of such Parties' employees, agents, or contractors, or upon any other Person.

19.3 Use of Symetra Name. Except as necessary to deliver the Services in accordance with this Agreement, ACS shall have no right to use, and shall not use, the name of Symetra and/or any of its officials or employees, or logos or trademarks in any manner without the prior written consent of Symetra, which consent may be withheld in Symetra's sole discretion.

19.4 Captions; References; Terminology. Captions and titles to Schedules, Exhibits, Appendices, Attachments and/or Addenda are used herein for convenience of reference only and shall not be used in the construction or interpretation of this Agreement. Any reference herein to a particular Section number *(e.g.*, "Section 2"), shall be deemed a reference to all Sections of this Agreement that bear sub-numbers to the number of the referenced Section *(e.g.*, Sections 2.1, 2.1.1, etc.). As used herein, the word "including" shall mean "including, without limitation."

19.5 Assignment. Except for: (a) subcontracting permitted under the terms of **Article 18;** (b) any initial public offering by Symetra; and (c) Symetra's assignment, transfer or delegation to a Symetra Affiliate, neither Party shall assign, transfer or delegate its duties under this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other Party, which shall not be unreasonably withheld. Any assignment in contravention of this Section *(e.g.*, without the consent of the other Party, where such consent is required) shall be voidable by the non-assigning Party. Without limiting the generality of the foregoing, the phrase "by operation of

law" shall include a Change in Control. Subject to all other provisions herein contained, this Agreement shall be binding on the Parties and their successors and permitted assigns. Notwithstanding the foregoing, the assigning party shall remain liable for the performance of the assigned or delegated obligations hereunder.

19.6 Notices. Any written notice, request, consent, approval or other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given: (a) upon delivery if delivered personally; (b) upon transmission if sent viafacsimile (with the original sent by recognized overnight courier); or (c) one (1) business day after deposit with a national overnight courier, in each case addressed to the following addresses/telecopier numbers, or to such other addresses/telecopier numbers as may be specified by a Party upon written notice to the other in accordance with the terms of this Section:

If to Symetra:

Symetra Life Insurance Company
5069 154th Place NE
Redmond, WA 98052-9669
Attention: Chief Information Officer
Telecopier No.: (425) 376-6080

with a copy to:

Symetra Life Insurance Company
5069 154th Place NE
Redmond, WA 98052-9669
Attention: Legal Counsel
Telecopier No.: (425) 376-6080

If to ACS:

ACS Commercial Solutions, Inc.
3935 NW Aloclek Place
Suite A-100
Hillsboro, OR 97124
Attention: Symetra SBU Manager
Telecopier No.: (503) 466-6774

with a copy to:

ACS Commercial Solutions, Inc.
2828 N. Haskell Avenue, Bldg 1, 9th Floor
Dallas, Texas 75204
Attention: Group Counsel for Commercial Solutions
Telecopier No.: (214) 584-5525

19.7 Amendments; Waivers. This Agreement may be modified only pursuant to a writing executed by Symetra and ACS. ACS expressly agrees that all amendments to this Agreement executed by the Parties after the Effective Date must be signed by a Vice President or higher-level

officer of Symetra in order to be effective. The Parties expressly disclaim the right to claim the enforce-ability or effectiveness of: (a) any amendments to this Agreement that are not executed by a Vice President or higher-level officer of Symetra; (b) any oral modifications to this Agreement; and (c) any other amendments, based on course of dealing, waiver, reliance, estoppel or other similar legal theory. The Parties expressly disclaim the right to enforce any rule of Washington law that is contrary to the terms of this Section.

19.8 Relationship Between the Parties. Neither Party (nor any employee, subcontractor or agent thereof) shall be deemed or otherwise considered a representative, agent, employee, partner or joint venturer of the other. Further, neither Party (nor any employee, subcontractor or agent thereof) shall have the authority to enter into any agreement, nor to assume any liability, on behalf of the other Party, nor to bind or commit the other Party in any manner, except as expressly provided in this Agreement.

19.9 Access to Personnel and Information. If reasonably required by ACS for the performance of the Services, Symetra shall provide ACS with reasonable access to Symetra's administrative, technical and other similar personnel and network management records and information.

19.10 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, that provision shall be deemed stricken and the remainder of this Agreement shall continue in full force and effect insofar as it remains a workable instrument to accomplish the original intent and purposes of the Parties, and, if possible, the Parties shall replace the severed provision with a provision that reflects the intention of the Parties with respect to the severed provision but that will be valid and enforceable.

19.11 Counterparts; Faxed Signatures. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same instrument. Counterparts may be executed in either original or faxed form, and the Parties hereby adopt as original any signatures received via facsimile.

19.12 Governing Law and Venue. This Agreement shall in all respects be interpreted under, and governed by, the internal laws of the State of Washington, U.S.A., including, without limitation, as to validity, interpretation and effect, without giving effect to its conflicts of laws principles. Except as provided in **Section 17.1.4, Section 19.13** and hereafter in this Section, **ANY LEGAL ACTION, SUIT OR PROCEEDING BROUGHT BY A PARTY IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN KING COUNTY, STATE OF WASHINGTON, U.S.A., AND EACH PARTY IRREVOCABLY ACCEPTS AND SUBMITS TO THE SOLE AND EXCLUSIVE PERSONAL JURISDICTION OF SUCH COURTS IN PERSONAM, GENERALLY AND UNCONDITIONALLY WITH RESPECT TO ANY ACTION, SUIT OR PROCEEDING BROUGHT BY OR AGAINST IT BY THE OTHER PARTY. EXCEPT AS PROVIDED IN SECTION 17.1.4, SECTION 19.13 AND HEREAFTER IN THIS SECTION, NEITHER PARTY SHALL BRING ANY LEGAL ACTION, SUIT OR PROCEEDING IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR IN ANY OTHER JURISDICTION AND SHALL NOT ASSERT ANY CLAIM, WHETHER AS AN ORIGINAL ACTION OR AS A COUNTERCLAIM OR OTHERWISE, AGAINST THE OTHER IN ANY OTHER COURT OR JURISDICTION.** Each Party irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any objection that it may now or hereafter have to the venue of any of the

aforesaid actions, suits or proceedings in the courts referred to above, and further waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court. As the only exceptions to any of the above, if a Party is entitled to seek injunctive or other equitable relief which is not available in the venue specified in this Section, this Section shall not be deemed to be a bar to the Party seeking such relief if such relief is wholly non-monetary injunctive or other equitable relief.

19.13 Arbitration. At Symetra's sole and absolute discretion and election, a dispute that arises from or relates to this Agreement may be submitted for resolution to binding arbitration, and if Symetra makes such an election, such dispute shall be decided exclusively by binding arbitration in King County in the State of Washington, U.S.A., under the Commercial Arbitration Rules of the American Arbitration Association (the ***"Rules"),*** before a sole arbitrator, who shall be a retired or former judge or attorney with at least twenty (20) years of experience and mutually acceptable to the parties. Each party will bear one half of the arbitrator's fees and other administrative fees of the arbitration; provided, however, that the arbitrator may award recovery of such fees to the party whom the arbitrator reasonably believes is the prevailing party, if the arbitrator reasonably believes that an award of such fees is appropriate. The parties agree that the arbitrator's award shall be final, and may be filed with and enforced as a final judgment by any court of competent jurisdiction. The arbitrator shall have no power to: (a) award damages (including any attorney's fees) in excess of the amount or other than the types allowed by **Article 11;** or (b) alter any of the provisions of this Agreement. The parties consent and agree to the jurisdiction of the tribunals mentioned in this paragraph, and waive any and all objections to such forums, including but not limited to objections based on improper venue or inconvenient forum.

19.14 Expenses. Each Party shall bear all expenses paid or incurred by it in connection with the planning, negotiation and consummation of this Agreement.

19.15 Import/Export. The computer hardware, software and technical data which are the subject of this Agreement are acknowledged to be subject to any then-applicable United States laws, regulations, orders or other restrictions regarding export of computer hardware, software, technical data or Derivative Works thereof. Neither Party shall, in violation of any applicable laws, regulations, orders or other restrictions, directly or indirectly export (or re-export) any computer hardware, software, technical data or Derivative Works thereof, or permit the shipment of same: (a) into (or to a national or resident of) Cuba, North Korea, Iran, Iraq, Libya, Syria or any other country to which the United States has embargoed goods; or (b) to anyone on the United States Treasury Department's List of Specially Designated Nationals, List of Specially Designated Terrorists and List of Specially Designated Narcotics Traffickers or the United States Commerce Department's Denied Parties List; or (c) to any country or destination for which the United States government or a United States governmental agency requires export license or other approvals for export without first having obtained such license or other approval. This obligation shall survive the expiration or early termination of this Agreement.

19.16 Waiver of UCITA. **THE PARTIES AGREE THAT THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT OR ANY VERSION THEREOF, ADOPTED BY ANY STATE IN ANY FORM *("UCITA"),* SHALL NOT APPLY TO THIS AGREEMENT AND, TO THE EXTENT THAT UCITA IS APPLICABLE, THE PARTIES**

AGREE TO OPT-OUT OF THE APPLICABILITY OF UCITA PURSUANT TO THE OPT-OUT PROVISION(S) CONTAINED THEREIN.

19.17 Benefits of Agreement. All rights and benefits granted hereunder to Symetra may be exercised and enjoyed by any Symetra Affiliate, provided that Symetra shall be and remain responsible for the compliance of the terms and conditions of this Agreement with respect to such Symetra Affiliate and will be such Symetra Affiliate's agent for all purposes of this Agreement and any claims or actions arising from such Symetra Affiliate shall be pursued solely by Symetra. Further, for purposes of calculating discounts (if any) available under this Agreement that are based on volume, quantity or other measurement factor, the total volume of all Symetra Affiliates shall be counted to determine whether the applicable volume, quantity or other measurement factor has been achieved.

19.18 Entire Agreement. This Agreement and all Schedules, Attachments, Exhibits and Addenda hereto are incorporated herein by this reference and are an integral part of the Agreement and shall be read and interpreted together with the Agreement as a single document. This Agreement, consisting of all of the pages of this instrument, together with all Schedules, Attachments, Exhibits and Addenda hereto sets forth the entire, final and exclusive agreement between the Parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, between the Parties related to the subject matter herein.

IN WITNESS WHEREOF, the Parties have executed this Information Technology Services Agreement as of the Effective Date.

SYMETRA LIFE INSURANCE COMPANY	**ACS COMMERCIAL SOLUTIONS, INC.**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

AFFILIATED COMPUTER SERVICES, INC. GUARANTY

For value received, Affiliated Computer Services, Inc. ***("Parent"),*** a Delaware corporation with a place of business at 2828 N. Haskell, Dallas, Texas 75204, absolutely and unconditionally guarantees the obligations and performance of its wholly-owned subsidiary, ACS Commercial Solutions, Inc. ***("ACS")***, under that certain Information Technology Services Agreement by and between ACS and Symetra Life Insurance Company ***("Symetra")*** dated October 28, 2004 (inclusive of all Exhibits, Schedules, Attachments, Addenda, Appendices and any country agreements executed thereunder (whether in effect on the effective date of such agreement or in effect in the future), as the same may hereafter be amended, modified, renewed or extended from time to time (the ***"Guaranteed Obligations").*** If ACS fails to perform the Guaranteed Obligations, Parent shall perform such obligations. This Guaranty shall continue in force until all Guaranteed Obligations have been performed and/or satisfied. Parent shall not be discharged from liability under this Guaranty so long as any claim by Symetra, or any of its Affiliates (as defined in the above-described ACS/Symetra agreement), against ACS remains outstanding. This Guaranty shall be binding on Parent and on its successors and assigns.

Notwithstanding anything in this Guaranty to the contrary, the obligations of Parent under this Guaranty shall be subject to the rights, privileges and defenses otherwise available to ACS under the above-described ACS/Symetra agreement with respect to the Guaranteed Obligations. Nothing in this Guaranty shall be deemed to expand or otherwise extend the Guaranteed Obligations or limit any defenses available to ACS (or to Parent by virtue of this Guaranty) under the Agreement. This Guaranty shall be expressly subject to the conditions that: (a) Symetra may resort to Parent for performance of the Guaranteed Obligations only if in Symetra's reasonable judgment efforts to obtain performance of the Guaranteed Obligations against ACS are not likely to result in the full and timely performance of such Guaranteed Obligations; and (b) Parent may satisfy its performance obligations under this Guaranty either directly or indirectly by causing one of its Affiliates to perform such obligations.

IN WITNESS WHEREOF, Affiliated Computer Services, Inc. has, by a duly authorized officer, executed this Guaranty as of the 28th day of October 2004.

AFFILIATED COMPUTER SERVICES, INC.

_____

Exhibit 10.2

3028-00-00

COINSURANCE REINSURANCE AGREEMENT

BETWEEN

SAFECO LIFE INSURANCE COMPANY
(HEREINAFTER CALLED THE "CEDING COMPANY")
SEATTLE, WASHINGTON, USA

and

RGA REINSURANCE COMPANY
(HEREINAFTER CALLED THE "REINSURER")
ST. LOUIS, MISSOURI, USA

THIS AGREEMENT IS EFFECTIVE JANUARY 1, 1998

Table of Contents

ARTICLE I

PARTIES TO THE AGREEMENT

Reinsurance required by the Ceding Company will be assumed by the Reinsurer as described in the terms of this Agreement.

This is an Agreement solely between the Reinsurer and the Ceding Company. In no instance will anyone other than the Reinsurer or the Ceding Company have any rights under this Agreement, and the Ceding Company is and will remain solely liable to any insured, policyowner, or beneficiary under the Original Policies reinsured hereunder.

The current general and special policy conditions, the premium schedules, and underwriting guidelines of the Ceding Company, applying to the business covered by this Agreement as set out in the Schedules, will form an integral part of this Agreement. Additions or alterations to any of these conditions or schedules will be reported to the Reinsurer without delay. In the case of significant changes, both parties to the Agreement must agree to the new reinsurance conditions.

ARTICLE II

COMMENCEMENT, TERMINATION AND CONTINUANCE OF REINSURANCE

1. **AGREEMENT COMMENCEMENT**

Notwithstanding the date on which this Agreement is signed, this Agreement will take effect as from the date shown in the attached Schedule I, and applies to new business taking effect on and after this date.

2. **AGREEMENT TERMINATION**

This Agreement will be in effect for an indefinite period and may be terminated as to new reinsurance after the first thirty-six (36) months by the Ceding Company, or by the Reinsurer at any time upon giving ninety (90) days written notice of termination to the other party. The day the notice is mailed to the other party's Home Office, or, if the mail is not used, the day it is delivered to the other party's Home Office or to an Officer of the other party will be the first day of the ninety (90) day period.

During the ninety (90) day period, this Agreement will continue to operate in accordance with its terms.

3. **POLICY TERMINATION**

If the Policy is terminated by death, lapse, surrender or otherwise, the reinsurance will terminate on the same date. If premiums have been paid on the reinsurance for a period beyond the termination date, refunds will follow the terms as shown in Schedule I.

If the Policy continues in force without payment of premium during any days of grace pending its surrender, whether such continuance be as a result of a Policy provision or a practice of the Ceding Company, the reinsurance will also continue without payment of premium and will terminate on the same date as the Ceding Company's risk terminates.

If the Policy continues in force because of the operation of an Automatic Premium Loan provision, or other such provision by which the Ceding Company receives compensation for its risk, then the reinsurance will also continue and the Ceding Company will pay the Reinsurer the reinsurance premium for the period to the date of termination.

Article II

Commencement, Termination and Continuance of Reinsurance (Continued)

4. Continuation of Reinsurance

On termination of this Agreement in accordance with the provisions in Paragraph two of this Article, the reinsurance ceded will remain in force subject to the terms and conditions of this Agreement until their natural expiry.

Article III

Scope

1. Retention of the Ceding Company

The type and amount of the Ceding Company's retention on any one life is as shown in Schedule I. In determining the amounts at risk in each case, any additional death benefits on the same life (e.g. additional term insurance or family income benefits) will be taken into account, as will the amounts at risk under any other existing policies, at the tune of commencement, of the policy ceded under this Agreement.

The Ceding Company may alter its retention in respect of future new business at any tune. The Ceding Company will promptly notify the Reinsurer of such alteration and its effective date.

2. Currency

All reinsurance to which the provisions of this Agreement apply will be effected in the same currencies as that expressed in the Original Policies and as shown in Schedule I.

3. The Reinsurer's Share

The Reinsurer's Share is as shown in Schedule I.

4. Basis of Reinsurance

Plans of insurance listed in Schedule I will be reinsured on the basis described in Schedule I, using the rates given in the Rate Table as shown in Schedule I.

5. Reinsurance Allowances

The Reinsurer will pay to the Ceding Company the reinsurance allowance, if any, as shown in Schedule I. If any reinsurance premiums or installments of reinsurance premiums are returned to the Ceding Company, any corresponding reinsurance allowance previously credited to the Ceding Company, will be reimbursed to the Reinsurer.

6. Premium Rate Guarantee

Premium Rate Guarantees, if any, are as shown in Schedule I.

7. Policy Fees

Policy fees, if any, are as shown in Schedule I.

ARTICLE III

SCOPE (CONTINUED)

8. **TAXES**

Taxes, if any, are shown in Schedule I.

9. **EXPERIENCE REFUND OR PROFIT COMMISSION**

If an experience refund or profit commission is payable under this Agreement, the conditions and formula are as shown in Schedule I.

10. **EXPENSE OF THE ORIGINAL POLICY**

The Ceding Company will bear the expense of all medical examinations, inspection fees and other charges incurred in connection with the original policy.

ARTICLE IV

COVERAGE

AUTOMATIC PROVISIONS

For each risk on which reinsurance is ceded, the Ceding Company's retention at the time of issue will take into account both currently issued and previously issued policies.

The Ceding Company must cede and the Reinsurer must automatically accept reinsurance, if all of the following conditions are met for each life:

1. **RETENTION**

The Ceding Company has retained its limit of retention as shown in Schedule I; and

2. **PLANS AND RIDERS**

The basic plan or supplementary benefit, if any, is shown in Schedule I; and

3. **AUTOMATIC ACCEPTANCE LIMITS**

The underwriting class, age, minimum reinsurance amount, binding amounts and jumbo limits fall within the automatic limits as shown in Schedule I; and

4. **UNDERWRITING**

The risk is underwritten according to the Ceding Company's Standard Guidelines; and

The Ceding Company has never made facultative application for reinsurance on the same life to the Reinsurer or any other Reinsurer; and

5. **RESIDENCE**

The risk is a resident of the Countries, as shown in Schedule I.

Article IV

Coverage (Continued)

Automatic Provisions (Continued)

If, for a given application, the Ceding Company cannot comply with the automatic reinsurance conditions described above, or if the Ceding Company submits the application to other Reinsurers for their facultative assessment, the Ceding Company can submit this application to the Reinsurer on a facultative basis.

Facultative Provisions

The Ceding Company will send copies of the original applications, all medical reports, inspection reports, attending physician's statement, and any additional information pertinent to the insurability of the risk to the Reinsurer.

The Ceding Company will also notify the Reinsurer of any underwriting information requested or received after the initial request for reinsurance is made. For policies which contain automatic increase provisions, the Ceding Company will inform the Reinsurer of the initial and ultimate risk amounts for which reinsurance is being requested, or in the case of indexed amounts, the basis of the indexing.

On a timely basis, the Reinsurer will submit a written decision to the Ceding Company. In no case will the Reinsurer's offer on facultative submissions be open after 120 days have elapsed from the date of the Reinsurer's offer to participate in the risk. Acceptance of the offer and delivery of the policy according to the rules of the Ceding Company must occur within 120 days of the final reinsurance offer. Unless the Reinsurer explicitly states in writing that the final offer is extended, the offer will be automatically withdrawn at the end of day 120.

The Reinsurer will not be liable for proceeds paid under the Ceding Company's conditional receipt or temporary insurance agreement for risks submitted on a facultative basis.

Article V

Liability

The liability of the Reinsurer for all claims within automatic cover and all claims arising after facultative acceptance as described in Article IV, will commence simultaneously with that of the Ceding Company and will cease at the same tune as the liability of the Ceding Company ceases.

Article VI

Reinsurance Premiums And Allowances

1. Life Reinsurance

Premiums for Life and Supplemental Benefit reinsurance will be as shown in Schedule I.

2. Substandard Premiums

Premiums will be increased by any (flat) extra premium or substandard premium as shown in Schedule I, charged the insured on the face amount initially reinsured.

Article VI

Reinsurance Premiums And Allowances (Continued)

3. **Supplemental Benefits**

The Reinsurer will receive a proportionate share of any premiums for additional benefits as shown in Schedule I, as well as for any extra premiums the Ceding Company may collect for the coverage of special risks (traveling, climate, occupation, etc.). This share will be based on the ratio between the amount at risk and the total initial benefits insured and will remain constant throughout the entire period of premium payment.

Article VII

Reserves

Reserve requirements of the Ceding Company, if any, are as shown in Schedule I.

Article VIII

Terminations and Reductions

Terminations or reductions will take place in accordance with the following rules in order of priority:

1. The Ceding Company must keep its initial or recaptured retention on the policy.
2. Termination or reduction of a wholly reinsured policy will not affect other reinsurance inforce.
3. A termination or reduction on a wholly retained case will cause an equal reduction in existing automatic reinsurance with the oldest policy being reduced first.
4. A termination or reduction will be made first to reinsurance of partially reinsured policies with the oldest policy being reduced first.
5. If the policies are reinsured with multiple reinsurers, the reinsurance will be reduced by the ratio of the amount of reinsurance in each company to the total outstanding reinsurance on the risk involved.
6. When a policy is reinstated, reinsurance will be reinstated as if the lapse or reduction had not occurred.

Article IX

Policy Alterations

1. **Reinstatement**

Any policy originally reinsured in accordance with the terms and conditions of this Agreement by the Ceding Company may be automatically reinstated with the Reinsurer as long as the policy is reinstated in accordance with the terms and rules of the Ceding Company. Any policy originally reinsured with the Reinsurer on a facultative basis which has been in a lapsed status for more than ninety (90) days must be submitted with underwriting requirements and approved by the Reinsurer before it is reinstated. The Ceding Company will pay the Reinsurer its share of amounts collected or charged for the reinstatement of such policies.

2. **EXTENDED TERM AND REDUCED PAID-UP ADDITIONS**

Changes as a result of extended term or reduced paid-up insurance will be handled like reductions.

3. **EXCHANGES OR CONVERSIONS**

An exchange or conversion is a new policy replacing a policy issued earlier by the Ceding Company or a change in an existing policy that is issued or made either:

1. Under the terms of the original policy, or,
2. Without the same new underwriting information the Ceding Company would obtain in the absence of the original policy,
3. Without a suicide exclusion period, or contestable period of equal duration, to those contained in new issues by the Ceding Company, or
4. Without the payment of the same allowances in the first year, that the Ceding Company would have paid in the absence of the original policy.

Exchanges or Conversions will be reinsured under this Agreement only if the original policy was reinsured with the Reinsurer; the amount of reinsurance under this Agreement will not exceed the amount of the reinsurance on the original policy with the Reinsurer immediately prior to the exchange or conversion. Premiums will be as shown in Schedule I.

Note: An original date policy Reissue will not be treated as a continuation of the original policy. It will be treated as a new policy and the original policy will be treated as Not Taken. All premiums previously paid to the Reinsurer for the original policy will be refunded to the Ceding Company. All premiums will be due on the new policy from the original issue date of the old policy.

Note: Re-Entry, e.g. wholesale replacement and similar programs are not covered under this Article. If Re-Entry is applicable to this treaty, then it will be covered in Schedule I.

Article X

Policy Administration and Premium Accounting

1. Accounting Period and Premium Due

The Ceding Company will submit accounts to the Reinsurer, for reporting new business, alterations, terminations, renewals, claims, and premium due, as shown in Schedule I.

2. Accounting Items

The accounts will contain a list of premiums due for the current accounting period, explain the reason for each premium payment, show premium subtotals adequate to use for premium accounting, including first year and renewal year premiums and allowances. The account information should provide the ability to evaluate retention limits, premium calculations and to establish reserves.

3. Reinsurance Administration Requirements

Reinsurance Administration Requirements are as shown in Schedule I.

4. Payment of Balances

The Ceding Company will pay any balance due the Reinsurer, at the same time as the account is rendered, but in all cases, by the Accounting and Premium Due frequency as shown in Schedule I. The Reinsurer will pay any balance due the Ceding Company, at the same time as the account is confirmed, however, at the latest, within thirty (30) days after receipt of the statement of account. Should the Reinsurer be unable to confirm the account in its entirety, the confirmed portion of the balance will be paid immediately. As soon as the account has been fully confirmed, the difference will be paid immediately by the debtor. All balances not paid within thirty (30) days of the due date shown on the statement will be in default.

5. Balances in Default

The Reinsurer will have the right to terminate this Agreement, when balances are in default, by giving ninety (90) days written notice of termination to the Ceding Company. As of the close of the last day of this ninety (90) day notice period, the Reinsurer’s liability for all risks reinsured under this Agreement will terminate. The first day of this ninety (90) day notice of termination, resulting from default as described in paragraph four of this Agreement, will be the day the notice is received in the mail by the Ceding Company, or if the mail is not used, the day it is delivered to the Ceding Company. If all balances in default are received within the ninety (90) day time period, the Agreement will remain in effect. The interest payable on balances in default is stipulated as shown in Schedule I.

6. Offset

Any amounts due, by either of the parties to this Agreement, whether they arise out of this Agreement, or out of any other reinsurance relationship between the parties, may be offset against the claims of the other party. This right will continue to exist after the termination of this Agreement, or of any business relationship between the parties.

ARTICLE XI

CLAIMS

1. NOTICE

The Ceding Company will promptly notify the Reinsurer of all claims.

2. PROOFS

In every case of loss, copies of the proofs obtained by the Ceding Company will be taken by the Reinsurer as sufficient. Copies thereof, together with proof of the amount paid on such claim by the Ceding Company will be furnished to the Reinsurer when requesting its share of the claim.

3. PAYMENT OF BENEFITS

The Reinsurer will pay its share of all payable claims, however, if the amount reinsured with the Reinsurer is more than the amount retained by the Ceding Company and the claim is contestable, all papers in connection with such claim, including all underwriting and investigation papers, must be submitted to the Reinsurer for its recommendation before admission of any liability on the part of the Ceding Company.

If the amount of insurance changes because of a misstatement of rate classification, the Reinsurer's share of reinsurance liability will change proportionately.

4. CONTESTED CLAIMS

The Ceding Company will notify the Reinsurer of its intention to contest, compromise, or litigate a claim. Unless it declines to be a party to such action, the Reinsurer will pay its share of any settlement up to the maximum that would have been payable under the specific policy had there been no controversy plus its share of specific expenses, except as specified below.

5. CLAIMS EXPENSES

If the Reinsurer declines to be a party to the contest, compromise, or litigation of a claim, it will pay its full share of the amount reinsured, as if there had been no contest, compromise, or litigation, and its proportionate share of covered expenses incurred to the date, from the date it notifies the Ceding Company it declines to be a party.

6. EXTRA CONTRACTUAL OBLIGATIONS

In no event will the following categories of expenses or liabilities be reimbursed:

a. Routine investigative or administrative expenses;

b. Salaries of employees or other internal expenses of the Ceding Company or the original issuing Companies;

c. Extra contractual damages, including punitive damages and exemplary damages; or

d. Expenses incurred in connection with a dispute or contest arising out of conflicting or any other claims of entitlement to policy proceeds or benefits.

Article XII

Arbitration

1. General

The parties agree to act in all things with the highest good faith. However, if the parties cannot mutually resolve a dispute or claim, which arises out of, or in connection with this Agreement, including formation and validity, and whether arising during, or after the period of this Agreement, the dispute or claim will be referred to an arbitration tribunal (a group of three arbitrators), and settled through arbitration.

The arbitrators will be individuals, other than from the contracting companies, including those who have retired, with more than ten (10) years insurance or reinsurance experience within the industry.

The arbitrators will base their decision on the terms and conditions of this Agreement plus, as necessary, on the customs and practices of the insurance and reinsurance industry rather than solely on a strict interpretation of the applicable law; there will be no appeal from their decision, and any court having jurisdiction of the subject matter, and the parties, may reduce that decision to judgment.

2. Notice

To initiate arbitration, either party will notify the other party by Certified Mail of its desire to arbitrate, stating the nature of the dispute and the remedy sought. The party to which the notice is sent, will respond to the notification in writing, within ten (10) days of its receipt.

3. Procedure

Each of the two parties will appoint one arbitrator, and these two arbitrators will select the third arbitrator. Upon the selection of the third arbitrator, the arbitration tribunal will be constituted, and the third arbitrator will act as Chairman of the tribunal.

If either party fails to appoint an arbitrator within sixty (60) days after the other party has given notice of appointing an arbitrator, then the Arbitration Association, as shown in Schedule I, will appoint an arbitrator for the party that has failed to do so.

The party that has failed to appoint an arbitrator will be responsible for all expenses levied by the Arbitration Association, for such appointment. Should the two arbitrators be unable to agree on the choice of the third arbitrator, then the appointment of this arbitrator is left to the Arbitration Association. Such expense shall be borne equal by each party to this Agreement.

The tribunal, may in its sole discretion make orders and directions as it considers to be necessary for the final determination of the matters in dispute. Such orders and directions may be necessary with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matters relating to the conduct of the arbitration. The tribunal, will have the widest discretion permissible under the law, and practice of the place of arbitration, when making such orders or directions.

4. Arbitration Costs

All costs of the arbitration will be determined by the tribunal, which may take into account the law and practice of the place of arbitration, and in what manner arbitration costs will be paid, and by whom.

Article XII

Arbitration (Continued)

5. Place of Arbitration

The place of arbitration is as shown in Schedule I.

6. Arbitration Settlement

The award of the tribunal, will be in writing, and binding upon the consenting parties.

Article XIII

Insolvency

In the event of the insolvency of the Ceding Company, all reinsurance will be payable directly to the liquidator, receiver, or statutory successor of the Ceding Company without diminution.

In the event of insolvency of the Ceding Company, the liquidator, receiver, or statutory successor will immediately give written notice to the Reinsurer of all pending claims against the Ceding Company on any policies reinsured. While a claim is pending, the Reinsurer may investigate and interpose, at its own expense, in the proceedings where the claim is adjudicated, any defense or defenses which it may deem available to the Ceding Company or its liquidator, receiver, or statutory successor. The expense incurred by the Reinsurer will be chargeable, subject to court approval against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Ceding Company solely as a result of the defense undertaken by the Reinsurer. Where two or more Reinsurers are participating in the same claim and a majority in interest elect to interpose a defense or defenses to any such claim, the expense will be apportioned in accordance with the terms of the reinsurance agreement as though such expense had been incurred by the Ceding Company.

Any debts or credits, matured or unmatured, liquidated or unliquidated, in favor of or against, either the Reinsurer or the Ceding Company, with respect to this Agreement or with respect to any other claim of one party against the other, are deemed mutual debts or credits, as the case may be, and will be offset, and only the balance will be allowed or paid.

Article XIV

Right To Inspect

Upon request the Ceding Company will furnish the Reinsurer with detailed information concerning the risks reinsured under this Agreement. In particular the Reinsurer will be entitled to request that:

1. Copies of the whole or part of any documents relating to the risks and their reinsurance be made available to the Reinsurer at its own expense;
2. During the Ceding Company’s normal office hours these documents will be made available to a representative of the Reinsurer who will be named in advance; notification of such visits will normally be given two weeks in advance and even in urgent cases at least forty-eight hours in advance; and
3. The Reinsurer will have this right of inspection as long as one of the two parties to this Agreement is claiming from the other.

Article XV

Unintentional Errors, Misunderstandings or Omissions

It is expressly understood and agreed that if failure to comply with any terms of this Agreement is hereby shown to be the result of an unintentional error, misunderstanding or omission, on the part of either the Ceding Company or the Reinsurer, both the Ceding Company and the Reinsurer, will be restored to the position they would have occupied, had no such error, misunderstanding or omission occurred, subject always to the correction of the error, misunderstanding or omission.

Article XVI

Choice of Law, Forum, and Language

Choice of Law and Forum

This Agreement, will in all respects be governed by, and construed in accordance with the law and exclusive jurisdiction of the Courts, as shown in Schedule I.

Article XVII

Alterations To The Agreement

This reinsurance Agreement constitutes the entire Agreement between the parties, with respect to the business being reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement. Any alterations to the provisions of this Agreement will be made by Amendment, Addenda or by correspondence attached to the Agreement embodying such alterations as may be agreed upon and signed by both parties. These documents will be regarded as part of this Agreement and will be equally binding.

Article XVIII

Execution of the Agreement

In Witness Of The Above,

SAFECO LIFE INSURANCE COMPANY
OF

Seattle, Washington, USA
and

RGA REINSURANCE COMPANY
OF

St. Louis, Missouri, USA

Have by Their Respective Officers Executed and delivered this Agreement in Duplicate on the Dates Indicated Below:

SAFECO LIFE INSURANCE COMPANY

By: /s/

Title:

Date: 3/11/98

By: /s/

Title: Actuary

RGA REINSURANCE COMPANY

By: /s/

Title:

Date: 3/11/98

Exhibit 10.3

GROUP SHORT TERM DISABILITY REINSURANCE AGREEMENT

THIS AGREEMENT is between SAFECO LIFE INSURANCE COMPANY of Seattle, Washington (hereinafter "Insurer") and DUNCANSON & HOLT SERVICES, INC., a Maine corporation, as Managing Agent (hereinafter "Managing Agent") for each of the participating reinsurers collectively referred to in this Agreement as the American Disability Reinsurance Underwriters Syndicate (ADRUS) and listed in Appendix A (hereinafter "Reinsurer").

The Managing Agent represents and warrants that the Reinsurer has authorized the Managing Agent to enter into, execute and deliver agreements of this sort on its behalf and to exercise all of its rights and perform all of its obligations under such agreements on its behalf, including but not limited to, underwriting of policies, collection of premiums, and management of claims in accordance with the terms of such agreements. All performances required by and for the Reinsurer under this Agreement shall be conducted through the Managing Agent.

In consideration of the mutual promises set forth below, the parties agree as follows:

ARTICLE I. GENERAL PROVISIONS

The effective date of this Agreement is January 1, 1999. On and after this date, one hundred percent (100%) (hereinafter referred to as the "Reinsured Percentage") of the Insurer's liability (hereinafter referred to as "Underlying Risk") for the group short term disability insurance policies written on or after January 1, 1999 will be ceded to and reinsured by the Reinsurer. For group short term disability policies effective prior to January 1, 1999, the Reinsured Percentage shall become one hundred percent (100%) as of that date.

Other terms and conditions of this Agreement are as follows:

A) For risks reinsured under this Agreement, the Insurer will use only those policy forms which have been approved by the appropriate regulatory authorities. After the Reinsurer has reviewed and approved copies of these forms, and insurance policies have been accepted by the Policyholder and administered in accordance with the terms of this Agreement, the Reinsurer will be liable to the Insurer for the Reinsured Percentage in accordance with the provisions of the policies reinsured.

B) The Insurer, by executing this Agreement, represents that it is licensed to do insurance business in every state, district or territory of the United States, or the District of Columbia, in which it does business; and that it is licensed to write the group health and disability insurance policies which are the subject of this Agreement.

C) This Agreement represents an exclusive reinsurance arrangement between the parties for short term disability business. All business quoted using rates provided by the Reinsurer shall be reinsured under this Agreement. In the event the Reinsurer declines to accept any policy, the Insurer may reinsure such policy with another reinsurer.

D) Upon agreement of risk and benefits between Reinsurer and Insurer, any increase in benefit liability resulting from Insurer's divergence from same shall be borne by the Insurer. The Reinsurer does not assume liability for any risk not agreed upon and which is incurred as a result of errors, intentional or otherwise, in the policy and/or certificate issued:

ARTICLE II. UNDERWRITING

A) Any reinsurance under this Agreement will be effected only through the express written consent of the Reinsurer for each case submitted under any disability insurance policy covered by this Agreement. The Insurer will submit underwriting data to the Reinsurer and the Reinsurer will inform the Insurer of its decision to accept or reject liability. The Reinsurer will make available to the Insurer the underwriting data prepared and used in making its determination. The reinsurer agrees to reinsure all policies in force on January 1, 1999, without regard to any policy underwriting.

The Reinsurer has the right to approve individuals insured under any policy as a condition of its acceptance of that policy. The Reinsurer may waive this right for some or all policies at any time.

B) The Reinsurer shall keep and maintain appropriate records of evidence of insurability, including but not limited to the policy, applications, certificates of coverage, medical forms, and other evidence of insurability, for at least three (3) years. Upon termination of this Agreement, the Reinsurer will retain and Insurer shall have access to such information for the later of three (3) years from termination date or the date the last active claim ceases.

C) Either the Insurer or the Reinsurer may, at any reasonable time during normal working hours of the Insurer and upon provision of written notice fourteen (14) days in advance, review and audit the records of the other party relating to business reinsured under this Agreement.

ARTICLE III. FINANCIAL RESPONSIBILITIES AND TRANSACTIONS

A) The Insurer shall remit premium for reinsured group short term disability policies to the Reinsurer by the tenth (10th) of each month. The monthly report provided will contain all of the cash activity reported to the Insurer in the previous month in addition to information mutually agreed to by the Insurer and the Reinsurer.

The Insurer will follow all prudent procedures for premium collection and will notify the Reinsurer of all reinsured policies for which premium is overdue by thirty (30) days of the due date. The Reinsurer may assess an interest charge equal to the interpolated seven (7) year value of five (5) year and ten (10) year United States Treasury Bonds on premium overdue by more than thirty (30) days.

If the premium payment period for any policy comprising the Underlying Risk is other than monthly, the parties to this Agreement shall determine, by mutual consent, the proper method of reporting, accounting, and transferring of balances.

For past due premiums on all reinsured policies for which premiums remain due and unpaid for thirty (30) days following their due date, the Insurer shall take appropriate action to terminate all prospective liability in accordance with the policy provisions and shall institute its usual collection procedures. If the Insurer fails to take appropriate action to terminate all prospective liability, the Reinsurer reserves the right to terminate reinsurance of such ceded policies for which premiums remain unpaid for thirty (30) days past their due date.

B) For any business sold under this Agreement, the Reinsurer will specify the percentage of premium to be paid to it for reinsurance of each policy at the time Reinsurer accepts liability under the terms of the Underwriting Article of this Agreement.

C) The liability of the Reinsurer shall begin simultaneously with the Reinsurer’s acceptance of reinsurance for a short term disability insurance policy, subject to the terms of this Agreement.

D) The Insurer is responsible for paying all premium taxes concerning any business covered by this Agreement

E) Upon provision of written notice fourteen (14) days in advance, each party shall have the right, at any reasonable time during normal working hours, to inspect, at the office of the other party, all non-proprietary, non-confidential and non-privileged books, records and documents relating to policies reinsured under this Agreement.

F) If the Insurer fails to pay the consideration described in this Article, the Reinsurer shall have the right to terminate, from the date up to which the policy premiums have been paid, its obligation for that portion of the Underlying Risk for which consideration is in arrears.

G) The Reinsurer will be bound by the consideration it specifies for a particular policy. However, on any date that the Insurer has the right to terminate a policy or change the premium for said policy, the Reinsurer may, with sixty (60) days advance notice, modify the rate of consideration or terminate reinsurance on the policy. The Insurer shall then be bound by the modification.

H) Reinstatement of the reinsurance on ceded policies which have been terminated under any provision of this Article shall be at the Reinsurer's discretion.

I) Each party to this Agreement shall have the right to offset any balance(s), or any other amounts due relating to this or related agreements. In the event of the insolvency of a party to this Agreement, offsets shall only be allowed in accordance with the Insolvency Article of this Agreement.

ARTICLE IV. CLAIMS

The Insurer shall promptly transmit to the Reinsurer all claims, proofs of loss and supplemental statements of disability submitted on a policy reinsured hereunder. Upon receipt thereof the Reinsurer will pay the claim and/or recommend other appropriate action. The Reinsurer will not be liable for any claim received from the Insurer more than one year after this claim has been received in the Insurer's office. The Reinsurer may change the reinsurance rate, retroactive to the last renewal date, if the receipt of a claim reported to the Reinsurer is more than one year after receipt by the Insurer and if the timely receipt would have caused a different reinsurance rate to be charged.

A) All services will be performed in accordance with Appendix B, the Claims Management Agreement. This Agreement includes administrative procedures particular to the claims management process and includes, but is not limited to: Authorization to Pay Claims, Claim Administration Guidelines, Claim Data; Payment of Benefits; Payment of Claim Expenses; Right to Audit; and is mutually agreed to by the parties of this Agreement.

B) The Reinsurer will undertake the defense of any suit, or portion of a suit, which is based or alleged to be based on claims for benefits under group disability policies covered by this Agreement where the claim is first commenced after the effective date of this Agreement, and the underlying policy is effective on or after the effective date of this Agreement. Except as otherwise provided in this Agreement, choice of counsel and management of any such suit, or portion of such suit, shall be agreed upon by the Insurer and the Reinsurer, which will have the exclusive right to settle any such suit, when in its informed and good faith opinion, it is appropriate to do so. The Insurer will cooperate with the Reinsurer in the defense of such suits.

C) The Insurer and the Reinsurer will notify each other promptly of any litigation brought against it with respect to the policies covered by this Agreement are.

D) Claims for Extra-Contractual Amounts. “Extra-Contractual Amounts” are amounts outside of contractual benefits which may include, but are not necessarily limited to: punitive, exemplary, compensatory or consequential damages or plaintiffs litigation-related costs and fees.

i) If extra-contractual amounts are awarded against the Insurer solely as a result of the Reinsurer’s decision, action, delay or failure to act, the Reinsurer shall pay one hundred percent (100%) of all such amounts.

ii) If extra-contractual amounts are awarded against the Insurer solely as a result of Insurer’s decision, action, delay, or failure to act, the Reinsurer shall have no (0%) percentage of liability for the payment of extra-contractual amounts.

iii) When extra-contractual amounts are awarded against the Insurer as a result of both the Reinsurer’s and the Insurer’s decision, action, delay or failure to act, the parties agree to share in the payment of any extra-contractual amounts.

iv) To expedite the resolution of certain claims, amounts other than policy benefits may be added to a claim settlement.

Allocation of responsibility for decisions, actions, delays, or failures to act shall be determined by the parties’ agreement subsequent to good faith negotiation. Said determination is solely for the purpose of efficient administration of this Agreement and for determining who shall assume the costs in certain instances. If agreement on such allocation cannot be reached, the matter shall be addressed in accordance with the Arbitration Article of this Agreement.

If any portion of this subsection (D) is deemed to be illegal under any law (decisional or statutory) or regulation of any Federal, State or local government, insofar as it applies to that area’s jurisdiction, then said portion is automatically terminated.

E) The Reinsurer hereby agrees to provide claim management services for all group short term disability claims of the Insurer with dates of disability prior to January 1, 1999. For an initial payment of $230 per claim, and monthly payment of $75 per claim thereafter for the duration of the claim, Reinsurer shall manage such claims in accordance with the practices and procedures outlined in the Claims Service Agreement.

The Insurer agrees to prefund an account for claim payments sufficient to cover STD payments. The Insurer can prefund on a weekly basis. The Insurer will also pay a fee of $4,000 which will be refunded if the reinsured profit margin exceeds 7% for 1999.

F) The Reinsurer will deposit federal and/or state income tax as requested by the claimant. In so doing, the Reinsurer does not act as the agent of the Insurer for IRS purposes. The Reinsurer shall deposit employee FICA on short term disability benefits paid. The Reinsurer will transfer the liability for the employer matching FICA and issuance of W-2 forms for short term disability benefits paid back to the employer of the disabled employee.

ARTICLE V. DURATION, RECAPTURE AND TERMINATION

A) This Agreement shall govern the relationship of the parties until the liability of the Reinsurer with respect to all policies reinsured hereunder ceases. In accordance with the provisions of this Article, this Agreement can be terminated by either party with respect to all prospective acceptances.

Any partial or complete prospective termination of this Agreement must be made in writing prior to October 1st of each year. Termination shall occur on the desired effective date of termination or ninety days from receipt of notice, whichever is later.

B) After this Agreement has been inforce for one (1) year from the effective date, the Insurer may increase or decrease the Reinsured Percentage. The following schedule is the minimum Reinsured Percentage for each disability policy in effect at the anniversary date of this Agreement.

Year 1 following notification	75%
Year 2 Following notification	75%
Year 3 following notification and thereafter	50%

Notification must be received by the Reinsurer not later than October 1 of the year prior to the intended change. The Reinsured Percentage will remain at current Reinsured Percentage absent any notification. The change in Reinsured Percentage will occur at the next renewal date of the underlying reinsured policy occurring after the anniversary of the change. Upon termination of this Agreement, the Insurer may reduce the Reinsured Percentage to zero percent (0%) five (5) years from the effective date of the termination. Notification must be provided 90 days in advance.

C) The Reinsured Percentage governing any particular claim under a reinsured policy will be that Reinsured Percentage in effect as of the date of disability.

D) As of the date termination becomes effective Reinsurer will provide Insurer only with those necessary claims and financial services required to manage any reinsured business.

E) If Insurer becomes insolvent, as determined by the state regulatory agency, this Agreement will terminate automatically as of the date of insolvency as to all prospective acceptances by the Reinsurer. Liabilities already incurred by the Reinsurer will be administered in accordance with the Insolvency Article of this Agreement.

ARTICLE VI. NON-TRANSFERABILITY OF AGREEMENT

Neither the Insurer nor the Reinsurer shall, without prior consent of the other, which shall not be unreasonably withheld, sell, assign, transfer, or otherwise dispose of this Agreement, policies or policy liabilities covered by this Agreement, or any interest in such Agreement, by voluntary or involuntary act, by assumption agreement or otherwise, and any attempt to dispose of said interests, without said consent, shall be null and void. Notwithstanding the foregoing, Insurer or Reinsurer may arrange for a Third Party Administrator to perform some or all of the obligations hereunder. So doing will not relieve the Insurer or Reinsurer from the obligations hereunder, though, in the event that the Third Party Administrator does not perform the obligations as stated herein.

ARTICLE VII. PARTIES TO THIS AGREEMENT

A) This is an agreement solely between the Insurer and the Reinsurer. The acceptance of reinsurance hereunder shall not create any right or legal relation whatever between the Reinsurer and any of Insurer’s policyholders, beneficiaries, representatives, sales representatives, employees or shareholders.

B) A failure or delay of either party to this Agreement to enforce any of the provisions of this Agreement, or to exercise any option which is herein provided, shall in no way be construed to be a waiver of such provision.

ARTICLE VIII. CONFIDENTIALITY

A) The Insurer and the Reinsurer may come into the possession or knowledge of confidential and proprietary information of the other in fulfilling obligations under this Agreement. Insurer and the Reinsurer agree to hold such confidential information in strictest confidence and to take all reasonable steps to ensure that such confidential information is not disclosed in any form by any means by each of them or by any of their employees or associates to third parties of any kind, except by advance authorization. “Confidential information” means any information which (1) is not generally available to the public, or (2) has not been lawfully obtained by the parties prior to the date of disclosure to it by the other, and includes but is not limited to:

i) Information or knowledge about each party’s products, processes, services, finances, customers, research, computer programs, marketing and business plans, claims management practices, and reserving methodology; and

ii) Any medical and other personal, individually identifiable information about people or business entities with whom the parties do business, including customers, prospective customers, vendors, suppliers, individuals covered by insurance plans, and each party’s producers and employees.

B) The Insurer and its agents, employees and representatives will not represent themselves, in writing, as part of the Reinsurer, or refer, in writing, to the Reinsurer in any policy forms or promotional materials, without the prior written consent of the Reinsurer.

ARTICLE IX. INSOLVENCY

The Reinsurer agrees that all reinsurance under this Agreement shall be payable by the Reinsurer on the basis of the liability of the Insurer under each policy reinsured under this Agreement without diminution because of the insolvency of the Insurer, and the Reinsurer assumes liability for such reinsurance as of the effective dates of such policies. Any such payments by the Reinsurer shall be made directly to the Insurer or to its liquidator, receiver, or statutory successor. In the event of the insolvency of the Insurer, the liquidator, receiver or statutory successor of the Insurer shall give written notice that a claim is pending against the Insurer with respect to policies comprising the Underlying Risk within a reasonable time after such claim is filed in the insolvency proceedings. While the claim is pending, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem available to the Insurer or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Insurer as part of the expenses of liquidation to the extent of a proportionate share of the benefit which may accrue to the Insurer solely as a result of the defense undertaken by the Reinsurer.

Where two or more reinsurers are involved and a majority of interest elect to defend a claim, the expense will be apportioned in accordance with the terms of the reinsurance agreement as if the expense had been incurred by the Insurer.

ARTICLE X. ARBITRATION

A) The parties explicitly agree that all differences, whether matters of fact, law or mixed fact and law, which arise out of the interpretation or execution of this Agreement, will be decided by arbitration except for those matters which are left to the sole discretion of the Reinsurer or the Insurer under the terms of this Agreement. The parties explicitly agree that arbitration shall be the sole and exclusive remedy for all such differences, and that the arbitrators will determine the interpretation of this Agreement in accordance with the usual business and reinsurance practices rather than strict technicalities. Three neutral arbitrators will decide any differences. They must be active or retired officers of life insurance companies other than the two parties to this Agreement or any of their subsidiaries. In addition, the officers may not be former employees of the two parties to this Agreement or any of their subsidiaries. One of the arbitrators is to be appointed by each party to this Agreement, and the two arbitrators will select a third. If the two are not able to agree on a third, the choice will be left to the President of the Society of Actuaries or its successor. The arbitration shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association, or its successor and will take place in Portland, Maine. This Agreement shall be deemed binding upon the arbitrators for matters expressly agreed to herein. The arbitrators' decision shall be by majority vote, and no appeal shall be taken from it. The judgment rendered by the arbitrators may be entered in any court having proper jurisdiction. Expenses and fees for the arbitrators shall be shared by the Insurer and the Reinsurer in equal portions.

B) The arbitrators may award only contractual damages to either party. In no event may extra-contractual damages, including amounts available under any state or federal Racketeer Influenced and Corrupt Organization Act (RICO), be awarded to either party under this Agreement for breach of said agreement. However, the arbitrators may allocate responsibility for 1) any extra-contractual amounts awarded against the Insurer, or 2) any amounts representing extra-contractual damages in a settlement, between the Insurer and the Reinsurer as set forth in the Claims Article of this Agreement.

C) The procedures specified in this Article shall be the sole and exclusive procedures for the resolution of disputes between the parties arising out of or relating to this Agreement; provided, however, that a party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage. Despite such action the parties will continue to participate in good faith in the procedures specified in this Article. All applicable statutes of limitation shall be tolled while the procedures specified in this Article are pending. The parties will take such action, if any, required to effectuate such tolling.

D) Notwithstanding any other provision of this Article, in the event that either party seeks, consents to, or acquiesces in the appointment of, or otherwise becomes subject to, any trustee, receiver, liquidator, or conservator (including any state insurance regulatory agency acting in such a capacity), the other party shall not be obligated to resolve any claim, dispute, or cause of action under this Agreement by arbitration and may elect to bring any action with respect to such claim, dispute or cause of action in any court of competent jurisdiction.

ARTICLE XI. YEAR 2000 COMPLIANCE

The Insurer and the Reinsurer each separately represents and warrants that it has established a written project plan and budget to address Year 2000 issues, and that its plan includes:

i) conducting an inventory and assessment of Year 2000 impacts to its telecommunications and information systems, related software and hardware, and its facilities (e.g., buildings and utilities);

ii) conducting a review of the Year 2000 preparedness of its significant business partners and suppliers;

iii) correcting its Year 2000 problems and testing and validating its conversion efforts, and

iv) establishing contingency and avoidance plans.

Each party represents and warrants that all of its telecommunications and information systems and related software and hardware have been found to be Year 2000 compliant, or will be made so on or before December 31, 1999. The Insurer agrees to cooperate in good faith with the Reinsurer with respect to Year 2000 issues by sharing information with the Reinsurer about the status and progress of the Insurer's Year 2000 compliance work and with respect to testing and validation. Reinsurer agrees to do the same. For purposes of this section, "Year 2000 compliant" means: manages and manipulates data involving dates with full representation of year and century (i.e. YYYYMMDD) both internally and externally to the Database, System or Application; follows standards for acquisition, storage, presentation, and handling of dates including provisions for leap year and leap centuries. This applies to data stored and retrieved, reports, screens, and data that is sent or received.

ARTICLE XII. ERRORS AND OMISSIONS

Inadvertent and harmless delays, errors or omissions made in connection with this Agreement or any transaction hereunder, except as otherwise stated in this Agreement, shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided that the fault is rectified as soon as possible after discovery.

ARTICLE XIII. APPLICABLE LAW

This Agreement is governed by the laws of the State of Maine,

ARTICLE XIV. MODIFICATION

A) This Agreement constitutes the entire understanding between the Reinsurer and the Insurer. Neither party shall be bound by any other representation made before or after the date of this Agreement, unless it is made in writing, signed by both parties and expresses by its terms an intention to modify this Agreement.

B) In the event that any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their respective officers duly authorized so to do as of the date set forth above.

DUNCANSON & HOLT SERVICES, INC. (Managing Agent of Reinsurer)	**SAFECO LIFE INSURANCE COMPANY** (Insurer)
By /s/ Paul K. Fields	By _____
Title V P Finance	Title Sn V. P.
Date 8/30/99	Date 11/4/99
_____	_____
Witness	Witness

APPENDIX A-20

AGREEMENT YEAR 1999

January 1, 1999 to December 31, 1999

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc., as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
Allianz Life Insurance Company of North America	30,000	100.00%
TOTAL AUTHORIZED PARTICIPATION	$30,000	100.00%

Claims Management Agreement
Appendix B

I. Claims Management Services

In satisfaction of its obligations to assist the Insurer with the processing of claims arising under policies reinsured in connection with the Group Short Term Disability Reinsurance Treaty ("the Treaty"), the Reinsurer designates Claims Service International, Inc. ("CSI") to perform claims management services in connection with the Treaty as set forth herein. The Insurer shall not be liable to CSI for the services rendered under the Claims Management Agreement and shall not bear any of the expenses incurred by CSI in connection with CSI's performance of services hereunder, except as may be expressly set forth herein. The obligation of CSI to perform administrative services in connection with the Treaty shall continue until such time as all reinsured claims have been paid, unless other agreement is reached and becomes a written part of this Agreement.

II. Standard of Care

CSI will manage claims using the same standard of care, diligence and good faith which Reinsurer exercises in the performance of its own business and shall be consistent with prudent claim processing practices in the industry in compliance with applicable laws.

III. Licenses

CSI will maintain all necessary licenses to perform the functions assigned to it in this Claims Management Agreement. CSI shall execute any documents reasonably required by the Insurer in order for the Insurer to comply with laws relating to the third party administration of claims.

IV. Claims Administration Guidelines/Claims Data

The Insurer will direct all policyholders that insured individuals and their assignees must provide notices of all reinsured disability claims, proofs of loss and any supplemental statements of disability directly to CSI for processing. CSI will communicate with all parties involved in the claims management process using the identity of "Claims Advisory Agent" for the Insurer. CSI, on behalf of the Reinsurer, will use Insurer STD claims forms,

as modified to name CSI as the Claims Advisory Agent.

CSI will provide the Insurer with copies of all responses to Department of Insurance (DOI) complaints. The Insurer will not retain individual STD claim files except for copies of responses to DOI complaints. CSI will retain all individual STD claims files and will store all such files for a period of ten years after the closure of the file. CSI will destroy all claims files in a manner to preserve confidentiality. Upon proper request, CSI shall provide access to the books and records maintained by CSI for the purposes of examination, audit and inspection by any insurance department which purports to exercise jurisdiction over the business which is subject to the Treaty.

V. Payment of Claims/Authorization to Pay Claims

Upon receipt of claims, proofs of loss and/or supplemental statements of disability, CSI, on behalf of the Reinsurer in accordance with Article IV of the Treaty, will pay the claim or will take appropriate alternative action. The Insurer or the policyholder will provide to CSI all necessary information to verify eligibility and premium requirements, where such information has not already been provided to the Reinsurer. CSI shall be responsible for mailing all acknowledgment letters and claims denial letters.

In the event that CSI determines that a claim should be denied, CSI will send to the claimant a notice of denial within 10 business days of the determination. Any notice of denial will be sent directly to claimant and will state the reason for denial. Procedures for appeals are to be included in the letter to the claimant. A copy of the denial letter shall be forwarded to the policyholder when applicable.

Beginning January 1, 1999, CSI will process and pay all claims made against the policies reinsured under this Treaty for the Insurer. In connection therewith, the Insurer will provide to CSI signatory authority on a block of the Insurer drafts to be written against a the Insurer bank account. CSI shall be responsible for mailing, at its expense, all communications that are required to be mailed to claimants, including checks and EOBs.

CSI shall pay each claim under policies reinsured under the Treaty within the time period allowed by the state in which the claimant resides. Before suspending any payments, CSI will send to claimant a letter advising the claimant that benefits will be suspended unless the claimant sends information which in the judgment of CSI supports the continued payment of benefits. A copy of this letter shall be forwarded to the policyholder, when applicable.

VI. Claims Expenses

All STD claims expenses will paid by the Reinsurer. Normal claim expenses include, but are not limited to, the following: medical records; Independent Medical Exams; vendor costs; claim investigation and rehabilitation. It does not include salaries of either the Insurer's or Reinsurer's employees.

VII. Right to Audit

At its discretion the Insurer, or its designated representative, has the right to conduct random audits of STD claims reinsured under the Treaty. Such audits shall be conducted by staff of the Insurer, or its designated representative, at the expense of the Insurer and at the regular locations of CSI and/or the Reinsurer during normal business hours. Access to all relevant policy information and case data regarding reinsured claims shall be made available for audit proceedings. The number of claims to be audited will be determined in the sole discretion of the Insurer.

Results of audits by the Insurer shall be communicated to the Reinsurer in a verbal summary followed by written documentation of the findings, including any irregularities or problems identified.

VIII. Information Relating to Fraudulent Claims

CSI will provide to the Insurer, upon the Insurer's request, a list of measures that CSI uses to detect fraudulent claims.

IX. Responsibility of Reinsurer for Act of CSI

Reinsurer shall be responsible for all acts of CSI as if the Reinsurer had itself performed said acts.

The signatures below constitute acceptance of the Claims Management Agreement by all parties. Nothing contained in the Claims Management Agreement shall vary, alter or affect any of the terms or conditions of the Group Short term Disability Reinsurance Agreement. The Claims Management Agreement may be revised only by changes agreed to by both parties and documented in writing.

IN WITNESS WHEREOF, the parties have signed this Claims Management Agreement on the dates shown.

DUNCANSON & HOLT SERVICES, INC. (Managing Agent of Reinsurer)	**SAFECO LIFE INSURANCE COMPANY** (Insurer)
By /s/ Paul K. Fields	By
Title V P Finance	Title Sr. V.P.
Date 8/30/99	Date 11/4/99
Witness	Witness

AMENDMENT NO. 1
TO THE
GROUP SHORT TERM DISABILITY REINSURANCE AGREEMENT

This Amendment No. 1 (the "Amendment") is effective as of July 1, 2006 and is hereby made a part of and incorporated into the Group Short, Term Disability Reinsurance Agreement effective January 1, 1999 (the "Agreement") by and between Symetra Life Insurance Company (formerly Safeco Life Insurance Company) (hereinafter the "Insurer") of Bellevue, Washington and Reliance Standard Life Insurance Company doing business as Custom Disability Solutions (successor to Integrated Disability Resources, Inc., formerly Duncanson & Holt Services, Inc.), as Managing Agent (hereinafter the "Managing Agent") for each of the participating reinsurers collectively referred to in the Reinsurance Agreement as the American Disability Reinsurance Underwriters Syndicate ("ADRUS"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

Intending to be legally bound, Insurer and Managing Agent agree to amend the Agreement as follows:

1. ARTICLE I. GENERAL PROVISIONS, Paragraph C is amended to read as follows:

C) All new business proposals which are quoted using rates provided by the Reinsurer shall be reinsured under this Agreement, except for new business proposals produced:

i) by Meridian Benefits in the states of North Carolina, South Carolina and Tennessee, or

ii) from distribution channels and opportunities brought to insurer by other reinsurance outlets, where discussions concerning such opportunities are not initiated by the Insurer.

Otherwise, this Agreement represents, an exclusive reinsurance arrangement between the parties with respect to new business proposals.

This Agreement will continue to represent an exclusive reinsurance arrangement between the parties with respect to renewals for Policies which are in force and reinsured with Reinsurer as of July 1, 2006. In the event the Reinsurer declines to accept a renewal of any such policy, the Insurer may reinsure such policy with another reinsurer.

2. ARTICLE III. FINANCIAL RESPONSIBILITIES AND TRANSACTIONS, Section A), first two paragraphs are amended to read as follows:

The Insurer shall remit premium for reinsured group short term disability policies to the Reinsurer within ninety (90) days from the date on which premium is due to the Insurer.

The Insurer will follow all prudent procedures for premium collection and will notify the Reinsurer of all reinsured policies for which premium is overdue by ninety (90) days of the due date.

The third and fourth paragraphs under Section A) remain unchanged by this Amendment.

3. ARTICLE V. DURATION, RECAPTURE AND TERMINATION is amended to read as follows:

ARTICLE V. DURATION, TERMINATION AND RECAPTURE

A) Duration. This Agreement shall govern the relationship of the parties until the liability of the Reinsurer with respect to all policies reinsured under this Agreement ceases.

Insurer agrees to continue an ongoing active relationship with the Reinsurer for an initial period ending December 31, 2007.

B) Termination.

(i) Without Cause, Subject to Section A in this Article VI, either party may terminate this Agreement with respect to all prospective acceptances, at any time by providing ninety (90) days prior written notice to the other party.

(ii) Insurer Insolvency. If Insurer becomes insolvent as determined by one or more state regulatory agencies, this Agreement will terminate automatically as of the date of insolvency as to all prospective acceptances. Liabilities already incurred by the Reinsurer will be administered in accordance with the Insolvency Article of this Agreement.

(iii) Immediate Termination Rights Notwithstanding the above, Insurer may terminate this Agreement upon the occurrence of any of the following at any time by the giving of fifteen (15) days prior written notice to the Managing Agent:

a) Either ADRUS or the Managing Agent ceases active underwriting operations;

b) A State Insurance Department or other regulatory authority orders ADRUS, or any then-participating member of ADRUS, to cease writing business;

c) ADRUS, any then-participating member of ADRUS, or the Managing Agent: 1) becomes insolvent, 2) is placed into liquidation or receivership, or 3) has instituted against it proceedings for the appointment of a supervisor, receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations;

d) ADRUS or the Managing Agent enters into a definitive written agreement to directly or indirectly assign its interests in this Agreement and liability for obligations under this Agreement to another party without the insurer prior written consent;

e) The Managing Agent has entered into a definitive agreement to sell, substantially all of its assets without the Insurer's prior written consent; or

f) ADRUS or the Managing Agent, has engaged in any of the following: 1) a pattern or practice of failure by ADRUS or the Managing Agent to pay claims on a timely basis, 2) a pattern or practice of failure by ADRUS or the Managing Agent to abide by applicable federal or state laws, 3) a pattern or practice of acts of bad faith conduct by ADRUS or the Managing Agent, or 4) a pattern or practice of committing acts of negligent behavior by ADRUS or the Managing Agent, in discharging the Reinsurer's duties under this Agreement.

C) Recapture.

If the insurer terminates the Agreement effective on January 1, 2008 or some other date in 2008, the recapture period shall be three (3) years from the effective date of such termination.

If the Insurer terminates the Agreement effective on or after January 1, 2009, the recapture period shall be two (2) years from the effective date of such termination.

Recapture through any means will include 100% of the risk for the policies unless other terms are agreed to by the Insurer and Reinsurer.

D) The Reinsured Percentage governing any claim under a reinsured policy will be that Reinsured Percentage in effect as of the date of disability.

E) As of the date termination of the Agreement becomes effective, Reinsurer will provide Insurer only with those necessary claim and financial services required to manage any reinsured business Upon termination, Reinsurer will utilize renewal methods, tools and procedures which are consistent with those in use for renewals generally within Reinsurer's overall block of business at the time Insurer's policies are being renewed.

4. The Agreement is amended by the addition of the following Article, which is applicable to ADRUS members for all ADRUS agreement years effective on or after July 1, 2006.

ARTICLE XV. COLLATERAL REQUIREMENTS

If the amount of capital and surplus of any ADRUS member has been reduced by 50% or more of the amount of capital and surplus as stated in such ADRUS member's most recent prior annual statutory statement filed with its state of domicile, such ADRUS member shall deposite in trust with a trustee (which shall not be an affiliate of such ADRUS member), and thereafter at all times maintain in such trust, assets at least equal in value to such ADRUS member's proportionate amount of the reserves required to be maintained from time to time

by ADRUS under sound actuarial principles and accepted statutory accounting practices, with respect to reserves required for liabilities incurred by ADRUS members under this Agreement on or after July 1, 2006.

Such ADRUS member may alternatively post a letter of credit to satisfy such obligations. The trust or letter of credit arrangements, and all documentation relating thereto, must be satisfactory in form and substance to Insurer in its good faith discretion. The trust shall be terminated and the assets returned to the ADRUS member, or the letter of credit returned for cancellation, if the ADRUS member's amount of capital and surplus increases by 10% of the amount of capital and surplus as stated in such ADRUS member's most recent prior annual statutory statement filed with its state of domicile.

The parties acknowledge that the collateral obligations under this provision predicated upon a reduction in surplus shall not be applicable if the ADRUS member has already provided collateral or taken other lawful actions that allow Insurer to receive full reserve credit with respect to the reinsurance ceded under this Agreement.

All provisions of the Agreement not in conflict with the provisions of this Amendment will continue unchanged.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed in duplicate by the signatures of their duly authorized representatives as indicated below.

CUSTOM DISABILITY SOLUTIONS.
Managing Agent of Reinsurer

By: /s/ Paul K. Fields

Name: Paul K. Fields

Title: CFO

Date: 8/16/2006

SYMETRA LIFE INSURANCE COMPANY

By: /s/ Michael Fry

Name: Michael Fry

Titles: VP

Date: 8/17/2006

AMENDMENT NO. 2
TO THE
GROUP SHORT TERM DISABILITY REINSURANCE AGREEMENT

This Amendment no. 2 ("Amendment") is hereby made a part of and incorporated into the Group Short Term Disability Reinsurance Agreement which was effective January 1, 1999 ("Agreement") by and between Symetra Life Insurance Company (formerly Safeco Life Insurance Company) ("Insurer") of Bellevue, Washington and Reliance Standard Life Insurance Company doing business as Custom Disability Solutions (successor to Integrated Disability Resources, Inc., formerly Duncanson & Holt Services, Inc.), as Managing Agent ("Managing Agent") for each of the participating reinsurers collectively referred to in the Agreement as the American Disability Reinsurance Underwriters Syndicate ("ADRUS"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

Intending to be legally bound, Insurer and Managing Agent agree to amend the Agreement as follows:

Effective January 1, 1999, Appendix A-20 appearing in the Agreement is amended to read as follows:

APPENDIX A

AGREEMENT YEAR 1999

January 1,1999 to December 31,1999

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER[S]	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100%**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by the signatures of their duly authorized representatives as indicated below.

CUSTOM DISABILITY SOLUTIONS,
Managing Agent of Reinsurer

By: /s/ Paul K. Fields

Name: Paul K. Field

CFO

12/7/2006

SYMETRA LIFE INSURANCE COMPANY

By: /s/ David C. Fry

Name: David C. Fry

Title: Senior Actuary & AVP

Date: 12/8/2006

APPENDIX A-l

AGREEMENT YEAR 2000
January 1, 2000 to December 31, 2000

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-2

AGREEMENT YEAR 2001

January 1, 2001 to December 31, 2001

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-3

AGREEMENT YEAR 2002

January 1, 2002 to December 31, 2002

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-4

AGREEMENT YEAR 2003

January 1, 2003 to December 31, 2003

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-5

AGREEMENT YEAR 2004

January 1, 2004 to December 31, 2004

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-6

AGREEMENT YEAR 2005

January 1, 2005 to December 31, 2005

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-7

AGREEMENT YEAR 2006

January 1, 2006 to December 31, 2006

Member Reinsurers who have contracted with Custom Disability Solutions as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
Reliance Standard Life Insurance Company	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

Exhibit 10.4

GROUP LONG TERM DISABILITY REINSURANCE AGREEMENT

THIS AGREEMENT is between SAFECO LIFE INSURANCE COMPANY of Seattle, Washington (hereinafter "Insurer") and DUNCANSON & HOLT SERVICES, INC., a Maine corporation, as Managing Agent (hereinafter "Managing Agent") for each of the participating reinsurers collectively referred to in this Agreement as the American Disability Reinsurance Underwriters Syndicate (ADRUS) and listed in Appendix A (hereinafter "Reinsurer").

The Managing Agent represents and warrants that the Reinsurer has authorised the Managing Agent to enter into, execute and deliver agreements of this sort on its behalf and to exercise all of its rights and platform all of its obligations under such agreements of its behalf, including but not limited to, underwriting of policies, collection of premiums, and management of claims in accordance with the terms of such agreements. All performances required by and for the Reinsurer under this Agreement shall be conducted through the Managing Agent.

In consideration of the mutual promises set forth below, the parties agree as follows:

ARTICLE I. GENERAL PROVISIONS

The effective, date of this Agreement is January 1, 1999. On and after this date, one hundred percent (100%) (hereinafter referred to as the "Reinsured Percentage") of the Insurer's liability (hereinafter referred to as "Underlying Risk") for the group long term disability insurance policies written on or after January 1,1999 will be ceded to and reinsured by the Reinsurer.

This Agreement replaces and supersedes Group Long Term Disability Monthly Income Reinsurance Agreement which was effective April 1, 1979 between the Insurer and the Reinsurer, and all subsequent amendments thereto. With respect to in force policies, the Reinsured Percentage for policies effective prior to January 1, 1999 and reinsured under the prior Group Long Term disability Monthly Income Reinsurance Agreement between the two parties shall be one hundred percent(100%).

Other terms and, conditions of this Agreement are as follows:

A) For risks reinsured under this Agreement, the Insurer will use only those policy forms which have been approved by the appropriate regulatory authorities. After the Reinsurer has reviewed and approved copies of these forms, and insurance policies have been accepted by the the Policyholder and administered in accordance with the terms of this Agreement, the Reinsurer will be liable to the Insurer for the Reinsured Percentage in accordance with the provisions of the policies reinsured.

B) The Insurer, by executing this Agreement, represents that it is licensed to do insurance business in every state, district or territory of the United States, or the District of Columbia, in which it does business; and that it is licensed to write the group health and disability insurance policies which are the subject of this Agreement.

C) This Agreement represents an exclusive reinsurance arrangement between the parties for long term disability business. All business quoted using rates provided by the Reinsurer shall be reinsured under this Agreement. In the event the Reinsurer declines to accept any policy, the Insurer may reinsure such policy with another reinsurer.

D) Upon agreement of risk and benefits between Reinsurer and Insurer, any increase in benefit liability resulting from Insurer's divergence from same shall be borne by the Insurer. The Reinsurer does not assume liability for any risk not agreed upon and which is incurred as a result of errors, intentional or otherwise, in the policy and/or certificate issued.

ARTICLE II. UNDERWRITING

A) Any reinsurance under this Agreement will be effected only through the express written consent of the Reinsurer for each case submitted under any disability insurance policy covered by this Agreement. The Insurer will submit underwriting data to the Reinsurer and the Reinsurer will inform the Insurer of its decision to accept or reject liability. The Reinsurer will make available to the Insurer the underwriting data prepared and used in making its determination.

The Reinsurer has the right to approve individuals insured under any policy as a condition of its acceptance of that policy. The Reinsurer may waive this right for some or all policies at any time.

B) The Reinsurer shall keep and maintain appropriate records of evidence of insurability, including but not limited to the policy, applications, certificates of coverage, medical forms, and other evidence of insurability, for at least three (3) years. Upon termination of this Agreement, the Reinsure, will retain and Insurer shall have access to such information for the later of three (3) years from termination date or the date the last active claim ceases.

C) Either the Insurer of the Reinsurer may, at any reasonable time during normal working hours of the Insurer and upon provision of written notice fourteen (14) days in advance, review and audit the records of the other party relating to business reinsured under this Agreement.

ARTICLE III. FINANCIAL RESPONSIBILITIES AND TRANSACTIONS

A) The Insurer shall remit premium for reinsured group long term disability policies to the Reinsurer within ninety (90) days from the date on which premium is due to the Insurer. The Insurer will follow all prudent procedures for premium collection and will notify the Reinsurer of all reinsured policies for which premium is overdue by ninety (90) days of the due date. The Reinsurer may assess an interest charge equal to the interpolated seven (7) year value of five (5) year and ten (10) year United States Treasury Bonds on premium overdue by more than ninety (90) days.

The Insurer will follow all prudent procedures for premium collection and will notify the Reinsurer of all reinsured policies for which premium is overdue by thirty (30) days of the due date. The Reinsurer may assess an interest charge equal to the interpolated seven (7) year value of five (5) year and ten (10) year United States Treasury Bonds on premium overdue by more than thirty (30) days.

If the premium payment period for any policy comprising the Underlying Risk is other than monthly, the parties to this Agreement shall determine, by mutual consent the proper method of reporting, accounting, and transferring of balances.

For past due premiums on all reinsured policies for which premiums remain due and unpaid for thirty (30) days following their due date, the Insurer shall take appropriate action to terminate all prospective liability in accordance with the policy provisions and shall institute its usual collection procedures. If the Insurer fails to take appropriate action to terminate all prospective liability, the Reinsurer reserves the right to terminate reinsurance of such ceded policies for which premiums remain unpaid for thirty (30) days past their due date.

B) For any business sold under this Agreement, the Reinsurer will specify the percentage of premium to be paid to it for reinsurance of each policy at the time Reinsurer accepts liability under the terms of the Underwriting Article of this Agreement.

C) The liability of the Reinsurer shall begin simultaneously with the Reinsurer's acceptance of reinsurance for a long term disability insurance policy, subject to the terms of this Agreement.

D) The insurer is responsible for paying all premium taxes concerning any business covered by this Agreement.

E) Upon provision of written notice fourteen (14) days in advance, each party shall have the right, at any reasonable time during normal working hours, to inspect, at the office of the other party all non-proprietary, non-confidential and non-privileged books, records and documents relating to policies reinsured under this Agreement.

F) If the Insurer fails to pay the consideration described in this Article, the Reinsurer shall have the right to terminate, from the date up to which the policy premiums have been paid, its obligation for that portion of the Underlying Risk for which consideration is in arrears.

G) The Reinsurer will be bound by the consideration it specifies for a particular policy. However, on any date that the Insurer has the right to terminate a policy or change the premium for said policy, the Reinsurer may, with sixty (60) days advance notice, modify the rate of consideration or terminate reinsurance on the policy. The Insurer shall then be bound by the modification.

H) Reinstatement of the reinsurance on ceded policies which have been terminated under any provision of this Article shall be at the Reinsurer's discretion.

I) Each party to this Agreement shall have the right to offset any balance(s), or any other amounts due relating to this or related agreements. In the event of the insolvency of a party to this Agreement, offsets shall only be allowed in accordance with the Insolvency Article of this Agreement.

ARTICLE IV. CLAIMS

The Insurer shall promptly transmit to the Reinsurer all claims, proofs of loss and supplemental statements of disability submitted on a policy reinsured hereunder. Upon receipt thereof the Reinsurer will pay the claim and/or recommend other appropriate action. The Reinsurer will not be liable for any claim received from the Insurer more than one year after this claim has been received in the Insurer's office. The Reinsurer may change the reinsurance rate, retroactive to the last renewal date, if the receipt of a claim reported to the Reinsurer is more than one year after receipt by the Insurer and if the timely receipt would have caused a different reinsurance rate to be charged.

A) All services will be performed in accordance with Appendix B, the Claims Management Agreement. This Agreement includes administrative procedures particular to the claims management process and includes, but is not limited to. Authorization to Pay Claims, Claim Administration Guidelines, Claim Data; Payment of Benefits; Payment of Claim Expenses; Right to Audit; and is mutually agreed to by the parties of this Agreement.

B) The Reinsurer will undertake the defense of any suit, or portion of a suit, which is based or alleged to be based on claims for benefits under group disability policies covered by this Agreement where the claim is first commenced after the effective date of this Agreement, and the underlying policy is effective on or after the effective date of this Agreement. Except as otherwise provided in this Agreement, choice of counsel and management of any such suit, or portion of such suit, shall be agreed upon by the Insurer and the Reinsurer, which will have the exclusive right to settle any such suit, when in its informed and good faith opinion, it is appropriate to do so. The Insurer will cooperate with the Reinsurer in the defense of such suits.

C) The Insurer and the Reinsurer will notify each other promptly of any litigation brought against it with respect to the policies covered by this Agreement.

D) Claims for Extra-Contractual Amounts. “Extra-Contractual Amounts” are amounts outside of contractual benefits which may include, but are not necessarily limited to: punitive, exemplary, compensatory or consequential damages or plaintiff’s litigation-related costs and fees.

i) If extra-contractual amounts are awarded against the Insurer solely as a result of the Reinsurer’s decision, action, delay or failure to act, the Reinsurer shall pay one hundred percent (100%) of all such amounts.

ii) If extra-contractual amounts are awarded against the Insurer solely as a result of Insurer’s decision, action, delay, or failure to act, the Reinsurer shall have no (0%) percentage of liability for the payment of extra-contractual amounts.

iii) When extra-contractual amounts are awarded against the Insurer as a result of both the Reinsurer’s and the Insurer’s decision, action, delay or failure to act, the parties agree to share in the payment of any extra-contractual amounts.

iv) To expedite the resolution of certain claims, amounts other than policy benefits may be added to a claim settlement.

Allocation of responsibility for decisions, actions, delays, or failures to act shall be determined by the parties’ agreement subsequent to good faith negotiation. Said determination is solely for the purpose of efficient administration of this Agreement and for determining who shall assume the costs in certain instances. If agreement on such allocation cannot be reached, the matter shall be addressed in accordance with the Arbitration Article of this Agreement.

If any portion of this subsection (D) is deemed to be illegal under any law (decisional or statutory) or regulation of any Federal, State or local government, insofar as it applies to that area’s jurisdiction, then said portion is automatically terminated.

ARTICLE V. RESERVE ADMINISTRATION

The Reinsurer agrees to provide reserve reports on group long term disability business under this Agreement to the Insurer in a form mutually acceptable to the parties. Such reports shall be provided to Insurer within thirty (30) days after the end of each calendar quarter.

ARTICLE VI. DURATION, RECAPTURE AND TERMINATION

A) This Agreement shall govern the relationship of the parties until the liability of the Reinsurer with respect to all policies reinsured hereunder ceases. In accordance with the provisions of this Article, this Agreement can be terminated by either party with respect to all prospective

acceptances. Termination of the group long term disability insurance exclusively shall not occur when other lines of disability insurance are also written under this Agreement.

Any partial or complete prospective termination of this Agreement must be made in writing prior to October 1st of each year. Termination shall occur on the desired effective date of termination or ninety days from receipt of notice, whichever is later.

B) After this Agreement has been inforce for more than one (1) year from the effective date, the Insurer may decrease the Reinsured Percentage. The following schedule is the minimum Reinsured Percentage for each disability policy in effect at the anniversary date of this Agreement.

Year 1 following notification	75%
Year 2 Following notification	75%
Year 3 following notification and thereafter	50%

Notification must be received by the Reinsurer not later than October 1 of the year prior to the intended change. The Reinsured Percentage will remain at current Reinsured Percentage absent any notification. The change in Reinsured Percentage will occur at the next renewal date of the underlying reinsured policy occurring after the anniversary of the change. Upon termination of this Agreement, the Insurer may reduce the Reinsured Percentage to zero percent (0%) five (5) years from the effective date of the termination. Notification must be provided 90 days in advance.

C) The Reinsured Percentage governing any particular claim under a reinsured policy will be that Reinsured Percentage in effect as of the date of disability.

D) As of the date termination becomes effective Reinsurer will provide Insurer only with those necessary claims and financial services required to manage any reinsured business.

F) If Insurer becomes insolvent, as determined by the state regulatory agency, this Agreement will terminate automatically as of the date of insolvency as to all prospective acceptances by the Reinsurer. Liabilities already incurred by the Reinsurer will be administered in accordance with the Insolvency Article of this Agreement.

ARTICLE VI. NON-TRANSFERABILITY OF AGREEMENT

Neither the Insurer nor the Reinsurer shall, without prior consent of the other, which shall not be unreasonably withheld, sell, assign, transfer, or otherwise dispose of this Agreement, policies or policy liabilities covered by this Agreement, or any interest in such Agreement, by voluntary or involuntary act, by assumption agreement or otherwise, and any attempt to dispose of said interests, without said consent, shall be null and void. Notwithstanding the foregoing, Insurer or Reinsurer may arrange for a Third Party Administrator to perform some or all of the obligations hereunder. So doing will not relieve the Insurer or Reinsurer from the obligations hereunder,

though, in the event that the Third Party Administrator does not perform the obligations as stated herein.

ARTICLE VII. PARTIES TO THIS AGREEMENT

A) This is an agreement solely between the Insurer and the Reinsurer. The acceptance of reinsurance hereunder shall not create any right or legal relation whatever between the Reinsurer and any of Insurer's policyholders, beneficiaries, representatives, sales representatives, employees or shareholders.

B) A failure or delay of either party to this Agreement to enforce any of the provisions of this Agreement, or to exercise any option which is herein provided, shall in no way be construed to be a waiver of such provision.

ARTICLE VIII. CONFIDENTIALITY

A) The Insurer and the Reinsurer may come into the possession or knowledge of confidential and proprietary information of the other in fulfilling obligations under this Agreement. Insurer and the Reinsurer agree to hold such confidential information in strictest confidence and to take all reasonable steps to ensure that such confidential information is not disclosed in any form by any means by each of them or by any of their employees or associates to third parties of any kind, except by advance authorization. "Confidential information" means any information which (1) is not generally available to the public, or (2) has not been lawfully obtained by the parties prior to the date of disclosure to it by the other, and includes but is not limited to:

i) Information or knowledge about each party's products, processes, services, finances, customers, research, computer programs, marketing and business plans, claims management practices, and reserving methodology; and

ii) Any medical and other personal, individually identifiable information about people or business entities with whom the parties do business, including customers, prospective customers, vendors, suppliers, individuals covered by insurance plans, and each party's producers and employees.

B) The Insurer and its agents, employees and representatives will not represent themselves, in writing, as part of the Reinsurer, or refer, in writing, to the Reinsurer in any policy forms or promotional materials, without the prior written consent of the Reinsurer.

ARTICLE IX. INSOLVENCY

The Reinsurer agrees that all reinsurance under this Agreement shall be payable by the Reinsurer on the basis of the liability of the Insurer under each policy reinsured under this Agreement.

without diminution because of the insolvency of the Insurer, and the Reinsurer assumes liability for such reinsurance as of the effective dates of such policies. Any such payments by the Reinsurer shall be made directly to the Insurer or to its liquidator, receiver, or statutory successor. In the event of the insolvency of the Insurer, the liquidator, receiver or statutory successor of the Insurer shall give written notice that a claim is pending against the Insurer with respect to policies comprising the Underlying Risk within a reasonable time after such claim is filed in the insolvency proceedings. While the claim is pending, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem available to the Insurer or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Insurer as part of the expenses of liquidation to the extent of a proportionate share of the benefit which may accrue to the Insurer solely as a result of the defense undertaken by the Reinsurer.

Where two or more reinsurers are involved and a majority of interest elect to defend a claim, the expense will be apportioned in accordance with the terms of the reinsurance agreement as if the expense had been incurred by the Insurer.

ARTICLE X. ARBITRATION

A) The parties explicitly agree that all differences, whether matters of fact, law or mixed fact and law, which arise out of the interpretation or execution of this Agreement, will be decided by arbitration except for those matters which are left to the sole discretion of the Reinsurer or the Insurer under the terms of this Agreement. The parties explicitly agree that arbitration shall be the sole and exclusive remedy for all such differences, and that the arbitrators will determine the interpretation of this Agreement in accordance with the usual business and reinsurance practices rather than strict technicalities. Three neutral arbitrators will decide any differences. They must be active or retried officers of life insurance companies other than the two parties to this Agreement or any of their subsidiaries. In addition, the officers may not be former employees of the two parties to this Agreement or any of their subsidiaries. In addition, the officers may not be former employees of the two parties to this Agreement or any of their subsidiaries. One of the arbitrators is to be appointed by each party to this Agreement, and the two arbitrators will select a third. If the two are not able to agree on a third, the choice will be left to the President of the Society of Actuaries of its successor. The arbitration shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association, or its successor and will take place in Portland, Maine. This Agreement shall be deemed binding upon the arbitrators for matters expressly agreed to herein. The arbitrators' decision shall be by majority vote, and no appeal shall be taken from it. The judgment rendered by the arbitrators may be entered in any court having proper jurisdiction. Expenses and fees for the arbitrators shall be shared by the Insurer and the Reinsurer in equal portions.

B) The arbitrators may award only contractual damages to either party. In no event may extra contractual damages, including amounts available under any state or federal Racketeer Influenced and Corrupt Organization Act (RICO), be awarded to either party under this

Agreement for breach of said agreement. However, the arbitrators may allocate responsibility for 1) any extra-contractual amounts awarded against the Insurer, or 2) any amounts representing extra-contractual damages in a settlement, between the Insurer and the Reinsurer as set forth in the Claims Article of this Agreement.

C) The procedures specified in this Article shall be the sole and exclusive procedures for the resolution of disputes between the parties arising out of or relating to this Agreement; provided, however, that a party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage. Despite such action the parties will continue to participate in good faith in the procedures specified in this Article. All applicable statutes of limitation shall be tolled while the procedures specified in this Article are pending. The parties will take such action, if any, required to effectuate such tolling.

D) Notwithstanding any other provision of this Article, in the event that either party seek, consents to, or acquiesces in the appointment of, or otherwise becomes subject to, any trustee, receiver, liquidator, or conservator (including any state insurance regulatory agency acting in such a capacity), the other party shall not be obligated to resolve any claim, dispute, or cause of action under this Agreement by arbitration and may elect to bring any action with respect to such claim, dispute or cause of action in any court of competent jurisdiction.

ARTICLE XI. YEAR 2000 COMPLIANCE

The Insurer and the Reinsurer each separately represents and warrants that it has established a written project plan and budget to address Year 2000 issues, and that its plan includes:

i) conducting an inventory and assessment of Year 2000 impacts to its telecommunications and information systems, related software and hardware, and its facilities (e.g., buildings and utilities);

ii) conducting a review of the Year 2000 preparedness of its significant business partners and suppliers;

iii) correcting its Year 2000 problems and testing and validating its conversion efforts, and

iv) establishing contingency and avoidance plans.

Each party represents and warrants that all of its telecommunications and information systems and related software and hardware have been found to be Year 2000 compliant, or will be made so on or before December 31, 1999. The Insurer agrees to cooperate in good faith with the Reinsurer with respect to Year 2000 issues by sharing information with the Reinsurer about the status and progress of the Insurer's Year 2000 compliance work and with respect to testing and validation, Reinsurer agrees to do the same. For purposes of this section, "Year 2000 compliant" means: manages and manipulates data involving dates with full representation of year and century (i.e.

YYYYMMDD) both internally and externally to the Database, System or Application; follows standards for acquisition, storage, presentation, and handling of dates including provisions for leap year and leap centuries. This applies to data stored and retrieved, reports, screens, and data that is sent or received.

ARTICLE XII. ERRORS AND OMISSIONS

Inadvertent and harmless delays, errors or omissions made in connection with this Agreement or any transaction hereunder, except as otherwise stated in this Agreement, shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided that the fault is rectified as soon as possible after discovery.

ARTICLE XIII. APPLICABLE LAW

This Agreement is governed by the laws of the State of Maine.

ARTICLE XIV. MODIFICATION

A) This Agreement constitutes the entire understanding between the Reinsurer and the Insurer. Neither party shall be bound by any other representation made before or after the date of this agreement, unless it is made in writing signed by both parties and expresses by its terms an intention to modify this Agreement.

B) In the event that any one or more of this provisions of the Agreement shall, for any reason, be held to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their respective officers duly authorized so to do as of the date set forth above

DUNCANSON & HOLT SERVICES, INC. (Managing Agent of Reinsurer)	**SAFECO LIFE INSURANCE COMPANY** (Insurer)
By /s/ Paul K. Fields	By _____
Title VP Finance	Title Sr. Vice President
Date 8-30-99	Date 8-17-99
_____	_____
Witness	Witness

APPENDIX A-20

AGREEMENT YEAR 1999

January 1, 1999 to December 31, 1999

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc., as Managing Agent of ADRUS and their levels of participation are follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
Allianz Life Insurance Company of North America	$30,000	100.00%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.00%**

Claims Management Agreement
Appendix B

I. Claims Management Services

In satisfaction of its obligations to assist the Insurer with the processing of claims arising under Policies Reinsured in connection with the Group Long Term Disability Reinsurance Treaty ("the Treaty"), the Reinsurer designates Claims Service International, Inc. ("CST") to perform claims management services in connection with the Treaty as set forth herein. The Insurer shall not be liable to CSI for the services rendered under the Claims Management Agreement and shall not bear any of the expenses incurred by CSI in connection with CSI' s performance of services hereunder, except as may be expressly set forth herein. The obligation of CSI to perform administrative Service in connection with the Treaty shall continue until such time as all reinsured claims have been paid,unless other agreement is reached and becomes a written part of this Agreement.

II. Standard of Care

CSI will manage claims using the same standard of care, diligence and good faith which Reinsurer exercises in the performance of its own business and shall be consistent with prudent claim processing practices in the industry, in compliance with applicable laws.

III Licenses

CSI will maintain all necessary licenses to perform this Claims Management Agreement. CSI shall execute any documents reasonably required by the Insurer in order for the Insurer to comply with laws relating to the third party administration of claims.

IV. Claims Administration Guidelines/Claims Data

The Insurer will direct all policyholders that insured individuals and their assignees must provide notices of all reinsured disability claims, proofs of loss and any supplemental statements of disability directly to CSI for processing. CSI will communicate with all parties involved in the claims management process using the identity of "Claims Advisory Agent" for the Insurer. CSI on behalf of the Reinsures, will use Insurer Long term Disability (LTD)claims forms, as modified to name CSI as the Claims Advisory Agent.

CSI will provide the Insurer with copies of all responses to Department of Insurance (DOI) complaints. The Insurer will not retain individual LTD claim files except for copies of responses to DOI complaints. CSI will retain all individual LTD claims files and will store all such files for a period of ten years after the closure of the file. CSI will destroy all claims files in a manner to preserve confidentiality. Upon proper request, CSI shall provide access to the books and records maintained by CSI for the purposes of examination, audit and inspection by any insurance department which purports to exercise jurisdiction over the business which is subject to the Treaty.

V. Payment of Claims/Authorization to Pay Claims

Upon receipt of claims, proofs of loss and/or supplemental statements of disability, CSI, on behalf of the Reinsurer in accordance with Article IV of the Treaty, will pay the claim or will take appropriate alternative action. The Insurer or the policyholder will provide to CSI all necessary information to verify eligibility and premium requirements, where such information has not already been provided to the Reinsurer. CSI shall be responsible for mailing acknowledgment letters and claims denial letters.

In the event that CSI determines that a claim should be denied, CSI will send to the claimant a notice of denial within 10 business days of the determination. Any notice of denial will be sent directly, to claimant and will state the reason for denial. Procedures for appeals are to be. included in the letter to the claimant. A copy of the denial letter shall be forwarded to the policyholder when applicable.

Beginning January 1, 1999, CSI will process and pay all claims made against the policies reinsured under this Treaty for the Insurer. In connection therewith, the Insurer will provide to CSI signatory authority on a block of the Insurer drafts to be written against a the Insurer bank account. CSI shall be responsible for mailing, at its expense, all communications that are required to be mailed to claimants, including checks and EOBs. Additionally Insurer.

CSI shall pay each claim under polices reinsured under the Treaty within the time period allowed by the state in which the claimant resides. Before suspending any payments, CSI Will send to claimant a letter, advising the claimant that benefits will be suspended unless the claimant sends information which in the judgment of CSI support the continued payment of benefits. A copy of this letter shall be forwarded to the policyholder when applicable.

VI. Claims Expenses

All LTD claims expenses will paid by the Reinsurer. Normal claim expenses include, but are not limited to, the following: medical records; Independent Medical Exams; vendor costs; claim investigation and rehabilitation. It does not include salaries of either the Insurer's or Reinsurer's employees.

VII. Right to Audit

At its discretion the Insurer, or its designated representative, has the right to conduct random audits of LTD claims reinsured under the Treaty. Such audits shall be conducted., by staff of the Insurer, or its designated representative, at the expense of the Insurer and at the regular locations of CSI and/or the Reinsurer during normal business hours. Access to all relevant. policy information and case data regarding reinsured, claims shall be made available for audit proceedings. The number of claims to be audited will be determined in the sole discretion of the Insurer.

Results of audits by the Insurer shall be communicated to the Reinsurer in a verbal summary followed by written documentation of the findings, including any irregularities or problems identified.

VIII. Information Relating *to* Fraudulent Claims

CSI will provide to the Insurer, upon the Insurer's request, a list of measures that CSI uses to detect fraudulent claims.

IX. Responsibility of Reinsurer for Act of CSI.

Reinsure shall be responsible for all acts of CSI as if the Reinsure had itself performed said acts.

The signatures below constitute acceptance of the Claims Management Agreement by all parties Nothing contained in the Claims Management Agreement shall vary, alter or affect any of the terms or conditions of the Group Long Term Disability Reinsurance Agreement. The Claims Management Agreement may be revised only by changes agreed to by both parties and documented in writing.

IN WITNESS WHEREOF, the parties have signed this Claims Management Agreement on the dates shown.

DUNCANSON & HOLT SERVICES, INC.
(Managing Agent of Reinsurer)

By /s/ Paul K. Fields

Title V P Finance

Date 8/30/99

Witness

SAFECO LIFE INSURANCE COMPANY
(Insurer)

By

Title Sr. Vice President

Date 8/17/99

Witness

AMENDMENT NO. 1
TO THE
GROUP LONG TERM DISABILITY REINSURANCE TREATY
Bearing Effective Date January 1, 1999

THE AGREEMENT by and between **SAFECO Life Insurance Company** of Seattle, Washington (Insurer) and **DUNCANSON & HOLT SERVICES, INC**. (Managing Agent for American Disability Reinsurance Underwriters Syndicate, Reinsurer), is hereby modified as follows:

Article IV(E): The Insurer or the Reinsurer may engage a Third-Party Administrator (TPA) to manage claims under this Agreement after the effective date of this Amendment. Any TPA arrangement will require the approval of both the Insurer and Reinsurer.

The effective date of the change described above is January 1,2000 for all group long term disability policies effective prior to or on that date.

The signatures affixed hereto constitute acceptance of this Amendment by both parties. Nothing contained herein shall be held to vary, alter, or affect any of the terms and conditions of said Treaty other than as herein stated.

IN WITNESS WHEREOF, the parties have signed this Amendment in duplicate on the dates shown below:

DUNCANSON & HOLT SERVICES,INC
(Managing Agent of Reinsurer)

By: /s/ Paul K. Fields
(Signature)

V P Finance
(Title)

10/17/00
(Date)

(Witness)

SAFECO LIFE INSURANCE COMPANY
(Insurer)

By: /s/ Scott taylor
(Signature)

Sr. V. P.
(Title)

10/24/00
(Date)

(Witness)

AMENDMENT

Amendment to the Group Long Term Disability Reinsurance Agreement between Symetra Life Insurance Company (hereinafter the "Insurer") of Redmond, Washington and Integrated Disability Resources, Inc., a Connecticut corporation, as Managing Agent (hereinafter the "managing agent") for each of the participating reinsurers collectively referred to in this Amendment as the American Disability Reinsurance Underwriters Syndicate (ADRUS):

Effective January 1, 2006, the parties hereby agree to amend the above-referenced Reinsurance Agreement as follows:

Paragraph C) appearing in ARTICLE I. GENERAL PROVISIONS is amended to read as follows:

C) All new pre-sale business which is quoted using rates provided by the Reinsurer shall be reinsured under this Agreement. For new pre-sale business, this Agreement represents a non-exclusive reinsurance arrangement between the parties.

This Agreement will continue to represent an exclusive reinsurance arrangement between the parties with respect to renewals for Policies which are in force and reinsured with Reinsurer as of January 1,2006. In the event the Reinsurer declines to accept a renewal of any such policy, the Insurer may reinsure such policy with another reinsurer.

All provisions of the Reinsurance Agreement not in conflict with the provisions of this Amendment will continue unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by the signatures of their duly authorized representatives as indicated below.

INTEGRATED DISABILITY RESOURCES, INC.

By: /s/ Paul K. Fields

Name: Paul K. Fields

Title: CFO

Date: 4/27/2006

CDS on behalf of Reliance [ILLEGIBLE]

SYMETRA LIFE INSURANCE COMPANY

By: /s/ Scott Taylor

Name: Scott Taylor

Title: SR V.P.

Date: 12/19/05

AMENDMENT NO. 3
TO THE
GROUP LONG TERM DISABILITY REINSURANCE AGREEMENT

This Amendment No. 3 (the "Amendment") is effective as of July 1, 2006 and is hereby made a part of and incorporated into the Group Long Term Disability Reinsurance Agreement effective January 1, 1999 (the "Agreement") by and between Symetra Life Insurance Company (formerly Safeco Life Insurance Company) (hereinafter the "Insurer") of Bellevue Washington and Reliance Standard Life Insurance Company doing business as Custom Disability Solutions (successor to Integrated Disability Resources, Inc., formerly Duncanson & Holt Services, Inc.), as Managing Agent (hereinafter the "Managing Agent") for each of the participating reinsurers collectively referred to in the Reinsurance Agreement as the American Disability Reinsurance Underwriters Syndicate ("ADRUS"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The parties agree that this Amendment No. 3 supersedes the prior Amendment No. 3 that was executed by the parties effective July 1, 2006.

Intending to be legally bound, Insurer and Managing Agent agree to amend the Agreement as follows:

1. ARTICLE I. GENERAL PROVISIONS, Paragraph C is amended to read as follows:

   C) All new business proposals which are quoted using rates provided by the Reinsurer shall be reinsured under this Agreement, except for new business proposals produced:

      i) by Meridian Benefits in the states of North Carolina, South Carolina and Tennessee, or

      ii) from distribution channels and opportunities brought to Insurer by other reinsurance outlets, where discussions concerning such opportunities are not initiated by the Insurer.

   Otherwise, this Agreement represents an exclusive reinsurance arrangement between the parties with respect to new business proposals.

   This Agreement will continue to represent an exclusive reinsurance arrangement between the parties with respect to renewals for Policies which are in force and reinsured with Reinsurer as of July 1, 2006. In the event the Reinsurer declines to accept a renewal of any such policy, the Insurer may reinsure such policy with another reinsurer.

2. ARTICLE III. FINANCIAL RESPONSIBILITIES AND TRANSACTIONS, Section A), first two paragraphs are amended to read as follows:

   The Insurer shall remit premium for reinsured group long term disability policies to the Reinsurer within ninety (90) days from the date on which premium is due to the Insurer.

The Insurer will follow all prudent procedures for premium collection and will notify the Reinsurer of all reinsured policies for which premium is overdue by ninety (90) days of the due date.

The third and fourth paragraphs under Section A) remain unchanged by this Amendment.

3. ARTICLE VI. DURATION, RECAPTURE AND TERMINATION is amended to read as follows:

ARTICLE VI. DURATION, TERMINATION AND RECAPTURE

A) Duration. This Agreement shall govern the relationship of the parties until the liability of the Reinsurer with respect to all policies reinsured under this Agreement ceases.

Insurer agrees to continue an ongoing active relationship with the Reinsurer for an initial period ending December 31, 2007.

B) Termination.

(i) Without Cause. Subject to Section A in this Article VI, either party may terminate this Agreement with respect to all prospective acceptances, at any time by providing ninety (90) days prior written notice to the other party.

(ii) Insurer Insolvency. If Insurer becomes insolvent as determined by one or more state regulatory agencies, this Agreement will terminate automatically as of the date of insolvency as to all prospective acceptances. Liabilities already incurred by the Reinsurer will be administered in accordance with the Insolvency Article of this Agreement.

(iii) Immediate Termination Rights. Notwithstanding the above, Insurer may terminate this Agreement upon the occurrence of any of the following at any time by the giving of fifteen (15) days prior written notice to the Managing Agent:

a) Either ADRUS or the Managing Agent ceases active underwriting operations;

b) A State Insurance Department or other regulatory authority orders ADRUS, or any then-participating member of ADRUS, to cease writing business;

c) ADRUS, any then-participating member of ADRUS, or the Managing Agent: 1) becomes insolvent, 2) is placed into liquidation or receivership, or 3) has instituted against it proceedings for the appointment of a supervisor, receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations;

d) ADRUS or the Managing Agent enters into a definitive written agreement to directly or indirectly assign its interests in this Agreement and liability for obligations under this Agreement to another party without the Insurer's prior written consent;

e) The Managing Agent has entered into a definitive agreement to sell substantially all of its assets without the Insurer's prior written consent; or

f) ADRUS or the Managing Agent, has engaged in any of the following: 1) a pattern or practice of failure by ADRUS or the Managing Agent to pay claims on a timely basis, 2) a pattern or practice of failure by ADRUS or the Managing Agent to abide by applicable federal or state laws, 3) a pattern or practice of acts of bad faith conduct by ADRUS or the Managing Agent, or 4) a pattern or practice of committing acts of negligent behavior by ADRUS or the Managing Agent, in discharging the Reinsurer's duties under this Agreement.

C) Recapture.

If the Insurer terminates the Agreement effective on January 1, 2008 or some other date in 2008, the recapture period shall, be three (3) years from the effective date of such termination.

If the Insurer terminates the Agreement effective on or after January 1, 2009, the recapture period shall be two (2) years from the effective date of such termination.

Recapture through any means will include 100% of the risk for the policies unless other terms are agreed to by the Insurer and Reinsurer.

D) The Reinsured Percentage governing any claim under a reinsured policy will be that Reinsured Percentage in effect as of the date of disability.

E) As of the date termination of the Agreement becomes effective, Reinsurer will provide Insurer only with those necessary claim and financial services required to manage any reinsured business. Upon termination, Reinsurer will utilize renewal methods, tools and procedures which are consistent with those in use for renewals generally within Reinsurer's overall block of business at the time Insurer's policies are being renewed.

4. The Agreement is amended by the addition of the following Article, which is applicable to ADRUS members for all ADRUS agreement years effective on or after July 1, 2006.

ARTICLE XV. COLLATERAL REQUIREMENTS

If the amount of capital and surplus of any ADRUS member has been reduced by 50% or more of the amount of capital and surplus as stated in such ADRUS member's most recent prior annual statutory statement filed with its state of domicile, such ADRUS member shall deposit in trust with a trustee (which shall not be an affiliate of such ADRUS member), and thereafter at all times maintain in such trust, assets at least equal in value to such ADRUS member's proportionate amount of the reserves required to be maintained from time to time

by ADRUS under sound actuarial principles and accepted statutory accounting practices, with respect to reserves required for liabilities incurred by ADRUS members under this Agreement on or after July 1, 2006.

Such ADRUS member may alternatively post a letter of credit to satisfy such obligations. The trust or letter of credit arrangements, and all documentation relating thereto, must be satisfactory in form and substance to Insurer in its good faith discretion. The trust shall be terminated and the assets returned to the ADRUS member, or the letter of credit returned for cancellation, if the ADRUS member's amount of capital and surplus increases by 10% of the amount of capital and surplus as stated in such ADRUS member's most recent prior annual statutory statement filed with its state of domicile.

The parties acknowledge that the collateral obligations under this provision predicated upon a reduction in surplus shall not be applicable if the ADRUS member has already provided collateral or taken other lawful actions that allow Insurer to receive full reserve credit with respect to the reinsurance ceded under this Agreement.

All provisions of the Agreement not in conflict with the provisions of this Amendment will continue unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by the signatures of their duly authorized representatives as indicated below.

CUSTOM DISABILITY SOLUTIONS,
Managing Agent of Reinsurer

By: /s/ Paul K. Fields

Name: Paul K. Fields

Title: CFO

Date: 8/16/2006

SYMETRA LIFE INSURANCE COMPANY

By: /s/ Michael Fry

Name: Michael Fry

Title: V P

Date: 8/17/2006

AMENDMENT NO. 4
TO THE
GROUP LONG TERM DISABILITY REINSURANCE AGREEMENT

This Amendment No. 4 ("Amendment") is hereby made a part of and incorporated into the Group Long Term Disability Reinsurance Agreement which was effective January 1, 1999 ("Agreement") by and between Symetra Life Insurance Company (formerly Safeco Life Insurance Company) ("Insurer") of Bellevue, Washington and Reliance Standard Life Insurance Company doing business as Custom Disability Solutions (successor to Integrated Disability Resources, Inc., formerly Duncanson & Holt Services, Inc.), as Managing Agent ("Managing Agent") for each of the participating reinsurers collectively referred to in the Agreement as the American Disability Reinsurance Underwriters Syndicate ("ADRUS"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

Intending to be legally bound, Insurer and Managing Agent agree to amend the Agreement as follows:

Effective January 1, 1999, Appendix A-20 appearing in the Agreement is amended to read as follows:

APPENDIX A

AGREEMENT YEAR 1999

January 1, 1999 to December 31, 1999

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER[S]	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100%**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by the signatures of their duly authorized representatives as indicated below.

CUSTOM DISABILITY SOLUTIONS, Managing Agent of Reinsurer		**SYMETRA LIFE INSURANCE COMPANY**	
By:	/s/ Paul K. Fields	By:	/s/ David C. Fry
Name:	Paul K. Fields	Name:	David C. Fry
Title:	CFO	Title:	Senior Actuary & AVP
Date:	12/7/2006	Date:	12/8/2006

APPENDIX A-l

AGREEMENT YEAR 2000

January 1, 2000 to December 31, 2000

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-2

AGREEMENT YEAR 2001

January 1, 2001 to December 31, 2001

Member Reinsurers who have contracted with Duncanson & Holt Services, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-3

AGREEMENT YEAR 2002

January 1, 2002 to December 31, 2002

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-4

AGREEMENT YEAR 2003

January 1, 2003 to December 31, 2003

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-5

AGREEMENT YEAR 2004

January 1, 2004 to December 31, 2004

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-6

AGREEMENT YEAR 2005

January 1, 2005 to December 31, 2005

Member Reinsurers who have contracted with Integrated Disability Resources, Inc. as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
UNUM Life Insurance Company of America	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

APPENDIX A-7

AGREEMENT YEAR 2006

January 1, 2006 to December 31, 2006

Member Reinsurers who have contracted with Custom Disability Solutions as Managing Agent of ADRUS and their levels of participation are as follows:

MEMBER REINSURER	DOLLAR PARTICIPATION	PERCENTAGE PARTICIPATION
Reliance Standard Life Insurance Company	$30,000	100.0%
TOTAL AUTHORIZED PARTICIPATION	**$30,000**	**100.0%**

Exhibit 10.5

Lincoln Financial Group
Lincoln Re

COINSURANCE AGREEMENT

Effective as of January 1, 2000,

between

SAFECO LIFE INSURANCE COMPANY
of
Redmond, Washington,

referred to in this Agreement as "SAFECO," and

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
of
Fort Wayne, Indiana,

referred to in this Agreement as "Lincoln."

Inspected By	EIG
Date	8/24/2001
Doc	000026sl.agm
CCN/Agmt. No.	2098 / 12

RECONCILED

TABLE OF CONTENTS

Reinsurance Coverage

A. SAFECO agrees to cede, and Lincoln agrees to accept, reinsurance of the Policies specified in the Life Benefits schedule. (The term “Policies” and certain other terms used in this Agreement are defined in the “Definitions” article.)

B. A Policy’s death benefit and associated lapse and investment risks are reinsured. Supplemental benefits are reinsured if and as specified in applicable Addenda.

C. SAFECO agrees to either

(1) cede reinsurance of a Policy to Lincoln as Automatic Reinsurance;

2) submit the Policy to Lincoln for consideration as Facultative Reinsurance; or

(3) cede reinsurance of a Policy as a Continuation.

Automatic Reinsurance

A. SAFECO agrees to cede the Reinsurance Amount of a Policy as Automatic Reinsurance if the following conditions are met:

(1) It retains its Retention on the insured life when the Policy is issued;

(2) It underwrites and issues the Policy in accordance with its underwriting rules and practices previously disclosed to Lincoln;

(3) The sum of (a) and (b) does not exceed the sum of its Retention and the Automatic Limit, where

(a) equals the amount of individual life insurance issued by SAFECO then in force on the insured life, or in the case of individual life insurance with increasing death benefits, the Ultimate Amount of such Policies; and

(b) equals the amount of life insurance currently being applied for from SAFECO, or in the case of individual life insurance with increasing death benefits, the Ultimate Amount;

(4) The sum of (a) and (b) does not exceed the Participation Limit, where

(a) equals the amount of individual life insurance then in force on the insured life in all companies, or in the case of individual life insurance with increasing death

benefits, the Ultimate Amount of such Policies; and

(b) equals the amount currently applied for on the insured life from all companies, or in the case of individual life insurance with increasing death benefits, the Ultimate Amounts;

(5) It has not submitted a facultative application to Lincoln or any other insurance or reinsurance company for reinsurance of the current application; and

(6) The Policy is not a Continuation.

B. Policies issued pursuant to any special underwriting program adopted by SAFECO may be ceded as Automatic Reinsurance only with Lincoln's consent to reinsure such Policies.

C. A Policy shall not be ceded as Automatic Reinsurance if the Reinsurance Amount of the Policy is less than the minimum cession amount specified in the Administration Schedule.

Facultative Reinsurance

A. SAFECO may submit Policies not satisfying the conditions for Automatic Reinsurance, and Policies which it does not wish to cede as Automatic Reinsurance, for consideration by Lincoln as Facultative Reinsurance. SAFECO may also submit for consideration as Facultative Reinsurance any individual life insurance issued on a Policy form that is not specified in the Life Benefits Schedule provided reinsurance terms and conditions are established and agreed upon by means of the Facultative Reinsurance application process.

B. An application for Facultative Reinsurance shall be made in the manner set forth in the Administration Schedule. Copies of all information that SAFECO has pertaining to the insurability of the proposed insured, including written summaries of any such information that cannot be copied, shall accompany the application.

C. Upon receipt of an application, Lincoln agrees to promptly examine the underwriting information and communicate

(1) an offer to reinsure the Policy as applied for;

(2) an offer to reinsure the Policy other than as applied for;

(3) an offer to reinsure the Policy subject to the satisfaction of additional underwriting requirements;

(4) a request for additional underwriting information; or

(5) its unwillingness to make an offer to reinsure the Policy.

D. To accept an offer to reinsure made by Lincoln, SAFECO agrees to

(1) satisfy any conditions stated in the offer to reinsure; and

(2) follow the procedure for placing reinsurance into effect as specified in the Administration Schedule.

E. SAFECO agrees to immediately inform Lincoln of any additional information pertaining to the insurability of a proposed insured that is brought to SAFECO'S attention before the completion of the procedures for accepting Lincoln's offer to reinsure. Upon its receipt of such information, Lincoln may withdraw or modify its earlier offer to reinsure.

F. The terms of an offer to reinsure shall supercede the terms of this Agreement to the extent of any conflicts between the two. Otherwise, reinsurance of a Policy ceded as Facultative Reinsurance shall be in accordance with the terms of this Agreement.

Continuations

A. If SAFECO issues a Continuation of a Policy within its normal continuation rules and practices, reinsurance of such a Policy shall terminate effective as of the date of the continuation (conversion or exchange). If SAFECO initiates any special program that encourages or rewards its policyholders for such a continuation, reinsurance shall continue

(1) under the reinsurance agreement between SAFECO and Lincoln which provides reinsurance of the Policy form of the Continuation; or

(2) under this Agreement if there is no such agreement.

B. A Policy which is a Continuation of a Policy that was not previously reinsured with Lincoln may only be reinsured under this Agreement with the written consent of Lincoln and the original reinsure.

C. If the original Policy was ceded to Lincoln as Facultative Reinsurance and SAFECO approves an increase in the face amount of the Continuation based upon receipt of any new information pertaining to the insurability of the proposed insured in connection with an application for the Continuation, SAFECO agrees to submit the Continuation to Lincoln for consideration as Facultative Reinsurance. In such case, Lincoln shall only be bound to reinsure the Continuation in accordance with its offer to reinsure the Continuation.

D. Reinsurance at issue of the Continuation shall equal the lesser of

(1) the Reinsurance Amount of the Continuation; and

(2) the Reinsurance Amount of the original Policy immediately prior to the issuance of the Continuation.

E. Premiums payable for reinsurance of a Continuation shall be calculated using the rate schedule applicable to the Policy form of the Continuation as specified in the Premium and Allowance Schedule. If there is no rate schedule applicable to the Policy form of the Continuation, reinsurance premiums shall be payable using the rate schedule applicable to the original Policy.

F. If the Continuation results in a change in the life status of the insured from a single-insured plan to a joint-or multiple-insured plan, Lincoln must consent to the Continuation.

Terms of Reinsurance

A. The plan of reinsurance shall be coinsurance of the Reinsurance Amount. Reinsurance shall follow the forms of the Policies, including but not limited to the premium structure of the Policies.

B. Reinsurance of a Policy shall commence on the Policy date, except

(1) in the case of Facultative Reinsurance, reinsurance shall commence on the Policy date only if Lincoln's offer to reinsure is the best offer of reinsurance received by SAFECO as determined by SAFECO'S published reinsurance placement rules in effect as of such date; and

(2) if a premium receipt is issued by SAFECO in connection with an application for the Policy, reinsurance shall commence prior to the Policy

date only if and as specified in the Premium Receipt Addendum.

C. SAFECO agrees not to use Lincoln's name in connection with the sale of the Policies.

D. In no event shall reinsurance under this Agreement be in force with respect to a Policy unless the issuance and delivery of the Policy is in compliance with the laws of all applicable jurisdictions and SAFECO'S corporate charter.

E. SAFECO agrees to maintain reinsurance of a Policy in force in accordance with the terms of this Agreement for as long as its Policy remains in force.

Payments by SAFECO

A. SAFECO agrees to pay Lincoln premiums for reinsurance of a Policy equal to the Proportionate Share times the gross premium charged the policyholder by SAFECO.

B. The Premium and Allowance Schedule specifies other monetary amounts which SAFECO agrees to take into account when calculating the amount due Lincoln.

C. Reinsurance premiums shall be due and payable as specified in the Administration Schedule.

D. The payment of reinsurance premiums is a condition precedent to the liability of Lincoln under this Agreement. If reinsurance premiums are not paid when due, Lincoln may give SAFECO thirty (30) days written notice of its intent to terminate because of SAFECO'S failure to pay reinsurance premiums. Reinsurance of all Policies having reinsurance premium in arrears shall terminate as of the date to which reinsurance premiums had previously been paid unless all premiums in arrears are paid before the end of the thirty (30) day notice period. If reinsurance on any Policy terminates because of SAFECO'S failure to pay reinsurance premium, reinsurance of Policies with premiums subsequently becoming due shall automatically terminate as of the date on which new reinsurance premiums become due.

E. Lincoln's guaranteed premiums follow the guarantee of the underlying Policy. The allowances are guaranteed for the premiums as set forth in the Premium and Allowance Schedule.

Payments by Lincoln

A. Lincoln agrees to pay SAFECO the Reinsurance Amount of any claim paid by SAFECO pursuant to a Policy in accordance with the "Settlement of Claims" article.

B. Lincoln agrees to pay the Proportionate Share of any expenses incurred in connection with Policy claims except as set forth in the “Settlement of Claims” article.

C. The Premium and Allowance Schedule specifies other monetary amounts that Lincoln agrees to pay SAFECO pursuant to this Agreement.

Reinsurance Administration

The methods for placing reinsurance into effect, for paying reinsurance premiums, and for notifying Lincoln of Policy lapses, reinstatements, reductions, Continuations, increases in the Reinsurance Amount and of other changes affecting reinsurance are specified in the Administration Schedule.

Reserve Information

A. Lincoln and SAFECO each acknowledge that some or all of the products reinsured under this Agreement are subject to the NAIC Valuation of Life Insurance Policies Model Regulation #830 (“Regulation”).

B. Annually, as requested by Lincoln, SAFECO agrees to provide Lincoln with sufficient information that Lincoln’s valuation actuary can opine that the X-factors used in calculating the reserves on the affected products meet the requirements of Section 5 Subsection B(3) of the Regulation:

Settlement of claims

A. SAFECO agrees to give Lincoln prompt written notice of its receipt of any claim on a Policy and to keep Lincoln in formed of any legal proceedings or settlement negotiations in connection with a claim. Copies of written materials relating to such claim, legal proceedings or negotiation shall be furnished to Lincoln upon request.

B. SAFECO agrees to act in accord with its standard practices applicable to all claims in enforcing the terms and conditions of the Policies and with respect to the administration, negotiation, payment, denial or settlement of any claim or legal proceeding.

C. Lincoln agrees to accept the good faith decision of SAFECO in payment of settlement of any claim for which Lincoln has received the required notice. Lincoln agrees to pay SAFECO the Reinsurance Amount on which reinsurance premiums have been computed upon receiving proper evidence that SAFECO has paid a Policy claim.

Payment of the Reinsurance Amount on account of death shall be made in one (1) lump sum.

D. Lincoln's liability shall include indemnification of the Proportionate Share of any expenses incurred by SAFECO in defending or investigating a Policy claim except for

(1) salaries of employees or other internal expenses of SAFECO;

(2) routine investigative or administrative expenses;

(3) expenses incurred in connection with a dispute arising out of conflicting claims of entitlement to proceeds of a Policy which SAFECO admits are payable;

(4) any gratuitous payments made by SAFECO; and

(5) any punitive damages awarded against SAFECO, and expenses incurred in connection with such damages, which are based on the acts or omissions of SAFECO or its agents.

E. Lincoln agrees to hold SAFECO harmless from certain expenses and liabilities that result from Lincoln's own acts or omissions as provided in this paragraph. For this purpose, Lincoln agrees to indemnify SAFECO for Lincoln's equitable share of those punitive and exemplary damages awarded against SAFECO, and expenses incurred in connection with a claim for such damages, if

(1) Lincoln actively participated in the acts or omissions, including the decision to deny a claim for Policy benefits; and

(2) those acts or omissions serve as a material basis for the punitive or exemplary damages.

Lincoln's equitable share shall be determined by an assessment of Lincoln's participation in the particular case.

F. If SAFECO should contest or compromise any claim and the amount of SAFECO'S liability is thereby reduced, Lincoln's liability shall be reduced by the Proportionate Share of the reduction.

G. If SAFECO should recover monies from any third party in connection with or arising out of any Policy, SAFECO agrees to pay Lincoln the Proportionate Share of the recovery.

H. If the amount of insurance provided by a Policy is increased or reduced because of a misstatement of age or sex, Lincoln's liability shall be increased or reduced by the Proportionate Share of the amount of the increase or reduction.

I. If SAFECO pays interest on a claim, Lincoln agrees to pay the interest on the Reinsurance Amount computed at the same rate and for the same period as that paid by SAFECO, but in no event later than the date the claim is finally adjudicated by SAFECO.

J. If SAFECO is required to pay penalties and interest imposed automatically by statute, Lincoln shall indemnify SAFECO for the Proportionate Share of such penalties and interest.

Reinstatements and Restorations

A. If SAFECO reinstates a lapsed Policy in accordance with the terms of the Policy and SAFECO'S underwriting rules and practices, Lincoln agrees to automatically reinstate reinsurance of the Policy unless Lincoln's offer to reinsure the Policy specifies that reinsurance of the Policy may only be reinstated as Facultative Reinsurance.

B. If SAFECO reinstates or restores a Policy pursuant to any state law or regulations that require such reinstatements or restorations of the Policy following a "free look" period of a proposed replacement policy that is rejected by the insured, Lincoln agrees to restore reinsurance of the Policy under its original terms and conditions as set forth herein: SAFECO shall follow its reinstatement procedures and rules to the extent that such procedures and rules do not conflict with the applicable state law or regulations requiring reinstatement or restoration. All of the foregoing shall apply to Automatic Reinsurance or Facultative Reinsurance, as applicable.

C. If SAFECO collects premiums in arrears from the policy holder of a reinstated or restored Policy, it agrees to pay Lincoln a Proportionate Share of all premiums charged the policyholder in connection with the reinstatement, together with Lincoln's Proportionate Share of any interest received by SAFECO in connection with the reinstatement or restoration.

Reductions in Insurance

If individual life insurance on a life reinsured under this Agreement terminates, the Reinsurance Amount shall be reduced as specified in the Administration Schedule.

Increases in Policy Face Amounts

A. If the Policy face amount on a Policy increases and the increase is subject to SAFECO'S underwriting approval, the Reinsurance Amount of the Policy shall only increase

if the conditions of either the “Automatic Reinsurance” or “Facultative Reinsurance” articles are satisfied.

B. If the Policy face amount on a Policy increases causing the Reinsurance Amount to exceed the Reinsurance Amount at issue of the Policy, and the increase is not subject to SAFECO’S underwriting approval, Lincoln agrees to accept a portion of such increases only if and as specified in the Increasing Policy Addendum.

Changes in Retention

A. If SAFECO increases its Retention on hew Policies, it agrees to notify Lincoln in writing within sixty (60) days of such increase. The notice shall specify the new Retention and the effective date thereof.

B. Whenever SAFECO increases its Retention on new Policies, it agrees to also indicate in its notice whether it wishes to

(1) continue its previous Retention on in force Policies; or

(2) increase its Retention on in force Policies and recapture reinsurance.

If SAFECO elects (2), SAFECO’S new Retention on an in force Policy shall be calculated using the insured’s age, mortality class, Policy form and country of residence at issue of the Policy.

C. If SAFECO elects to increase its Retention on in force Policies pursuant to paragraph B, its new Retention for such Policies shall become effective on the later of

(1) the reinsurance renewal date of the Policy first following the effective date of its new Retention for new Policies; and

(2) the Policy anniversary date specified in the Administration Schedule.

If SAFECO fails to initiate recapture of reinsurance within one hundred and eighty days (180) of when the first of its Policies becomes eligible for recapture, its election to recapture reinsurance, as of the date of the Retention change, shall be considered waived. This does not preclude SAFECO from increasing its Retention on existing reinsurance at a later date.

D. If SAFECO elects to recapture a Policy before the end of the Policy’s level term period, subject to the Policy anniversary date specified in the Administration Schedule, SAFECO recognizes and agrees that no reserves on such a Policy shall be released to SAFECO at the time of such recapture.

E. If an in force Policy is subject to a waiver of premium claim on the date the Policy qualifies for a new Retention, the new Retention shall nonetheless become effective on such date for purposes of life reinsurance.

F. SAFECO may only elect to increase its Retention on in force Policies if

(1) it maintained a Retention greater than zero dollars ($0) at the time the Policy was issued and retained its Retention at such time;

(2) it increases its Retention on all eligible in force Policies; and

(3) it retains the insurance recaptured from Lincoln at its own risk without benefit of any proportional or nonproportional reinsurance other than catastrophe accident reinsurance.

G. Notwithstanding the preceding,

(1) the recapture of the Reinsurance Amount shall be limited to Lincoln's portion of all reinsurance ceded by SAFECO of the Policy; and

(2) if SAFECO gives notice of its intent to increase its Retention on in force Policies within five (5) years following a merger with another insurance company or the date it accepts the Policies by means of an assignment, the new Retention applicable to such Policies shall be limited to one hundred fifty percent (150%) of the original reinsured's pre-merger or pre- assignment Retention.

H. For purposes of this article, Continuations shall be considered issued on the issue date of the original Policy.

Assignment of Reinsurance

If SAFECO sells, assumption reinsures or otherwise transfers the Policies to another insurer, it agrees to require that the other insurer assumes all rights and obligations of SAFECO under this Agreement. Lincoln may object to any such transfer that would result in a material adverse economic impact to Lincoln. If Lincoln so objects, SAFECO and Lincoln agree to mutually calculate a termination charge that shall be paid by SAFECO to Lincoln upon the transfer, and this Agreement shall be terminated with respect to all Policies transferred by SAFECO.

Material Changes

A. SAFECO agrees to notify Lincoln in writing of any anticipated Material Change in any terms or conditions of the Policies, including but not limited to SAFECO'S direct Policy premium rates, in SAFECO'S underwriting rules and practices applicable to the Policies or in SAFECO'S claims practices and procedures.

B. In the event of a Material Change to the Policies, to SAFECO'S underwriting rules and practices or to its claims practices and procedures, Lincoln may at its option

(1) continue to reinsure the Policies under current terms;

(2) reinsure Policies under modified terms to reflect the Material Change; or

(3) consider future Policies as issued in a Policy form which is not reinsured under this Agreement.

Errors

A. Any Error by either SAFECO or Lincoln in the administration of reinsurance under this Agreement shall be corrected by restoring both SAFECO and Lincoln to the positions they would have occupied had no Error occurred. Any monetary adjustments made between SAFECO and Lincoln to correct an Error shall be without interest.

B. When a party claims that an Error should be corrected pursuant to paragraph A, that party agrees to investigate whether other instances of the Error have also occurred and agrees to report its findings to the other party.

Audits of Records and Procedures

A. Lincoln or SAFECO may audit, at any reasonable time and at its own expense, all records and procedures relating to reinsurance under this Agreement. The party being audited agrees to cooperate in the audit, including providing any information requested by the other in advance of the audit.

B. Upon request, SAFECO agrees to furnish Lincoln with copies of any underwriting information in SAFECO'S files pertaining to a Policy.

Arbitration

A. If SAFECO and Lincoln cannot mutually resolve a dispute that arises out of or relates to this Agreement, the dispute shall be decided through arbitration as specified in the Arbitration Schedule. The arbitrators shall base their decision on the terms and conditions of this Agreement

plus, as necessary, on the customs and practices of the insurance and reinsurance industry rather than solely on a strict interpretation of applicable law. There shall be no appeal from their decision, except that either party may petition a court having jurisdiction over the parties and the subject matter to reduce the arbitrators' decision to judgement.

B. The parties intend this article to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.), including any amendments to that Act which are subsequently adopted. If either party refuses to submit to arbitration as required by paragraph A, the other party may request a United States Federal District Court to compel arbitration in accordance with the Federal Arbitration Act. Both parties consent to the jurisdiction of such court to enforce this article and to confirm and enforce the performance of any award of the arbitrators.

Insolvency of SAFECO

A. In the event of the insolvency of SAFECO and the appointment of a conservator, liquidator or statutory successor of SAFECO, reinsurance shall be payable to such conservator, liquidator or statutory successor on the basis of claims allowed against SAFECO by any court of competent jurisdiction or by the conservator, liquidator or statutory successor of SAFECO without diminution because of the insolvency of SAFECO or because such conservator, liquidator or statutory successor has failed to pay all or a portion of any claims.

B. In the event of the insolvency of SAFECO, the conservator, liquidator or other statutory successor of SAFECO agrees to give Lincoln written notice of the pendency of a claim on a Policy within a reasonable time after such claim is filed in the insolvency proceeding. During the pendency of any such claim, Lincoln may investigate the claim and interpose in the proceeding where such claim is to be adjudicated in the name of SAFECO (its conservator, liquidator or statutory successor), but at its own expense, any defense or defenses which Lincoln may deem available to SAFECO or its conservator, liquidator or statutory successor.

C. A percentage of the expense thus incurred by Lincoln shall be charged, subject to court approval, against SAFECO as part of the expense of liquidation.

Offset

Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favor of or against either SAFECO or Lincoln with respect to this Agreement or any other agreement between the parties, shall be offset and only the balance allowed or paid. If either SAFECO or Lincoln is then under formal insolvency proceedings, this right of offset shall be subject to the laws of the state exercising primary jurisdiction over such proceedings.

Parties to the Agreement

This is an Agreement for indemnity reinsurance solely between SAFECO and Lincoln. The acceptance of reinsurance under this Agreement shall not create any right or legal relation whatever between Lincoln and an insured, policyholder, beneficiary or any other party to or under any Policy.

Commencement and Termination

A. This Agreement shall be effective as of the date set forth on the cover page, except that SAFECO may issue a Policy dated as much as six (6) months prior to the Effective Date in order to save age of the applicant.

B. Either SAFECO or Lincoln may terminate this Agreement for new reinsurance by giving ninety (90) days, written notice to the other party. In such case, SAFECO agrees to continue to cede, and Lincoln agrees to continue to accept, reinsurance in accordance with this Agreement of Policies issued prior to the expiration of the ninety (90) day period. All reinsurance which has been placed in effect prior to such date shall remain in effect in accordance with the terms of this Agreement, until the earlier of

(1) the termination or expiration of the Policy; and

(2) the termination of this Agreement pursuant to paragraph C below.

C. Lincoln may terminate all reinsurance under this Agreement in accordance with paragraph D of the “Payments by SAFECO” article if SAFECO fails to pay reinsurance premiums when due.

Entire Agreement

A. This Agreement represents the entire agreement between SAFECO and Lincoln and supercedes any prior oral or written agreements between the parties regarding its subject matter.

B. No modification of this Agreement shall be effective unless set forth in a written amendment executed by both parties.

C. A waiver of a right created by this Agreement shall constitute a waiver only with respect to the particular circumstance for which it is given and not a waiver in any future circumstance.

Deferred Acquisition Cost Tax Election

A. Lincoln and SAFECO each acknowledge that it is subject to taxation under Subchapter "L" of the Internal Revenue Code of 1986 (the "Code").

B. With respect to this Agreement, Lincoln and SAFECO agree to the following pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations issued December 1992, whereby:

(1) Each party agrees to attach a schedule to its federal income tax return which identifies this Agreement for which the joint election under the Regulation has been made;

(2) The party with net positive consideration, as defined in the Regulation promulgated under Code Section 848, for this Agreement for each taxable year, agrees to capitalize specified Policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(l);

(3) Each party agrees to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency; and

(4) This election shall be effective for the year that this Agreement was entered into and for all subsequent years that this Agreement remains in effect.

Definitions

A. **Automatic Limit —** the amount specified in the Life Benefits Schedule used to calculate the maximum Reinsurance Face Amount that may be ceded as Automatic Reinsurance.

B. **Automatic Reinsurance—** reinsurance satisfying certain conditions relating to the reinsurance as specified in the Agreement that is ceded to Lincoln without obtaining a specific offer to reinsure from Lincoln.

C. **Continuation —** a new Policy replacing a Policy or a change in an existing Policy issued or made either

(1) in compliance with the terms of the Policy; or

(2) without

(a) the same new underwriting information SAFECO would obtain in the absence of the Policy;

(b) a suicide exclusion or contestable period as long as those contained in other new issues of Policies; or

(c) the payment of the same commissions in the first year that SAFECO would have paid in the absence of the original Policy.

D. **Effective Date —** the date specified on the cover page on which this Agreement becomes binding on SAFECO and Lincoln.

E. **Error—** any isolated deviation from the terms of this Agreement resulting from the act or omission of an employee of either SAFECO or Lincoln whose principal function relates to the administration of reinsurance, whether such deviation results from inadvertence or a mistake in judgment. "Error" shall not include any failure to comply with the terms of an offer of Facultative Reinsurance or any negligent or deliberate deviation from the terms of this Agreement.

F. **Facultative Reinsurance —** reinsurance which is ceded to Lincoln only after SAFECO has obtained and accepted a specific offer to reinsure made by Lincoln. Such reinsurance may be ceded to Lincoln only upon the terms specified by Lincoln in its offer to reinsure and other terms of this Agreement which do not conflict with the specific offer to reinsure.

G. **Material Change —** a change that a prudent insurance or reinsurance executive would consider as likely to impact upon a party's financial experience under this Agreement.

H. **Participation Limit —** the amount specified in the Life Benefits Schedule used as a condition for ceding Automatic Reinsurance.

I. **Policy(ies) —** an individual life insurance contract issued by SAFECO on any of the Policy forms specified in the Life Benefits Schedule. A "Policy" shall include any attached riders and endorsements specified in the Life Benefits Schedule or any Addendum to this Agreement.

J. **Proportionate Share —** the Reinsurance Amount divided by the death benefit as of the date of issue or as of the date of a subsequent change to the Policy that affects the Reinsurance Amount.

K. **Reinsurance Amount —** the Policy death benefit at issue less the Retention on the Policy times the percentage of Automatic Reinsurance ceded to Lincoln as specified in the Life Benefits Schedule. For Facultative Reinsurance, the "Reinsurance Amount" is that amount of the Policy death benefit at issue for which SAFECO accepts Lincoln's offer to reinsure.

L. **Retention —** the amount specified in the Life Benefits Schedule that is held by SAFECO at its own risk on a life without the benefit of proportional reinsurance. In calculating the Retention, the sum retained by SAFECO on the life and in force as of the date of issue of the Policy shall be taken into account.

M. **Ultimate Amount —** the projected maximum Policy face amount that a Policy could achieve based on reasonable assumptions made about the operation of certain characteristics of the Policy form.

Execution

SAFECO and Lincoln, by their respective officers, executed this Agreement in duplicate on the dates shown below. As of the Effective Date, this Agreement consists of

- this Coinsurance Agreement numbered 12;
- a Life Benefits Schedule;
- an Administration Schedule;
- a Premium and Allowance Schedule;
- an Arbitration Schedule;
- a Waiver of Premium Addendum;
- an Accidental Death Benefit Addendum;
- an Accelerated Benefits Rider Addendum; and
- a Guaranteed Purchase Option Addendum.

SAFECO LIFE INSURANCE COMPANY

Signed at Redmond, WA

By /s/

Title

Date 8/30/01

By /s/

Title Actuary

Date 8/31/01

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
Signed at FortWayne, Indiana

By /s/
Date 8/27/01

By /s/
Assistant Secretary

Date August 24, 2001

Exhibit 10.6

COINSURANCE FUNDS WITHHELD
REINSURANCE AGREEMENT

No. 001

Between

Transamerica Insurance Company
of Cedar Rapids, IA
(Reinsured)

And

SAFECO Life Insurance Company
of Redmond, WA
(Reinsurer)

Effective December 1, 2001

Table of Contents

Article 1

Preamble

1.01 This Agreement is made and entered into by and between Transamerica Life Insurance Company (hereinafter referred to as the "Reinsured") and SAFECO Life Insurance Company (hereinafter referred to as the "Reinsurer").

1.02 The Reinsured and the Reinsurer mutually agree to reinsure on the terms and conditions stated herein. This Agreement is an indemnity reinsurance agreement and the performance of the obligations of each party under this Agreement shall be rendered solely to the other party.

Article 2

Basis of Reinsurance

2.01 **Basis.** The Reinsured shall cede to the Reinsurer certain Bank Owned Life Insurance policies (the "Underlying Policies") as described in Schedule A and listed in Exhibit I on a quota share original terms basis.

2.02 **Reinsurer's Share.** The Reinsurer shall accept the quota share specified in Schedule A.

2.03 **Net Retained Lines.** This Agreement applies only to that portion of any insurance which the Reinsured retains net for its own account, and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Agreement attaches, only loss or losses in respect of that portion of any insurance which the Reinsured retains net for its own account shall be included. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Reinsured to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

Article 3

Liability

3.01 **Inception.** The Reinsurer's liability shall begin on the effective date of this Agreement.

3.02 **Termination.** The Reinsurer's liability shall terminate when the Reinsured's liability terminates.

3.03 **Follow the Fortunes.** The Reinsurer shall be liable to the Reinsured in the same manner as the Reinsured is liable on the particular policy form(s) reinsured under this Agreement to the extent such terms and conditions are not contrary to the terms and conditions of this Agreement.

Article 4

Mutual Considerations

4.01 **Premium.** On the Effective Date of the addition of any business to this agreement, the Reinsured agrees to pay the Reinsurer a premium equal to the Quota Share percentage shown in Exhibit I times the Total Initial Premium applicable that business. This amount may be withheld by the Reinsured in accordance with Article 5.

4.02 **Expense Allowance.** Expense Allowances are shown in Exhibit I.

4.03 **Ongoing Payments.** The Reinsured shall credit the Reinsurer with its share of all premiums and shall debit the Reinsurer with its share of all losses, allowances and loss adjustment expenses paid by the Reinsured under the Underlying Policies for the business reinsured under this Agreement.

Article 5

Funds Withheld Balance

5.01 **Funds Withheld.** Subject to the terms hereof, the Reinsured shall retain as fiduciary of the Reinsurer the reinsurance premium due hereunder on a funds withheld basis. The amount of such reinsurance premium so retained shall be called "Funds Withheld". In consideration of the Reinsurer agreeing to allow the Reinsured to retain the reinsurance premium on funds withheld basis, the Reinsured agrees that the Funds Withheld Balance (as defined in Section 5.02) may be offset by the Reinsurer against liabilities of the Reinsurer for payments under this Agreement. The Funds Withheld Balance shall be maintained by the Reinsured in a segregated asset portfolio.

5.02 **Calculation of the Funds Withheld Balance.** As of the effective date of this Agreement, the Reinsured shall maintain an accounting of all amounts deducted from or added to the Funds Withheld (the "Funds Withheld Balance") and shall report the status of the Funds Withheld Balance calculated in accordance with this provision with each quarterly accounting statement.

5.03 **Initial Funds Withheld Balance.** The Funds Withheld balance shall equal:

a) The total of the reinsurance premiums due and payable to the Reinsurer in accordance with Sections 4.01 and 4.03; less

b) the total of any benefits or losses or loss adjustment expenses payable by the Reinsurer in accordance with Section 4.03; less

c) any expense allowances payable by the Reinsurer in accordance with Section 4.02; plus

d) the Funds Withheld Investment Credit (as defined in Section 5.05); less

e) any difference between the Funds Withheld Balance after taking into account adjustments, if applicable, in Sections 5.03(a) through 5.03(d) and the amount of statutory reserves on the business reinsured.

5.04 **Calculation of Funds Withheld Balance after the Effective Date.** After the First Settlement Date, the Funds Withheld Balance shall be calculated on a quarterly basis. The Funds Withheld Balance shall be calculated in the same manner as for the Initial Funds Withheld Balance on each subsequent Settlement Date, beginning with the Funds Withheld Balance determined on the immediately preceding Settlement Date being carried forward, making each adjustment, if applicable, in Sections 5.03(a) through 5.03(e) for the current settlement period.

5.05 **Funds Withheld Investment Credit.** For each period from the immediately preceding Settlement Date until the relevant Settlement Date, the Reinsured shall calculate the Funds Withheld Investment Credit as of the relevant Settlement Date (except for the First Settlement Date). The "Funds Withheld Investment Credit" shall be an amount equal to the product of (x) the Funds Withheld Balance as of the immediately preceding Settlement Date and (y) the Interest Credit Rate.

5.06 **The Interest Credit Rate.** The Interest Credit Rate shall mean the ratio of the investment income earned by the assets in the segregated asset portfolio since the immediately preceding Settlement Date to the book value of the assets in the segregated asset portfolio.

5.07 **Funds Withheld Balance at End of Settlement Period.** Should the Funds Withheld Balance be positive at the end of any Settlement Period, then any positive balance shall be withheld by the Reinsured in accordance with the provisions of this Article. Should the Funds Withheld Balance be negative at the end of any Settlement Period, then any negative balance shall be payable in cash to the Reinsured within 30 (thirty) days after rendering of the periodic settlement statement by the Reinsured.

Article 6

Reinsurance Reporting and Premium Accounting

6.01 **Reporting.** Within sixty (60) days following the close of each calendar quarter, the Reinsured will send the Reinsurer a statement and a list of changes and terminations.

6.02 **Settlements.** Within thirty (30) days after the end of each accounting period, the Reinsured shall pay, subject to Article 5, Funds Withheld Balance, to the Reinsurer a settlement for the accounting period of the preceding calendar quarter computed in accordance with Section 5.03(e). If the amount computed is positive, then the Reinsured shall pay such amount to the Reinsurer. If the amount computed is negative, then the Reinsurer shall pay the absolute value of such amount to the Reinsured. If, at any time subsequent to the settlement just described, the computation is found to be in error, a recomputation will be performed and payments will be made to reimburse the Reinsured or Reinsurer as necessary.

6.03 **Payment of Balances.** The Reinsured will pay, subject to Article 5, Funds Withheld Balance, any balance due the Reinsurer, at the same time as the account is rendered, but in all cases, by the Accounting and Premium Due frequency as shown in Section 6.02. The Reinsurer will pay, subject to Article 5, any balance due the Reinsured, at the same time as the account is confirmed, however, at the latest, within thirty (30) days after receipt of the statement of account. Should the Reinsurer be unable to confirm the account in its entirety, the confirmed portion of the balance will be paid immediately. As soon as the account has been fully confirmed, the debtor will pay the difference immediately. All balances not paid within thirty (30) days of the due date shown on the statement will be in default.

6.04 **Termination Because of Non-Payment of Premium.**

a) When reinsurance premiums are delinquent, the Reinsurer has the right to terminate the risks on the statement by giving the Reinsured thirty (30) days' written notice. As of the close of this thirty-day period, all of the Reinsurer's liability shall terminate for:

   i) The risks described in the preceding sentence and

   ii) The risks where the reinsurance premiums became delinquent during the thirty-day period.

b) Regardless of these terminations, the Reinsured shall continue to be liable to the Reinsurer for all unpaid reinsurance premiums earned by the Reinsurer.

6.05 **Reinstatement of a Delinquent Statement.** The Reinsured may reinstate the terminated risks within sixty (60) days after the effective date of termination by paying the unpaid reinsurance premiums for the risks in force prior to the termination. The effective date of reinstatement shall be the day the Reinsured notifies the Reinsurer of its intention to pay all of the required back premiums.

6.06 **Currency.** The reinsurance premiums and benefits payable under this Agreement shall be payable in the lawful money of the United States.

Article 7

Reductions or Cancellations

7.01 **Reductions or Cancellations.** Should this Agreement be terminated or the share of the Reinsurer reduced while the underlying contract remains in force, the Reinsurer shall return to the Reinsured the unearned premium, if any, as of the date of cancellation or reduction, less the applicable allowances. If the Reinsured's liability in the underlying contract is reduced or canceled, the Reinsurer shall follow the Reinsured's liability in all respects.

Article 8

Terminal Accounting

8.01 **Terminal Accounting.** In the event that all of the reinsurance under this Agreement is terminated in accordance with Article 15, Commencement and Termination, a terminal accounting and settlement shall take place, subject to Article 5, Funds Withheld Balance.

8.02 **Date of Termination.** The effective date of termination shall be the end of the accounting period in which termination is effective. The terminal accounting date shall be the effective date of termination or such other date as shall be mutually agreed to in writing.

8.03 **Settlement.** The terminal accounting and settlement shall consist of the settlements as provided in Article 6, Reinsurance Reporting and Premium Accounting, computed as of the terminal accounting date. If the calculation of the terminal accounting settlement produces an amount due the Reinsured, such amount shall be paid by the Reinsurer to the Reinsured. If the calculation of the terminal accounting and settlement produces an amount due the Reinsurer, the Reinsured shall pay such amount to the Reinsurer. Such amounts shall be payable within thirty (30) days after the terminal accounting and settlement is calculated.

8.04 **Supplementary Accounting and Settlement.** In the event that, subsequent to the terminal accounting and settlement as provided above, a change is made with respect to any amount taken into account pursuant to Article 6, Reinsurance Reporting and Premium Accounting, a supplementary accounting shall take place. Any amount owed to the Reinsurer or to the Reinsured by reason of such supplementary accounting shall be paid promptly upon the completion thereof.

Article 9

Insolvency

9.01 In the event of the insolvency of either party and the appointment of a conservator, liquidator, or statutory successor, any payment due to the insolvent party shall be payable to the conservator, liquidator, or statutory successor on the basis of claims allowed against the insolvent party by any court of competent jurisdiction or by any conservator, liquidator, or statutory successor of the company having authority to allow such claims, without diminution because of that insolvency, or because the conservator, liquidator, or statutory successor has failed to pay all or a portion of any claims. Payments by the solvent party as set forth in this Section shall be made directly to the insolvent party or to its conservator, liquidator, or statutory successor, except where the contract of insurance specifically provides another payee of such insurance in the event of insolvency.

9.02 In the event of the Reinsured's insolvency, the conservator, liquidator, or statutory successor shall give written notice of the pendency of a claim against the Reinsured on any policies reinsured within a reasonable time after such claim is filed. The Reinsurer may interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses which it may deem available to the Reinsured or its conservator, liquidator, or statutory successor.

9.03 The expenses incurred by the Reinsurer shall be chargeable, subject to court approval, against the Reinsured as part of the expense of conservation or liquidation to the extent of a proportionate share of the benefit which may accrue to the Reinsured in conservation or liquidation, solely as a result of the defense undertaken by the Reinsurer. Where two or more Reinsurers are involved in the same claim and a majority in interest elect to interpose a defense or defenses to this claim, the expense shall be shared as though such expense had been incurred by the Reinsured.

Article 10

Arbitration

10.01 As a condition precedent to any right of action hereunder, any dispute or difference between the Reinsured and the Reinsurer relating to the interpretation or performance of this Agreement, including its formation or validity, or any transaction under this Agreement, whether arising before or after termination, shall be submitted to arbitration. Arbitration shall be the method of dispute resolution, regardless of the insolvency of either party, unless the conservator, receiver, liquidator or statutory successor is specifically exempted from arbitration proceeding by applicable state law of the insolvency.

10.02 Arbitration shall be initiated by the delivery of written notice of demand for arbitration by one party to another. Such written notice shall contain a brief statement of the issue(s), the failure on behalf of the parties to reach amicable agreement and the date of demand for arbitration.

10.03 The arbitrators and umpire shall be present or former disinterested officers of life reinsurance or insurance companies other than the two parties to the Agreement or any company owned by, or affiliated with, either party. Each party shall appoint an individual as arbitrator and the two so appointed shall then appoint the umpire. If either party refuses or neglects to appoint an arbitrator within thirty (30) days, the other party may appoint the second arbitrator. If the two arbitrators do not agree on an umpire within sixty (60) days of the appointment of the second appointed arbitrator, each of the two arbitrators shall nominate three individuals. Each arbitrator shall then decline two of the nominations presented by the other arbitrator. The umpire shall be chosen from the remaining two nominations by drawing lots.

10.04 The arbitration hearings shall be held in the city in which the Reinsured's head office is located or any such other place as may be mutually agreed. Each party shall submit its case to the arbitrators and umpire within one hundred and eighty (180) days of the selection of the umpire or within such longer period as may be agreed.

10.05 The arbitration panel shall make its decision with regard to the custom and usage of the insurance and reinsurance business. The arbitration panel shall interpret this Agreement as an honorable engagement; they are relieved of all judicial formalities and may abstain from following strict rules of law. The arbitration panel shall be solely responsible for determining what shall be considered and what procedure they deem appropriate and necessary in the gathering of such facts or data to decide the dispute.

10.06 The decision in writing of the majority of the arbitration panel shall be final and binding upon the parties. Judgment may be entered upon the final decision of the arbitration panel in any court having jurisdiction.

10.07 The jointly incurred costs of the arbitration are to be borne equally by both parties. Jointly incurred costs are specifically defined as any costs that are not solely incurred by one of the parties (e.g., attorney's fees, expert witness fees, travel to the hearing site, etc.). Costs incurred solely by one of the parties shall be borne by that party. Once the panel has been selected, the panel shall agree on one billable rate for each of the arbitrators and umpire and that sole cost shall be disclosed to the parties and become payable as a jointly incurred cost as described above.

10.08 If more than one Reinsurer is involved in the same dispute, all such Reinsurers shall constitute and act as one party for the purposes of this Arbitration Article, provided however, that nothing herein shall impair the rights of such Reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability under the terms of the Agreement from several to joint.

Article 11

Entire Agreement

11.01 This Agreement supersedes any and all prior discussions and understandings between the parties and, upon its execution, constitutes the sole and entire Agreement with respect to the reinsurance provided hereunder. There are no understandings between the parties other than as expressed in this Agreement. Any change or modification to the Agreement shall be null and void unless effected by a writing subscribed by both the Reinsured and the Reinsurer. Any waiver shall constitute a waiver only in the circumstances for which it was given and shall not be a waiver of any future circumstance.

Article 12

Service of Suit

12.01 It is agreed that in the event the obligations under this Agreement are not performed by the Reinsurer, at the request of the Reinsured, the Reinsurer shall submit to the jurisdiction of any court of competent jurisdiction within the United States and shall comply with all the requirements necessary to give that court jurisdiction. All matters arising under this Agreement shall be determined in accordance with the law and practice of such court. Nothing in this clause constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. Service of process, in any such suit, may be made upon any then duly elected officer of the Reinsurer (agent for service of process) at [enter address of Reinsurer]. The Reinsurer shall abide by the final decision of such court or of any appellate court in the event of an appeal, for any suit instituted against the Reinsurer under this Agreement.

12.02 The agent for service of process is authorized and directed to accept service of process on behalf of the Reinsurer in any such suit and/or upon the request of the Reinsured, give a written undertaking to the Reinsured that the agent will enter a general appearance on behalf of the Reinsurer in the event such a suit is instituted.

12.03 The Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance or his successor or successors in office, for the State of Iowa, as its true and lawful agent for service of process (in addition to the above named agent), who may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsured or any beneficiary arising out of this Agreement, and hereby designates the above named as the person to whom the Reinsured is authorized to mail such process or a true copy thereof.

Article 13

General Provisions

13.01 **Statutory Reserves.** The term "statutory reserve(s)" or "gross statutory reserve(s)", whenever used for the purpose of this Agreement, shall mean the total reserves that would have been required under the underlying agreements in accordance with the regulatory requirements of the original issuing companies' respective state of domicile had this agreement not have been placed in effect.

13.02 **Inspection of Records.** Either company, their respective employees or authorized representatives, may audit, inspect and examine, during regular business hours, at the home office of either company, any and all books, records, statements, correspondence, reports, trust accounts and their related documents or other documents that relate to the policies covered hereunder. The audited party agrees to provide a reasonable work space for such audit, inspection or examination and to cooperate fully and to faithfully disclose the existence of and produce any and all necessary and reasonable materials requested by such auditors, investigators, or examiners. The company performing a routine audit shall

provide five (5) working days advance notice to the other party. The expense of the respective party's employee(s) or authorized representative(s) engaged in such activities will be borne solely by such party.

13.03 **Severability.** If any term or provision under this Agreement shall be held or made invalid, illegal or unenforceable by a court decision, statute, rule or otherwise, such term or provision shall be amended to the extent necessary to conform with the law and all of the other terms and provisions of this Agreement shall remain in full force and effect. If the term or provision held to be invalid, illegal or unenforceable is also held to be a material part of this Agreement, such that the party in whose favor the material term or provision was stipulated herein would not have entered into this Agreement without such term or provision, then the party in whose favor the material term or provision was stipulated shall have the right, upon such holding, to terminate this Agreement.

13.04 **Parties to Agreement.** This Agreement is solely between the Reinsured and the Reinsurer. There is no third party to this Agreement. Reinsurance under this Agreement shall not create any right or legal relationship between the Reinsurer and any other person, for example, any insured, policy owner, agent, beneficiary or assignee.

13.05 **Offset.** All monies due either company under this Agreement may be offset against each other, dollar for dollar, regardless of any insolvency of either party unless otherwise prohibited by law. If the Reinsurer advances payment through offset of any claim it is contesting and prevails in the contest, the Reinsured shall return such payment.

13.06 **Governing Law.** In the event of litigation, the parties shall submit to the competent jurisdiction of a court in the State of Iowa and shall abide by the final decision of such court. This Agreement shall be governed as to performance, administration and interpretation by the laws of the State of Iowa exclusive of the rules with respect to conflicts of law. In all cases, the State of Iowa applies with respect to rules for credit for reinsurance.

13.07 **Errors and Omissions.** Unintentional clerical errors, omissions or misunderstandings in the administration of this Agreement by either the Reinsured or the Reinsurer shall not invalidate the reinsurance hereunder provided the error, omission or misunderstanding is corrected promptly after discovery. Both companies shall be restored, to the extent possible, to the position they would have occupied had the error, omission or misunderstanding not occurred, but the liability of the Reinsurer under this Agreement shall in no event exceed the limits specified herein.

13.08 **Schedules, Exhibits and Section Headings.** Schedules and Exhibits attached hereto are made a part of this Agreement. Section headings are provided for reference purposes only and are not made a part of this Agreement.

Article 14

Letter of Credit

14.01 **Statutory Reserve Credit.** The Reinsurer will take all necessary steps to enable the Reinsured to secure statutory reserve credit (the "Statutory Reserve Credit") in all applicable United States jurisdictions. Statutory Reserve Credit shall mean the amount of statutory reserves required by the applicable United States jurisdiction on the risks ceded to the Reinsurer under this agreement.

14.02 This Article shall set forth the terms and conditions under which any letter of credit required hereunder shall be held.

14.03 **Letter of Credit.** If a jurisdiction of the United States will not permit the Reinsured, in the statements required to be filed with its regulatory authorities, to receive full credit as admitted reinsurance for the Reinsurer's share of losses and reserves for premiums unearned, the Reinsured will provide the Reinsurer with a statement showing the Reinsurer's share of such losses and unearned premiums. Upon receipt of such statement, the Reinsurer shall promptly provide the Reinsured with a clean, unconditional and irrevocable letter of credit, in the amount specified in the statement. The terms and bank shall be acceptable to the regulatory authority(ies) having jurisdiction and the letter of credit shall follow the format attached hereto as Exhibit II.

14.04 **Losses.** "Losses", as used in this section, shall be defined as the sum of all losses paid and allocated loss adjustment expenses paid by the Reinsured but not yet recovered from the Reinsurer, plus reserves for losses and allocated loss adjustment expenses outstanding, plus reserves for losses incurred but not reported as determined by the Reinsured.

14.05 **Expiration.** The Reinsurer hereby agrees that the letter of credit will provide for automatic extension of the letter of credit without amendment for one year from the date of expiration of said letter or any future expiration date, unless thirty (30) days prior to any expiration the issuing bank notifies the Reinsured by Registered Mail that the issuing bank elects not to consider the letter of credit renewed for any additional period. An issuing bank that is not a member of the Federal Reserve system shall provide sixty (60) days notice to the Reinsured prior to any expiration.

14.06 **Drawing Upon Letter of Credit.** Notwithstanding any other provision of this Agreement, the Reinsured or its successors in interest may draw upon such credit at any time for one or more of the following purposes only:

a) To pay or reimburse the Reinsured for the Reinsurer's share of any losses and unearned premiums as stipulated in the statement submitted by the Reinsured to the Reinsurer;

b) To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's share of any losses and unearned premiums as stipulated in the statement submitted by the Reinsured to the Reinsurer;

c) To pay or reimburse the Reinsured for any other amounts necessary to secure the credit or reduction from liability for reinsurance taken by the Reinsured;

d) To withdraw the balance of such credit if the Reinsured has received effective notice of non-renewal of the letter of credit and the Reinsurer's liability remains unliquidated and undischarged thirty (30) days prior to the expiration date of the letter of credit; and

e) To pay or reimburse the Reinsured for the Reinsurer's share of any other amounts the Reinsured claims are due under this Agreement.

14.07 **Amendment to Letter of Credit.** At semi-annual intervals, or more frequently as determined by the Reinsured but never more frequently than quarterly, the Reinsured shall prepare a specific statement, for the sole purpose of amending the letter of credit, of the Reinsurer's share of any losses and unearned premiums. If the statement shows that the Reinsurer's share of losses plus unearned premiums exceeds the balance of credit as of the statement date, the Reinsurer shall, within thirty (30) days after receipt of notice of such excess, secure delivery to the Reinsured of an amendment to the letter of credit or an

additional letter of credit increasing the amount of credit by the amount of such difference. If the statement shows, however, that the Reinsurer's share of losses plus unearned premiums is less than the balance of credit as of the statement date, the Reinsured shall, within thirty (30) days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the letter of credit reducing the amount of credit available by the amount of such excess credit.

14.08 **Insolvency.** The rights and obligations of the Reinsurer and the Reinsured, as set forth in this Article, shall not be diminished in any manner whatsoever by the insolvency of the Reinsured or the Reinsurer.

Article 15

Commencement and Termination

15.01 This Agreement shall be effective as of December 1, 2001 and shall remain in force for an indefinite period.

15.02 In the event the underlying agreements are terminated, this Agreement will also be terminated.

15.03 The Reinsurer shall only be allowed to terminate this Agreement, other than for reasons of a breach, fraud or misrepresentation as provided for and limited by this Agreement, should the Reinsured, or its successor, fail to pay the reinsurance premiums or other considerations due the Reinsurer as provided for in this Agreement. In the event of termination by the Reinsurer, Terminal Accounting in accordance with Article 8 will apply and a payment in accordance with Section 8.03 will be effected.

15.04 This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

Executed in duplicate by
Transamerica Life
Insurance Companv
on July 30, 2002.

By: /s/
Title VP

By: /s/
Title AVP

Executed in duplicate by
SAFECO Life
Insurance Company
on July 15, 2002.

By: /s/
Title V.P. & Chief actuary

By: /s/
Title Actuary

EXHIBIT 10.9

STAT #: 19-17-9121
SSN/TAX ID #: 33-0339296
DOC CODE: AAG
NAME: Agency Agreement
 # OF PGS: 14 pgs total

Agency Agreement

Symetra Life Insurance Company

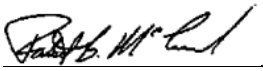
This agency agreement ("Agreement") is executed by the undersigned party(ies) (hereinafter collectively called "Agency") and Symetra Life Insurance Company (hereinafter called "Company"). If more than one agency is listed below, any reference in this Agreement to "Agency" shall be deemed to refer to the appropriate Agency as the context requires. It shall consist of this page and the pages identified by the following form numbers:

LSA-900

This Agreement applies to life and health insurance products issued by the Company (collectively "contracts") written by Agency on or after the effective date of this Agreement.

Agency is responsible for ensuring that no business is solicited until the effective date of this Agreement.

Signature
(Agency Principal or Authorised Officer)
Doug Jackson
Senior Vice President



Pat McCormick
Senior Vice President
Symetra Life Insurance Company

Date Signed: March 10, 2006

For Symetra Life Insurance Company

Contracted Servicing Agency or Agent Name:

Effective Date: March 10, 2006
(To be filled in by Symetra Personnel)

WM Financial Services, Inc.
WMFS Insurance Services, Inc.

19-17-9121

Symetra Stat Number
P.O. Box 34920
Seattle, WA 98124-1920

LSA-399 03/2006 WAMU

Symetra Life Insurance Company
Terms and Conditions

General

1. Values Statement

   The Company has a history, tradition and reputation for high ethical standards. Company and Agency agree to adhere to the Values Statement, avoid conflicts of interest, and comply with all applicable laws. The Company represents that the contracts and any material, supplies, advertising, sales proposals or other printed matter mentioning the Company by name or intending to generate an interest in the Company or its products provided or approved by the Company shall comply, and shall be in continuing compliance with, all applicable federal and state laws and regulations, and shall be filed with and approved by all governmental agencies if and as required by law.

   Both parties shall:

   a. Act with integrity, which includes being honest with customers and with each other.

   b. Take appropriate actions, including having adequate supervision, to comply with applicable laws.

2. Confidentiality

   "Confidential Information" of any party shall mean ideas, expressions, trade secrets, customer lists, products, policies, forms, business methods, business plans, software and information from third parties (such as software and its related documentation) for which such party has a duty of confidentiality, as well as information which from all relevant circumstances should reasonably be assumed by a party to be confidential information, whether any of which is marked "Confidential Information" or not. Each party will make reasonable effort to advise the other party when information disclosed to the other party is Confidential Information. Confidential Information relating to a party shall be held in confidence by the other party to the same extent and in at least the same manner as such party protects its own Confidential Information, but in no case to a lesser extent or manner than a reasonable degree of care under the circumstances. Confidential Information shall not be disclosed to third parties without specific written permission of the protected party. Each party shall, however, be permitted to disclose relevant aspects of the other party's Confidential Information to its officers, agents, subcontractors and employees to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations under this Agreement; provided, however, that such party shall take all reasonable measures (including in the case of any disclosure to third parties receipt of a valid, executed non-disclosure agreement with such third party consistent with this Agreement) to ensure that Confidential Information of the other party is not disclosed or duplicated in contravention of the provisions of the Agreement by such officers, agents, sub contractors, and employees.

   The obligations in this Section 2 shall not restrict any disclosure by either party pursuant to any applicable state or federal laws, or by order of any court or government agency (provided that the disclosing party shall give prompt notice to the non-disclosing party of such order) and shall not apply with respect to information which (1) is independently developed by the other party without violating the disclosing party's proprietary rights, (2) is or becomes publicly known (other than through unauthorized disclosure), (3) is intentionally disclosed by the owner of such information to a third party free of any obligation of confidentiality, (4) is already known by such party without an obligation of confidentiality other than pursuant to this Agreement or of any confidentiality agreements entered into before the effective date of this Agreement as evidenced by the written records of such party, or (5) is rightfully received by a party free of any obligation of confidentiality.

   The parties agree that they shall abide by the provisions of the Gramm-Leach-Bliley Act ("GLB") and other applicable privacy laws and shall each establish commercially reasonable controls to ensure the confidentiality of the Confidential Information and to ensure that the Confidential Information is not disclosed contrary to the provisions of this Agreement, GLB or any other applicable privacy laws and regulations. Without limiting the foregoing, each party shall implement such physical and other security measures as are necessary to (i) ensure the security and confidentiality of the Confidential Information (ii) protect against any threats or hazards to the security and integrity of the Confidential Information and (iii) protect against any unauthorized access to or use of the Confidential Information. Each party shall have the right, during regular office hours and upon reasonable notice, to audit the other party to ensure compliance with the terms of this Agreement, GLB and other privacy laws and regulations.

3. Company agrees that during the term of this Agreement and following its termination, Company shall not solicit any customer of Agency who purchases any product from the Company under this Agreement or under any previous agreement between Company and Agency or affiliates of Agency for any additional product or service without

Agency's prior written consent; provided, however, that Company may offer additional products or services to any such customers who become a customer of the Company through another agency relationship.

4. Status and Authority of Agency

   a. Agency is an independent contractor, not an employee of Company, and has retained its right to exercise exclusive and independent control of its time, energy and skill in the conduct of its business.

   b. Agency is authorized to solicit applications for those life and health insurance products issued by the Company that are listed on the attached Schedule pages; and to collect initial policy premiums and account deposits, and such other premiums as may be specifically authorized by the Company.

5. Agency has no authority to:

   a. Make, alter or discharge any policy;

   b. Extend the time for payment of premiums;

   c. Waive or extend any policy provision;

   d. Incur any liability or expense on behalf of Company;

   e. Receive any money due or to become due to Company except initial policy premiums and account deposits and other such premiums as may be specifically authorized by the Company.

6. Agency shall promptly submit applications and remit premiums and deposits to Company at its Home Office.

   Agency shall be responsible to Company for the fidelity and acts of Agency representatives. Agency is responsible for ensuring that no business is solicited by any representative until that representative is authorized to represent the Company according to the applicable state regulations and after the Agreement effective date. Compensation is earned on premiums received after the Agency is appointed with the Company.

7. Agency shall not pay or allow, or offer to allow, as an inducement to any person to insure or enroll, any illegal rebate of premium or other consideration due, or any other inducement not specified in the policy; nor make any misrepresentations or incomplete comparison for the purpose of inducing a policyholder in any other company to lapse, forfeit or surrender insurance.

8. Agency shall not use any sales material, illustrations or advertisement in which Company or its products is identified, unless it is provided to Agency by Company or the written consent of Company is obtained. Neither party shall use the other party's name or mark in any advertising, written sales promotion, press releases or other publicity matters relating to this Agreement without the other party's written consent.

9. The parties shall cooperate with each other to resolve customers' complaints and disputes fairly and promptly. Each party shall promptly notify the other party, in writing, if it receives notice of any written customer complaint or any threatened or pending regulatory investigation or any judicial or administrative proceeding, civil action or arbitration (each a "Proceeding") involving any policy marketed under this Agreement or any activity in connection with any such policy. Each party shall furnish such other information relating to the Proceeding as the other party reasonably requests.

10. Without liability to the Agency, the Company may withdraw from doing business in any jurisdiction, and may at its discretion withdraw, substitute, add or change rates on any plan or plans.

11. Except as expressly provided herein, this Agreement may only be amended by a writing signed by all parties.

12. Each party shall indemnify, defend and hold harmless the other party, its affiliates and their respective directors, officers, employees and agents (collectively "Indemnified Parties") against any and all claims, suits hearings, actions, damages of any kind, liability, fines, penalties, costs, losses or expenses, including reasonable attorney's fees, caused by or resulting from: (i) any negligence, error, omission, misconduct or other unauthorized act by the indemnifying party or its employees or representatives, including but not limited to independent contractors engaged by the indemnifying party to perform any of its duties under this Agreement, and (ii) any breach by the indemnifying party of any of its representations, or obligations under this Agreement.

    After receipt by an indemnified party of notice of the commencement of any action with respect to which a claim will be made against an indemnifying party, such indemnified party shall notify the indemnifying party promptly in writing of the commencement of the action. The failure to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may otherwise have to any indemnified party except, and to the extent the indemnifying party is prejudiced thereby. In any such action where the indemnified party has given the notice described in this Section 12, the indemnifying party shall be entitled to participate in and, at its option, to assume defense of the action. After notice to such indemnified party that the indemnifying party has elected to assume defense of the action, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense other than reasonable costs of investigation.

13. This Agreement shall be governed by and construed in accordance with the laws of the state of Washington.

Compensation/Assignment

1. The Company may establish a reasonable minimum amount for compensation payments. If the amount due is less than such sum, the balance will be carried forward to the next payment date until the minimum amount is reached.
2. Undistributed compensation in the hands of Company and its affiliates may be applied at any time to and as an offset on any due and unpaid obligations of Agency to Company and its affiliates. If compensation owed by Agency to company exceeds compensation payable to Agency, then Agency will immediately repay Company compensation owed to Company upon notice to Agency by Company.
3. Neither this Agreement, nor any of the benefits to accrue hereunder, shall be assigned or transferred, either in whole or in part by Agency, without prior written consent of the Company, except in the case of an assignment or transfer to a property licensed affiliate Agency. To the extent that any duties and responsibilities under this Agreement are delegated to an agent or other subcontractor of either party, the delegating party shall remain responsible for all acts or omissions of any delegate and shall take reasonable steps to ensure that such agents and subcontractors adhere to the provisions of this Agreement.
4. Company at any time, by written notice to Agency may change the compensation allowed under this Agreement as to new business effective on or after the date of such notice.
5. If Company returns any portion of the premiums on a policy previously issued, Agency will pay to Company the compensation previously received with respect to the returned premiums, not to exceed the amount paid to Agency. In addition, Agency will refund to Company compensation on canceled insurance, and on reductions in premiums, at the same rate as those on which compensation was originally received.
6. Company will pay Agency both Base Commissions and Special Marketing Allowance (SMA) in accordance with the usual payment cycle for compensation payments.

Termination

1. Commissions, sales fees, service fees, trails and any other compensation shall be payable after this Agreement has been terminated on contracts sold by Agency prior to such termination in accordance with the applicable schedules subject to any offset on any due and unpaid obligation to the Company and affiliates. Payment of any compensation will be subject to all terms and conditions of the Schedule(s) in effect at the time a contract was issued and provided Agency maintains its continuing status as the servicing Agency..
2. Except as otherwise provided, this Agreement may be terminated without cause by either of the parties hereto by giving thirty (30) days' prior written notice to the other party.
2. This Agreement shall terminate immediately and the Agency shall forfeit any and all compensation accruing hereunder, if any of the following acts are committed by the Agency representatives (but not including acts committed by individual Agency representatives acting without the knowledge and approval of Agency):
    a. Withholding any property belonging to the Company after demand for its relinquishment has been made by the company;
    b. Willfully misappropriating funds belonging to the Company;
    c. Committing any other fraudulent act against the Company or its policyholders;
    d. Doing any act which results in having the required license to act as an insurance agent or broker canceled by any state insurance department;
    e. Encouraging Company customers to replace their Company products through systematic campaigns of replacement evidenced by written memoranda, instructions, sales guides, or incentive compensation designed to encourage such replacement; and
    f. Making any representation or doing any act injuring the business or reputation of the Company.

THE FAILURE OF EITHER PARTY TO ENFORCE ANY PROVISION OF THIS AGREEMENT SHALL NOT CONSTITUTE A WAIVER BY EITHER PARTY OF ANY SUCH PROVISION. THE PAST WAIVER OF A PROVISION BY EITHER PARTY SHALL NOT CONSTITUTE A COURSE OF CONDUCT OR A WAIVER IN THE FUTURE OF THAT SAME PROVISION.

EXHIBIT 10.10

STAT #: 21-02-2063
SSN/TAX ID #: 41-1233380
DOC CODE: AAG
NAME: Fixed Agreement
 # OF PGS: 18 pgs total

Agency Agreement

Γ Symetra Life Insurance Company
Γ American States Life Insurance Company

***Agency is contracted to sell with the selected company(ies) above.**

This agreement is executed by the undersigned party (hereinafter called "Agency"), Symetra Life Insurance Company (hereinafter called "Company" on all Symetra Life Insurance Agency Agreement pages) and American States Life Insurance Company (hereinafter called "Company" on all American States Agency Agreement pages). It shall consist of this page and the pages identified by the following form numbers:

This agreement supersedes all previous agreements between Company and Agency covering the lines of insurance referred to in this agreement.

Agency is responsible for ensuring that no business is solicited until the effective date of this agreement.

AUTHORIZED REPRESENTATIVES OF EACH OF THE PARTIES MAY CANCEL OR MODIFY THIS AGREEMENT BY PROVIDING AT LEAST THIRTY (30) DAYS WRITTEN NOTICE PRIOR TO THE EFFECTIVE DATE OF SUCH CHANGE

By _____
(Agency Principal)

Agency Signature Date: _____

Pat McCormick
Senior Vice President
Symetra Life Insurance Company

For Symetra Life Insurance Company
American States Life Insurance Company

Agency Name:
US Bancorp Investments Inc

Effective Date: 6/1/2005
(To be filled in by Symetra Personnel)

21-02-2063

Symetra Stat Number
P.O. Box 34920
Seattle, WA 98124-1920

LSA-399 09/2004

Symetra Life Insurance Company
American States Life Insurance Company

TERMS AND CONDITIONS

GENERAL

1. Values Statement

The Company has a history, tradition and reputation for high ethical standards. It is expected that the Agency will adhere to the Values Statement, will avoid conflicts of interest, and will comply with all applicable laws.

We expect our agents to:

a. Act with integrity, which includes being honest with customers and Company.

b. Understand our customers' financial and insurance objectives and seek to satisfy those objectives with appropriate financial and insurance products and first-rate service.

c. Provide clear and accurate advertising and sales materials to our customers.

d. Resolve customers' complaints and disputes fairly and promptly.

e. Take appropriate actions, including having adequate supervision, to comply with applicable laws.

f. Compete actively and fairly so as to provide customers with needed services and products at reasonable prices.

2. Confidentiality

(a) Company and Agency acknowledge that each party (as a "Recipient") may have access to, or (as an "Owner") may provide to the other party, information and or documentation which the respective party regards as confidential or otherwise of a proprietary nature. Confidential Information includes, but is not limited to, the following, whether now existing or hereafter created:

(i) all information marked as confidential, privileged or with similar designation or information which the Recipient should, in the exercise of its professional judgment, recognize to be confidential;

(ii) any and all information about yours and your affiliates employees or consumer customers ("Customers") of any nature whatsoever including, but not limited to, employees or Customer lists, employee or Customer financial information and the fact of the existence of a relationship, or potential relationship, between you or your affiliates and the respective employees or Customers;

(iii) all business, financial or technical information of the Owner, including but not limited to information concerning intellectual property or other property protected by rights embodied in copyrights, patents or pending patent applications, "know how", trade secrets and any intellectual property rights of the Owner;

(iv) the Owner's marketing philosophy and objectives, promotions, markets, materials, financial results, technological developments and other similar proprietary information and materials; and

(v) all documents whether prepared by the Owner, Recipient or others, that contain or otherwise reflect Confidential Information.

Except for Customers' information as described herein, the term "Confidential Information" shall not include any portion of such information that Recipient can establish by clear and convincing evidence to have been (i) known publicly or become public without breach of this Agreement, (ii) known by the Recipient without any obligation of confidentiality prior to disclosure of such Confidential Information or (iii) received in good faith by the Recipient from a third-party source having the right to disclose such information.

(b) Recipient agrees now and at all times in the future that all such Confidential Information shall be held in strict confidence and disclosed only to those employees or agents whose duties reasonably require access to such information. Recipient shall protect Confidential Information using the same degree of care, but no loess than a reasonable degree of care, to prevent unauthorized use, disclosure or duplication (except as required for backup systems) of such Confidential Information as Recipient uses to protect its own confidential information.

(c) Company shall have or establish data security policies and procedures to ensure compliance with the section and that are designed to (i) ensure the security and confidentiality of Customer(s)' information; (ii) protect against unauthorized access to, disclosure of, or uses of such information; (iii) protect against any anticipated threats or hazards to the security or integrity of such information; and (iv) satisfy the applicable provision of the Gramm-Leach-Bliley Act, as such act is amended from time to time and regulations thereunder and of any federal, state and local privacy laws. Upon reasonable requests from Agency, Company agrees to provide Agency copies of audits and system test results of the systems used for transmitting and/or storing Customer Information.

(d) if Recipient is required by a court or governmental agency having proper jurisdiction to disclose any Confidential Information, Recipient shall promptly notify Owner so that the Owner may seek an appropriate protection order.

(e) In the event of any disclosure or loss of, or inability to account for, any of Owner's Confidential Information, Recipient shall promptly notify Owner.

(f) Recipient may use the Confidential Information only as necessary for its performance hereunder and for no other use. Recipient's limited right to use Confidential Information shall expire upon expiration or termination of the Agreement for any reason. Recipient's obligations of confidentiality and non-disclosure shall survive termination or expiration of this Agreement. Upon termination or expiration of the Agreement, Recipient shall return all physical embodiments of Confidential Information to Owner, or may, with Owner's prior permission, destroy the Confidential Information. Recipient shall provide written certification to Owner of Recipient's compliance with this section.

(g) If Recipient is allowed or required to disclose Confidential Information to third parties in the performance of its obligations hereunder, the Recipient shall ensure that such third parties have express obligations of confidentiality and nondisclosure substantially similar to Recipient's obligation hereunder, with regard to the Confidential Information. Any liability arising out of disclosure by such third party shall be with the Recipient.

(h) If Recipient, or any of its agents or employees, violates the obligations herein, the parties agree that irreparable damage may result to the Owner, that the Owner's remedy at law for damages may be inadequate, and that the Owner will be entitled to an injunction to restrain any continuing breach with no bond required, or if a bond is required, only a nominal bond. Notwithstanding any other provision of this Agreement that may limit Recipient's liability, the Owner shall further be entitled to recover any other rights and remedies that it may have at law or in equity.

(i) Company agrees on behalf of itself and its affiliates that Customer lists and all nonpublic personal information related to such Customers that are the subject of this Agreement are the property of, and ownership of such shall remain with, Agency and/or its affiliates, as applicable, throughout the term of this Agreement and upon the expiration or termination of this Agreement for any reason. In no event will Company or its affiliates use such Customer information to solicit sales of products or services that Company, its affiliates or any third party may offer contrary to applicable laws and without prior written consent.

3. Company agrees that during the term of this Agreement and following it's termination, Company shall not solicit any customer of Agency who purchases any product from the Company under this Agreement , for any additional product or service without Agency's prior written consent; provided, however, that Company may offer additional products or services to any such customers who become a customer of the Company through another agency relationship.

4. Status and Authority of Agency

   a. Agency is an independent contractor, not an employee of Company, which has retained its right to exercise exclusive and independent control of its time, energy and skill in the conduct of its business.

   b. Agency is authorized to solicit applications for those life and health insurance products issued by the Company that are listed on the attached agency agreement pages; and to collect initial policy premiums and account deposits, and such other premiums as may be specifically authorized by the Company.

5. Agency has no authority to:

   a. Make, alter or discharge any policy;

   b. Extend the time for payment of premiums;

   c. Waive or extend any policy provision;

   d. Incur any liability or expense on behalf of Company;

   e. Receive any money due or to become due to Company except initial policy premiums and account deposits and other such premiums as may be specifically authorized by the Company.

   f. Pay any premiums or deposits with an agency check other than initial premiums or initial deposits for products listed on forms LSA-104.

6. Agency shall promptly submit applications and remit premiums and deposits to Company at its Home Office.

7. Agency shall be responsible to Company for the fidelity and acts of Agency representatives. Agency is responsible for ensuring that no business is solicited by any representative until that representative is authorized to represent the Company.

8. Agency shall not pay or allow, or offer to allow, as an inducement to any person to insure or enroll, any illegal rebate of premium or other consideration due, or any other inducement not specified in the policy; nor make any misrepresentations or incomplete comparison for the purpose of inducing a policyholder in any other company to lapse, forfeit or surrender insurance.

9. Agency shall not use any sales material, illustrations or advertisement in which Company is identified, unless the written consent of Company is obtained.

10. Promptly upon Company's receipt, but in any event not later than two (2) business days after receipt, of a compliant involving an allegation against any of Agency, its employees, directors, officers or affiliates, Company shall forward a copy of such complaint to the compliance department of Agency. Company shall provide Agency with a name and number of a contact person with its legal or compliance department who can be contacted for information about such complaint. Company agrees that its employees shall work only with Agency's Compliance department to obtain information with respect to complaints. Furthermore, Company agrees that is shall not settle any complaints or claims on behalf of Agency without Agency's express written consent.

11. Without liability to the Agency, the Company may withdraw from doing business in any jurisdiction, and may at its discretion withdraw, substitute, add or change rates on any plan or plans, however Company shall promptly notify Agency of any such changes.

12. Indemnity

(a) Company agrees to indemnify and hold harmless Agency and each of its current and former directors, officers, employees and agents against any and all losses, claims, damages or liabilities joint and several (or actions in respect thereof), to which Agency or such person may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based on the failure by Company, its directors, officers, employees or agents to comply with the terms of this Agreement, including any unauthorized actions, errors or omissions by its representatives. Company agrees to reimburse Agency and any such indemnified party for any reasonable legal or other expense (including reasonable attorney's fees) incurred by Agency and/or such indemnified party in connection with investigating or defending any such losses, claims, damages or liabilities or actions. This indemnity obligation will be in addition to any liability that Company may otherwise have.

(b) Agency agrees to indemnify and hold harmless Company and each of its current and former directors, officers, employees and agents against any and all losses, claims, damages or liabilities joint and several (or actions in respect thereof), to which Company or such person may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based on the failure by Agency, its directors, officers, employees or agents to comply with the terms of this Agreement, including any unauthorized actions, errors or omissions by its representatives. Agency agrees to reimburse Company and any such indemnified party for any reasonable legal or other expense (including reasonable attorney's fees) incurred by Company and/or such indemnified party in connection with investigating or defending any such losses, claims, damages or liabilities or actions. This indemnity obligation will be in addition to any liability that Agency may otherwise have.

COMPENSATION

1. The Company may establish a reasonable minimum amount for compensation payments. If the amount due is less than such sum, the balance will be carried forward to the next payment date until the minimum amount is reached.
2. Undistributed compensation in the hands of Company and its affiliates may be applied at any time to and as an offset on any due and unpaid obligations of Agency to Company and its affiliates.
3. Neither this Agreement, nor any of the benefits to accrue hereunder, shall be assigned or transferred, either in whole or in part, without prior written consent of the Company; provided, however that Agency may assign this Agreement to a subsidiary or successor in interest without prior consent.
4. Company at any time, by written notice to Agency may change the compensation allowed under this agreement as to new business effective no earlier than thirty (30) days after the date of such notice.
5. If Company returns any portion of the premiums on a policy previously issued, Agency will pay to Company the compensation previously received with respect to the returned premiums. In addition, Agency will refund to Company compensation on canceled insurance, and on reductions in premiums, at the same rate as those on which compensation was originally received.

TERMINATION

1. Commissions, sales fees and service fees payable on premiums and account deposits paid after this agreement has been terminated shall be as specified in the applicable schedules, subject to any offset on any due and unpaid obligation to the Company and affiliates.
2. This Agreement shall terminate immediately and the Agency shall forfeit any and all compensation accruing hereunder, if any of the following acts are committed by the Agency representatives:
   a. Withholding any property belonging to the Company after demand for its relinquishment has been made by the Company;
   b. Willfully misappropriating funds belonging to the Company;
   c. Committing any other fraudulent act against the Company or its policyholders;
   d. Doing any act which results in having the required license to act as an insurance agent or broker canceled by any state insurance department;
   e. Making any representation or doing any act injuring the business or reputation of the Company.

The failure of either party to enforce any provision of this Agreement shall not constitute a waiver by such party of any such provision. The past waiver of a provision by either party shall not constitute a course of conduct or a waiver in the future of that same provision.

STAT #: 21-02-2063
SSN/TAX ID #: 41-1233380
DOC CODE: AMD
NAME: Advance Comp Amendment
 # OF PGS: 4 pgs total

AMENDMENT

This Amendment of the Agency Agreement ("Amendment") is made and entered into by Symetra Life Insurance Company ("Company") and US Bancorp Investments Inc. ("Agency"), and is effective as of May 1, 2006.

RECITALS

Company and Agency entered into an Agency Agreement, effective as of April 23, 2003, which has subsequently been modified by various endorsements (the Agency Agreement and the endorsements collectively referred to as the "Agency Agreement"); and

Company and Agency desire to amend the Agency Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, Company and Agency agree as follows:

1. Subject to the conditions contained in the Agency Agreement and in this Amendment, Company will pay, in advance, a portion of the anticipated commissions on submitted product applications for eligible policies, in which external transfer of funds to Company is pending, prior to the date of receipt by Company of premiums on which the anticipated commissions are to be calculated.
2. The amount advanced will be based on the pending funds per applications received by Company during each month, as determined by Company at the end of each month, beginning in May, 2006.
3. The amount of the advance will be calculated as follows:

   Amount pending x applicable product commission rate x 90% = advance amount.

   However, Company shall have the right to reduce the 90% level to an 80% level, upon providing 30 days written notice to Agency, if Company determines in its sole discretion that there are significant issues regarding recovery of the advanced commissions based on business received or not received by Company.
4. The following policies are eligible for advances based on the applicable product commission rate shown:
   - Symetra Select: 2.60%
   - Symetra Secure: 4.00%
   - Symetra Custom: 6.00%

5. Amounts advanced will be applied to offset the earned commissions otherwise due to be paid when the actual premiums are received by Company.

6. If premiums on a case are not received by Company within 90 days after the application has been submitted, Company shall charge back to Agency the amount advanced on such case. Such amount shall be due immediately.

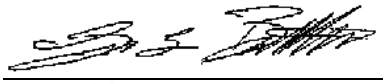
7. Amounts advanced are unearned and constitute loans by Company to Agency. It is Agency's obligation to repay Company the amount of any advances then remaining unearned by Agency and/or any sub-agency supervised by Agency, and Agency agrees to pay Company, on demand, the amount of any such advances then remaining unearned. As security for repayment, Agency grants Company a security interest in Agency's rights to all future compensation due from Company, until the advances have been repaid in full.

8. Company shall have the right to terminate this Amendment in its sole discretion, upon providing 30 days written notice to Agency. Upon termination of the Agency Agreement, this Amendment will terminate immediately.

9. Upon termination of the Agency Agreement, the commuted value of all future compensation, as determined by Company in its sole discretion may, in the sole discretion of Company, be applied to offset advances owned by Agency and/or any sub-agency supervised by Agency. Upon receiving written demand from Company, Agency will immediately pay Company the balance of advances remaining unearned by Agency and/or any sub-agency supervised by Agency.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on the date indicated below.

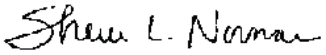
Symetra Life Insurance Company

By: 

Scott L. Bartholomaus
Vice President, Retirement Services

Date: 10/3/06

US Bancorp Investments Inc.

By: 

Sherri L. Norman
Group Product Manager

Date: 8/1/06

Exhibit 21.1

Significant Subsidiaries of Symetra Financial Corporation

Subsidiary	State of Incorporation
Symetra Life Insurance Company	Washington

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our reports dated February 20, 2007, in Amendment No. 1 to the Registration Statement (Form S-1 No. 333-144162) and related Prospectus of Symetra Financial Corporation dated August 3, 2007.

/s/ Ernst & Young LLP

Seattle, Washington

July 30, 2007