PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY

PLAN OF REORGANIZATION
UNDER SECTION 7312
OF THE NEW YORK INSURANCE LAW

As Adopted on December 18, 2000
(and as subsequently amended and restated as of January 26, 2001)
by the Board of Directors
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F. Amended and Restated Certificate of Incorporation of The Phoenix Companies, Inc.
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I. The Phoenix Companies, Inc. Directors Stock Plan
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PLAN OF REORGANIZATION
OF
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY

Under Section 7312
of the New York Insurance Law

This plan of reorganization provides for the conversion of Phoenix Home Life Mutual Insurance Company from a mutual life insurance company into a stock life insurance company organized under the laws of the State of New York (such entity, both before and after the Reorganization, being referred to as the “Company”). As required by Section 7312(e)(1) of the New York Insurance Law, the Board of Directors of the Company adopted this Plan at a meeting held on December 18, 2000. The Board of Directors subsequently adopted this amended and restated Plan. Capitalized terms used in this Plan are defined in Article II.

ARTICLE I

Purpose of Reorganization

The main purpose of the conversion, which is referred to as a reorganization under the New York Insurance Law, is to demutualize the Company so that, as a stock life insurance subsidiary of the Holding Company, it can increase its potential for long-term growth and financial strength. A public structure would best enable the Company to accelerate its wealth management strategy and to grow its existing business and develop new business opportunities in the insurance and financial services industries. The Board believes that, by becoming a stock life insurance company, the Company will be able to raise money more efficiently and have greater flexibility to acquire other companies using its own stock as acquisition currency. This would enable the Company to increase its market leadership, financial strength and strategic position, providing additional security to its policyholders. Additionally, broader access to capital markets will enable the Company to invest in new technology, improved customer service, new products and channels of distribution. The Board also believes that the Reorganization will enable the Company to enhance its position as a premier provider of wealth management products and solutions, distributed through a wide variety of financial advisors and financial institutions, and to serve the wealth accumulation, preservation and transfer needs of the high net worth and affluent markets. The Company will also obtain more financial flexibility with which to maintain its ratings and financial stability and be able to better attract, retain and provide incentives to management in a fashion consistent with other stock life insurance companies. As a mutual life insurer, the Company can increase its
capital only through retained surplus contributed by its businesses or through the sale of surplus notes or similar instruments issued by it. Neither source is fully adequate to generate substantial surplus accumulations or to provide permanent capital to the Company.

As a result of the Reorganization, the Company will become a stock life insurer that is a subsidiary of The Phoenix Companies, Inc., a newly-formed publicly-traded company. Through the creation of this holding company, the Reorganization will make it easier for the Company and its affiliates to benefit from changes in laws relating to affiliations between insurance companies and other types of companies, such as banks. These changes include the Gramm-Leach-Bliley Act of 1999, which permits mergers that combine commercial banks, insurers and securities firms under one holding company. Until the passage of the Gramm-Leach-Bliley Act, legislation had limited the ability of banks to engage in securities-related businesses and had restricted banks from being affiliated with insurance companies. In addition, the Company, as a stock life insurer that is a subsidiary of the Holding Company, will have broader access through the Holding Company to the capital markets, enabling the Company to obtain capital from a variety of sources.

The Company will compensate the Eligible Policyholders for their respective Policyholders’ Membership Interests, which will be extinguished as part of the Reorganization, by giving them shares of Common Stock, cash or Policy Credits. The economic value of this compensation is not available to the Eligible Policyholders so long as the Company continues its operations as a mutual life insurance company. However, the demutualization will not in any way reduce the benefits, values, guarantees or dividend eligibility of existing Policies or contracts issued by the Company.

**ARTICLE II**

**Definitions**

As used in this Plan, the following terms have the meanings set forth below:

“Actuarial Contribution” means the contribution of each Qualifying Policy to the Company’s surplus, as calculated according to the principles, assumptions and methodologies set forth in this Plan and the Actuarial Contribution Memorandum.

“Actuarial Contribution Memorandum” means the memorandum that sets forth the principles, assumptions and methodologies for the calculation of the Actuarial Contribution of Qualifying Policies. The Actuarial Contribution Memorandum is attached to this Plan as Exhibit D.
“Adoption Date” means December 18, 2000, the date this Plan was adopted by the Board.

“Aggregate Variable Component” means the aggregate variable component of consideration for all Qualifying Policies, as determined pursuant to Section 7.1(b). The Aggregate Variable Component represents the component of consideration attributable to the Actuarial Contribution of those Qualifying Policies.

“Allocable Common Shares” means 120 million shares of Common Stock, subject to adjustment pursuant to Section 10.2, representing the total number of shares that will be allocated to Eligible Policyholders in accordance with this Plan and the Actuarial Contribution Memorandum.

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

“Certificate,” when used in relation to group insurance or annuity Policies, means a certificate that evidences coverage under a group or master Policy and that is issued to the Person covered.

“Class Action Settlement” means the Stipulation of Settlement, as amended, settling the consolidated class action lawsuit entitled Michels, et al. v. Phoenix Home Life Mutual Insurance Company, Index No. 5318-95, brought in the Supreme Court of the State of New York, County of Albany, which settlement was approved by such court and became final on February 7, 1997.

“Closed Block” means the accounting mechanism established to ensure that the reasonable dividend expectations of policyholders who own Policies that are part of the Closed Block Business are met, as more fully described in Article VIII.

“Closed Block Assets” means the Company’s assets, as set forth in Exhibit C, that are allocated to the Closed Block as of the Statement Date.

“Closed Block Business” means the Policies and all associated riders and benefits included in the Closed Block. These Policies include the classes of Policies listed in Exhibit B, which consist primarily of all of the classes of individual life insurance and annuity Policies for which the Company is either currently paying dividends or will, under the current scale, pay dividends in the future. A Policy will be included in the Closed Block only if it is either (a) In Force on any date from and including the Statement Date until and including the Plan Effective Date or (b) issued after the Plan Effective Date (i) pursuant to a completed application that is received prior to the Plan Effective Date at the Company’s administrative office located to 10 Krey Blvd., East Greenbush, New York, together with payment of the full initial premium and (ii) as applied for in accordance with the terms of the application.
“Closed Block Investment Guidelines” means the provisions governing the Closed Block investment policy, internal transfer of assets, investment management, reporting to the Board or a committee thereof supervising the operations of the Closed Block, and the annual opinion regarding the investment strategy of the Closed Block, all as filed with and approved in advance by the Superintendent.

“Closed Block Memorandum” means the memorandum that sets forth the rules governing the establishment and operation of the Closed Block. The Closed Block Memorandum is attached to this Plan as Exhibit A.


“Common Stock” means the common stock, par value $.01 per share, of the Holding Company.

“Company” has the meaning set forth in the introductory paragraph to this Plan.

“Company Affiliate” means an individual, partnership, association, corporation, joint-stock company, limited liability company, joint venture, trust, any similar entity or any combination of the foregoing acting in concert (directly or indirectly) controlling, controlled by, or under common control with the Company or the Holding Company within the meaning of Section 1501 of the New York Insurance Law (as it may from time to time be amended).

“Effective Time” means 12:01 a.m., New York time, on the Plan Effective Date. This is the time that the Plan is deemed to have become effective.

“Eligible Investments” means the investments that are permitted pursuant to Section 8.2(b) to be made by the Closed Block after the Statement Date.

“Eligible Policyholder” means a Person who is, or, collectively, the Persons who are, the Owner on the Adoption Date of a Policy that is In Force on such date. The Company and any subsidiary of the Company shall not be Eligible Policyholders with respect to any Policy that entitles the policyholder to receive consideration, unless the consideration is to be utilized in whole or part for a plan or program funded by that Policy for the benefit of participants or employees who have coverage under that plan or program. The Company may deem a person to be an Eligible Policyholder in order to correct any immaterial administrative errors and oversights.

“Federal Income Tax Law” means the Code, Treasury Regulations issued thereunder, administrative interpretations thereof and judicial interpretations with respect thereto.

“Fixed Component” means the fixed component of consideration, equal to 37 shares of Common Stock (subject to proportional adjustment as provided in Section 10.2), to be paid to each Eligible Policyholder.

“Holding Company” means The Phoenix Companies, Inc., a Delaware corporation, which is the company organized to become the holding company of the Company on the Plan Effective Date.

“In Force,” as used to describe a Policy, means a Policy that is deemed to be in effect based on the Company’s records, as determined in accordance with Section 6.2.

“IPO” means the initial public offering of Common Stock.

“IPO Stock Price” means the price per share at which Common Stock is sold to the public in the IPO.

“Issue Date” means, with respect to any Policy, the date specified in the Policy as the date of issue of the Policy.

“Other Capital Raising Transaction” means one or more of the following:

(a) a public offering of preferred securities;

(b) a public offering of mandatorily convertible debt or preferred securities;

(c) a public offering of convertible debt or preferred securities;

(d) a public offering of debt securities, commercial paper issuances or bank borrowings; and

(e) a private placement of Common Stock or other securities of the type described in the preceding clauses (a) through (d), to one or more institutional investors,

in each case which is completed by the Holding Company on the Plan Effective Date, provided that no such securities shall be issued to an affiliate of the Holding Company. The securities offered in any such Other Capital Raising Transaction shall have features substantially similar to those described on Exhibit L.
“Owner” means, with respect to any Policy, the Person or Persons specified as owner or determined pursuant to Section 6.1 or 6.3 to be the owner of the Policy for the purposes of the Reorganization.

“Participating Policy” means a Policy that:

(a) provides for the right to participate in the divisible surplus of the Company if and to the extent that dividends are apportioned on the Policy;

(b) does not by its terms provide that it is non-participating; or

(c) is a supplementary contract, unless the supplementary contract provides by its terms that it is non-participating.

“Person” means an individual, corporation, limited liability company, joint venture, partnership, association, trust, trustee, unincorporated entity, organization, government (including its departments or agencies) or any similar entity. A Person who is the Owner of a Policy in more than one legal capacity (for instance, a trustee under separate trusts) is deemed to be a separate Person in each such capacity.

“Phoenix ERISA Plans” means those employee benefit plans maintained by the Company or its subsidiaries that are subject to ERISA.

“Plan” means this Plan of Reorganization, including all Exhibits to this Plan, as it may be amended from time to time in accordance with Section 10.4.

“Plan Effective Date” means the effective date of this Plan, when, among other things, the Company will become a stock life insurance company and a wholly-owned subsidiary of the Holding Company. The Plan Effective Date will be determined pursuant to Section 5.2(b).

“Policy” means:

(a) a life insurance policy (including, but not limited to, a pure endowment contract), annuity contract or accident and health insurance policy authorized under paragraph (1), (2) or (3) of Section 1113(a) of the New York Insurance Law that has been issued, or assumed by merger or assumption reinsurance, by the Company;

(b) each Certificate issued by the Company in connection with certain group policies or contracts, as described in Sections 6.3(b), 6.3(d) and 6.3(e); and

(c) each other interest referred to in Section 6.3.
Each of the Certificates and other interests referred to in clauses (b) and (c) is deemed to be a Policy for purposes of this Plan pursuant to Section 6.3.

“Policy Credit” means (a) for an individual or joint participating whole life insurance Policy, the crediting of paid-up additions which will increase the cash value and death benefit of the Policy; (b) for supplementary contracts issued under optional modes of settlement or annuities in the course of installment payment without a defined account value and that provide for the payment of additional interest, the crediting of an additional amount in the form of additional interest; (c) for supplementary contracts issued under optional modes of settlement or annuities in the course of installment payment without a defined account value not providing for the payment of additional interest, an increase in the installment payment amount; and (d) for all other individual or joint life Policies and annuities, (i) if the Policy or contract has a defined account value, an increase in the account value, to which the Company will apply no sales, surrender or similar charges, or that will be further increased in value to offset any of these charges, or (ii) if the Policy or contract does not have a defined account value, the crediting of dividends under the Policy or contract.

“Policyholders’ Membership Interests” means all policyholders’ rights as members arising prior to the Reorganization under the charter of the Company or otherwise by law. These include the right to vote and to participate in any distribution of surplus in the event that the Company is liquidated. The term “Policyholders’ Membership Interests” does not include rights expressly conferred upon the policyholders by their policies or contracts (other than any right to vote), such as the right to any declared policy dividends. All Policyholders’ Membership Interests will be extinguished on the Plan Effective Date.

“Qualifying Policy” means a Participating Policy that is In Force on the Adoption Date and that is owned by an Eligible Policyholder on the Adoption Date.

“Reorganization” means the conversion of the Company from a mutual life insurance company to a stock life insurance company under Section 7312.

“SEC” means the United States Securities and Exchange Commission.

“Section 7312” means Section 7312 of the New York Insurance Law, as amended.

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

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

“Statement Date” means December 31, 1999.
“Superintendent” means the Superintendent of Insurance of the State of New York, or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the Company’s insurance business under applicable law.

“Total Capital Raised” means the total gross proceeds raised in the IPO and in Other Capital Raising Transactions at the time of the IPO.

“Variable Equity Share” of an Eligible Policyholder means the proportion of the Aggregate Variable Component that is allocated to that Eligible Policyholder, as more fully described in Section 7.2(a)(i).

ARTICLE III

Form of Reorganization

3.1 Method of Reorganization. This Plan provides that:

(a) the Policyholders’ Membership Interests will be extinguished, and the Eligible Policyholders will receive in return consideration in the form of shares of Common Stock, cash or Policy Credits, in each case in proportion to the Eligible Policyholders’ respective allocations of Allocable Common Shares;

(b) the Closed Block Business shall consist primarily of participating business and shall be operated by the Company as a closed block, which closed block, insofar as policyholder dividend purposes are concerned, shall be operated by the Company for the exclusive benefit of the Policies included therein;

(c) all Participating Policies will continue to be Participating Policies in accordance with their terms;

(d) the Holding Company will conduct the IPO and encourage and assist in the establishment of a public market for shares of Common Stock in conjunction with the IPO;

(e) subject to the provisions hereof, the Holding Company may conduct one or more Other Capital Raising Transactions;

(f) certain Eligible Policyholders who receive shares of Common Stock will have an opportunity, pursuant to Section 7.3(h), to purchase or sell such shares at market values without brokerage commissions or similar expenses; and
(g) subject to the provisions hereof, the Company may transfer the capital stock of certain of its subsidiaries to the Holding Company in exchange for cash as set forth in Section 5.2(h).

3.2 **Basis for Choice of Method.** The Reorganization will take place under method 4, as described in Section 7312(d)(4). The Board has determined that this is the most appropriate method of reorganization under Section 7312(d) for the Company to achieve the purposes of the Reorganization described in Article I. In making this determination, the Board considered, among other things, that:

(a) the method described in Section 7312(d)(3) is available only to insurers having less than $50 million of surplus;

(b) the method described in Section 7312(d)(2) does not provide for Eligible Policyholders to receive consideration in the form and manner provided in this Plan; and

(c) the method described in Section 7312(d)(1) does not clearly provide for raising permanent equity capital in a manner provided in this Plan.

The Board has also determined that the flexibility of method 4 allows the Company to design a plan of reorganization that is best suited to providing the Company’s policyholders with a fair and equitable result.

**ARTICLE IV**

**Proposed Charter of the Company**

The form of the Company’s amended and restated charter as proposed to be in effect at the Effective Time is set forth in Exhibit E.

**ARTICLE V**

**Manner and Basis of Reorganization**

5.1 **Subsidiary of Holding Company, Certificate of Incorporation and By-Laws.** On the Adoption Date, the Holding Company is a wholly-owned subsidiary of the Company. On or prior to the Plan Effective Date, the certificate of incorporation of the Holding Company shall be amended and restated so that at the Effective Time: (a) the certificate of incorporation shall be in the form of Exhibit F and shall, among other
things, authorize issuance of at least the number of shares of Common Stock that is sufficient to meet the requirements of this Plan and the number of shares of preferred stock, if any, to be issued in any Other Capital Raising Transaction; and (b) the by-laws of the Holding Company shall be in the form of Exhibit G. At the Effective Time, the Company shall become a wholly-owned subsidiary of the Holding Company as a result of the transactions described in Section 5.2.

5.2 Effectiveness of Plan.

(a) After the Eligible Policyholders and the Superintendent have approved this Plan pursuant to Section 7312, the Company shall file a copy of this Plan, endorsed with the Superintendent’s approval, in the office of the Superintendent. The Company shall also file a copy certified by the Superintendent in the office of the Clerk of Rensselaer County as required by Section 7312(l). The Plan Effective Date shall not occur unless the requirements of this Section 5.2(a) have been met.

(b) The Plan Effective Date shall be the date on which the closing of the IPO, and one or more Other Capital Raising Transactions, if any, occurs. The Plan Effective Date shall not be later than the first anniversary of the date this Plan is approved by the Superintendent pursuant to Section 7312(j), provided that such one-year period may be extended upon approval of the Superintendent for one or more additional periods if requested by the Board. This Plan shall be deemed to have become effective at the Effective Time.

(c) The Holding Company shall make an initial public offering of its Common Stock in the IPO and may also raise capital through one or more Other Capital Raising Transactions. The gross proceeds raised in all such Other Capital Raising Transactions including amounts from any underwriter’s overallotment options shall not in aggregate exceed 20% of the Total Capital Raised. Written notice of the type and approximate amount of Other Capital Raising Transactions, if any, in which the Holding Company proposes to engage will be provided to the Superintendent at least 25 business days prior to the earlier of the distribution of any preliminary prospectus or preliminary offering memorandum, or commencement of the roadshow, relating to any Other Capital Raising Transaction. The Superintendent will review and approve or disapprove of the Holding Company proceeding with that type and approximate amount of Other Capital Raising Transaction within 15 business days of such notice. Thereafter, provided the Superintendent has approved proceeding with that type and approximate amount of Other Capital Raising Transaction, the Holding Company will provide written notice at least 10 business days prior to the earlier of the distribution of any preliminary prospectus or preliminary offering memorandum, or commencement of the roadshow, relating to such Other Capital Raising Transaction, of the approximate amount and the expected range of the offering price, interest or dividend rate, conversion or redemption price and other relevant terms of such Other Capital Raising Transaction. The Holding Company shall
not proceed with any offering relating to any Other Capital Raising Transaction without the express written approval of the Superintendent.

(d) At the Effective Time:

   (i) the Company shall by operation of Section 7312 become a stock life insurance company;

   (ii) the Company’s charter and by-laws without further act or deed shall be amended and restated as set forth in Exhibits E and H, respectively; and

   (iii) the Policyholders’ Membership Interests shall be extinguished and Eligible Policyholders shall be entitled to receive, in exchange for their Policyholders’ Membership Interests, shares of Common Stock, cash or Policy Credits, as provided in this Plan.

(e) On the Plan Effective Date:

   (i) the Company shall issue ten thousand shares of its common stock, par value $1,000 per share, to the Holding Company;

   (ii) the Company shall surrender to the Holding Company, and the Holding Company shall cancel, all of the remaining shares of capital stock previously issued by the Holding Company to the Company; and

   (iii) the Holding Company shall complete the closings, and receive the net proceeds, of the sale of shares of Common Stock in the IPO and of any Other Capital Raising Transactions.

(f) In connection with the IPO, the Holding Company shall arrange for the listing of the Common Stock on a national securities exchange and shall use its best efforts to maintain the listing for so long as the Holding Company is a publicly traded company. This listing, and the efforts by the Holding Company to maintain this listing, shall satisfy any duty the Company or the Holding Company may have to encourage and assist in the establishment of a public market for shares of Common Stock. Neither the Company nor the Holding Company shall have any obligation to provide a procedure for the disposition of shares of Common Stock, except as expressly stated in this Plan.

   (g) The Company and the Holding Company shall use their best efforts to ensure that the managing underwriters for the IPO and any Other Capital Raising Transactions conduct the offering processes in a manner that is generally consistent with customary practices for similar offerings. The Company and the Holding Company shall allow the Superintendent and his financial advisors reasonable access to permit them to observe the offering processes. Special pricing committees of the boards of directors of the Company
and the Holding Company shall determine the price of Common Stock offered in the IPO and of any securities offered in any Other Capital Raising Transaction, which determinations must be ratified by the boards of directors of the Company and the Holding Company on or prior to the Plan Effective Date. A majority of each of these board committees shall consist of directors who are not officers or employees of the Company or the Holding Company or any affiliate, and no employees, officers or directors of or legal counsel to any of the underwriters for the IPO or any Other Capital Raising Transaction shall serve on such committees. Neither the Company nor the Holding Company will enter into an underwriting agreement for the IPO or any Other Capital Raising Transaction if it is notified that the Superintendent has not received confirmation from its financial advisors to the effect that the Company, the Holding Company and the underwriters for the offerings have complied in all material respects with the requirements of this Section 5.2(g). The underwriting agreements and any amendments thereto shall contain terms and provisions that are acceptable to the Superintendent. The Company shall provide the Superintendent with a letter, dated the date of the signing of the underwriting agreements, representing that as of that date it has complied with the foregoing requirements as to the conduct of the IPO and of any Other Capital Raising Transaction and that it will continue to do so. On the Plan Effective Date, the Company will provide the Superintendent with a letter confirming these representations as of that date. The final terms of the IPO and of any Other Capital Raising Transaction shall be subject to the Superintendent’s approval.

(h) The Company may transfer at fair market value as of the Plan Effective Date to the Holding Company or to a wholly-owned subsidiary of the Holding Company all of the common stock of Phoenix Investment Partners, Ltd., W.S. Griffith, Inc., PHL Associates, Inc., Main Street Management Company and/or Phoenix Charter Oak Trust Company held directly or indirectly by the Company on the Plan Effective Date. The Company may, at its discretion, accomplish any such transfer by transferring all of the common stock of the direct parent company of any such subsidiary, provided that, at the time of transfer, such direct parent company has no assets other than the common stock of one or more of such subsidiaries. The Company shall notify the Superintendent in writing at least fifteen business days prior to the Plan Effective Date of the proposed material terms of any transfer under this Section 5.2(h) including, without limitation, the consideration to be paid therefor and the creation, modification, continuation, redemption or retirement of any interaffiliate indebtedness or other interaffiliate obligations. The final terms of any such transfer shall be subject to the prior approval of the Superintendent.

(i) Proceeds of the IPO and any Other Capital Raising Transactions, net of underwriting commissions and related expenses, shall be used in the following order of priority:
(i) the Holding Company shall contribute to the Company an amount equal to the amount paid by the Company to fund the payment of cash and crediting of Policy Credits pursuant to Section 7.3;

(ii) the Holding Company shall contribute to the Company an amount equal to the amount of the fees and expenses incurred by the Company in connection with the Reorganization, including those required by the undertaking delivered by the Company and the Holding Company to the Superintendent in accordance with Section 7312(p);

(iii) the Holding Company shall contribute or cause to be contributed to the Company, as consideration for the shares of common stock, if any, of Phoenix Investment Partners, Ltd., W.S. Griffith, Inc., PHL Associates, Inc., Main Street Management Company and/or Phoenix Charter Oak Trust Company transferred by the Company to the Holding Company pursuant to Section 5.2(h) above, an amount equal to the aggregate fair market value of such transferred shares as of the Plan Effective Date; and

(iv) the Holding Company shall promptly contribute to the Company any remaining proceeds to be used for general corporate purposes of the Company.

The Total Capital Raised, net of underwriting commissions and related expenses, shall be not less than the aggregate amount that the Holding Company is required to pay, or to fund the paying or crediting by the Company of, the amounts set forth in Sections 5.2(i)(i), (i)(ii) and (i)(iii).

(j) As soon as reasonably practicable following the Plan Effective Date, but in any event no more than 45 days following the Plan Effective Date, unless the Superintendent approves a later date, the Company shall:

(i) credit Policy Credits to the Eligible Policyholders that are required to receive Policy Credits under this Plan; and

(ii) pay cash to the Eligible Policyholders that are to receive cash as consideration under this Plan.

The Company shall send to each Eligible Policyholder receiving Policy Credits or cash payments (at the time of the notice of crediting of Policy Credits or the payment of cash, as the case may be) a notice of how the amount of such credits and payments was derived from that Eligible Policyholder’s allocation of Allocable Common Shares.

(k) As soon as reasonably practicable following the Plan Effective Date, but in any event no more than 45 days after the Plan Effective Date, the Holding Company shall issue to each Eligible Policyholder the shares of Common Stock allocated to such
Eligible Policyholder for which such Eligible Policyholder will not receive consideration from the Company in the form of cash or Policy Credits. Such shares of Common Stock will be issued in book-entry form as uncertificated shares, except that stock certificates will thereafter be issued to any Eligible Policyholder who requests stock certificates representing his or her shares. An appropriate notice shall be sent to each Eligible Policyholder to whom uncertificated shares of Common Stock are issued. The Company shall use its best efforts to enable Eligible Policyholders who are to receive Common Stock under this Plan to sell their shares of Common Stock beginning on the twentieth day after the Plan Effective Date.

5.3 Continuation of Corporate Existence; Company Name. Upon the reorganization of the Company under the terms of this Plan and Section 7312, (a) the Company’s corporate existence as a stock life insurance company shall be a continuation of its corporate existence as a mutual life insurance company, and (b) subject to the approval of the Superintendent, the Company’s name shall be “Phoenix Life Insurance Company.”

5.4 Notice of Hearing.

(a) As soon as practicable following the Adoption Date, but in any event not less than 30 days before the Superintendent’s public hearing pursuant to Section 7312(i), the Company shall complete the mailing of notice of such hearing by first class mail to all Eligible Policyholders. However, if, after a reasonable effort to locate an Eligible Policyholder, the Company has a reasonable belief that the most recent mailing address of that Eligible Policyholder shown on the records of the Company is an address at which mail to the Eligible Policyholder is undeliverable, then the Company need not mail the notice to that Eligible Policyholder. The notice of hearing shall set forth the date, time, place and purpose of the Superintendent’s public hearing. The notice of hearing shall be accompanied or preceded by information about the hearing, including a copy of this Plan and a summary of its Exhibits, a summary of this Plan and any other explanatory information that the Superintendent approves or requires. Beginning on the date that the first notice is mailed pursuant to this Section 5.4(a) and continuing until the Plan Effective Date, the Company shall also make available at its statutory home office located at 10 Krey Blvd., East Greenbush, New York during regular business hours and on its internet web site copies of the notice of hearing, this Plan and its Exhibits, including, but not limited to, the Actuarial Contribution Memorandum and the Closed Block Memorandum, each in its entirety, for inspection by Eligible Policyholders and the general public.

(b) The Company shall publish the date, time, place and purpose of the Superintendent’s public hearing in three newspapers of general circulation, one in New York County and two in other cities approved by the Superintendent. The newspaper publications shall be made not less than 15 days nor more than 60 days before
the hearing, and shall be in a form approved by the Superintendent. The notice shall also include an address and telephone number at which any Eligible Policyholder who believes that its current address is not on record with the Company may contact the Company and supply its address.

5.5 Notice of Vote.

(a) As soon as practicable following the Adoption Date, but in any event not less than 30 days before the vote by Eligible Policyholders pursuant to Section 7312(k), the Company shall complete the mailing of notice of the vote by first class mail to all Eligible Policyholders. However, if, after a reasonable effort to locate an Eligible Policyholder, the Company has a reasonable belief that the most recent mailing address of that Eligible Policyholder shown on the records of the Company is an address at which mail to that Eligible Policyholder is undeliverable, then the Company need not mail the notice to that Eligible Policyholder. The notice of vote shall set forth the date, time, place and purpose of the vote. The notice may be combined with the notice of the Superintendent’s public hearing referred to in Section 5.4 or such other communications as the Superintendent may approve.

(b) The notice of vote shall be accompanied or preceded by information about the vote, including a copy of this Plan and a summary of its Exhibits, and any other explanatory information that the Superintendent approves or requires. The notice of vote shall also be accompanied by a form of ballot and, if applicable, a card on which an Eligible Policyholder may indicate a preference to receive cash as consideration under the Plan, if that option is available to that Eligible Policyholder. Beginning on the date that the first notice is mailed pursuant to this Section 5.5(b) and continuing until the Plan Effective Date, the Company shall also make available at its statutory home office located at 10 Krey Blvd., East Greenbush, New York during regular business hours and on its internet web site copies of the notice of vote, this Plan and its Exhibits, including, but not limited to, the Actuarial Contribution Memorandum and the Closed Block Memorandum, each in its entirety, for inspection by Eligible Policyholders and the general public.

5.6 Policyholder Vote.

(a) The Company shall hold a vote on the proposal to approve this Plan on the date and at the time and place specified in the notice of vote. If this Plan is approved by at least two-thirds of the votes validly cast, the Company shall promptly submit the appropriate documents and certifications to the Superintendent pursuant to Section 7312(k)(11).
(b) Each Eligible Policyholder shall be entitled to one vote, in accordance with Section 7312(k), irrespective of the number or amount of Policies owned by the Eligible Policyholder.

(c) Eligible Policyholders shall cast their votes pursuant to rules established by the Superintendent.

5.7 Tax Considerations. This Plan shall not become effective unless, on or prior to the Plan Effective Date, the following conditions shall have been met:

(a) The Company shall have received a favorable opinion of Debevoise & Plimpton, special counsel to the Company, or other nationally-recognized independent tax counsel to the Company, dated as of the Plan Effective Date, addressed to the Board and in form and substance satisfactory to the Company, substantially to the effect that:

(i) Policies issued by the Company prior to the Plan Effective Date will not be deemed newly issued, issued in exchange for existing policies or newly purchased for any material federal income tax purpose as a result of the consummation of this Plan;

(ii) With respect to any Policy described in Section 7.3(b), the consummation of this Plan, including the crediting of consideration in the form of Policy Credits to such Policy pursuant to Section 7.3, will not:

(A) result in any transaction that constitutes a distribution to the employee or beneficiary of the arrangement under Section 72 or 403(b)(11) of the Code, or a designated distribution that is subject to withholding under Section 3405(e)(1)(A) of the Code;

(B) adversely affect the favorable tax status of any such Policy which qualifies as a “tax sheltered annuity” or an “individual retirement annuity” within the meaning of Section 403(b), 408(b) or 408A of the Code or give rise to a prohibited transaction, under Section 4975 of the Code, between the individual retirement annuity and the individual for whose benefit it is established, or his of her beneficiary;

(C) result in any transaction that requires the imposition of a penalty for a premature distribution under Section 72(t) of the Code or a penalty for excess contributions to certain qualified retirement plans under Section 4973 or 4979 of the Code; or

(D) otherwise adversely affect the tax-favored status accorded such Policies under the Code or result in penalties or any other material
adverse federal income tax consequences to the holders of such Policies under the Code;

(iii) Eligible Policyholders receiving solely Common Stock pursuant to Section 7.3 of this Plan will not recognize income, gain or loss for federal income tax purposes as a result of the consummation of the Plan;

(iv) The conversion of the Company from a mutual life insurance company into a stock life insurance company by operation of Section 7312 and pursuant to Section 5.2 of this Plan will qualify as a reorganization within the meaning of Section 368(a) of the Code and the Company will be a party to the Reorganization within the meaning of Section 368(b) of the Code;

(v) The Holding Company will not recognize income, gain or loss for federal income tax purposes as a result of (A) its issuance of Common Stock to Eligible Policyholders; (B) its receipt of shares of common stock of the Company; (C) its cancellation, for no consideration, of its Common Stock previously issued to the Company and held by the Company immediately prior to the Effective Date; or (D) its sale of Common Stock in the IPO for cash, each pursuant to Section 5.2 of this Plan; and

(vi) The summary of federal income tax consequences contained in the material provided to Eligible Policyholders pursuant to Section 5.4 of the Plan, to the extent it describes matters of law or legal conclusions, is, subject to the limitations and assumptions set forth therein, an accurate summary of the material federal income tax consequences to Eligible Policyholders, the Company and its affiliates of the consummation of this Plan under the Federal Income Tax Law in effect on the date of the commencement of the mailing of such information to Eligible Policyholders and remains accurate under the Federal Income Tax Law in effect as of the Plan Effective Date, except for any developments between the date of such mailing and the Plan Effective Date (A) the principal federal income tax consequences of which are, in the opinion of such counsel, accurately described in all material respects in the information provided to Eligible Policyholders or (B) that the Board has determined are not materially adverse to the interests of Eligible Policyholders;

(b) A copy of the opinion described in this Section 5.7 shall be delivered on or prior to the Plan Effective Date to the Superintendent, together with a statement that the Superintendent shall be entitled to rely upon such opinions as though they were addressed to him in connection with his review of the Plan pursuant to Section 7312.
5.8 Other Opinions.

(a) The Company shall have received an opinion of Morgan Stanley & Co., Incorporated, or another nationally-recognized financial advisor, as to the fairness from a financial point of view to the policyholders of the Company who are Eligible Policyholders, taken as a group, of the exchange of the aggregate Policyholders’ Membership Interests for shares of Common Stock, cash or Policy Credits in accordance with this Plan, which opinion shall be confirmed as of the Plan Effective Date.

(b) The Company shall have received an opinion of Mark A. Davis and Duncan Briggs, a principal and a consulting actuary, respectively, with the firm Tillinghast-Towers Perrin, as to certain actuarial matters relating to the allocation of policyholder consideration under this Plan and to the Closed Block, which opinion shall be confirmed as of the Plan Effective Date. The Superintendent shall be entitled to rely upon such actuarial opinion as though it were addressed to him in connection with his review of this Plan pursuant to Section 7312.

(c) Copies of the opinions described in Sections 5.8(a) and (b) that are rendered in writing to the Board on the Adoption Date and thereafter to and including the Plan Effective Date relating to this Plan, the IPO and any Other Capital Raising Transaction shall be delivered on or prior to the Plan Effective Date to the Superintendent.

ARTICLE VI

Policy Ownership and In Force Dates

6.1 Determination of Ownership. Unless otherwise stated in this Article VI, the Company shall determine the Owner of any Policy as of any date on the basis of its records as of such date in accordance with the following provisions:

(a) The Owner of a Policy that is an individual insurance policy or annuity contract (including each Certificate or participation interest deemed to be a Policy pursuant to Section 6.3(b), 6.3(d) or (e)) shall be the Person specified in the Policy as the owner or contract holder unless no owner or contract holder is so specified, in which case:

(i) the Owner of a Policy that is an individual policy of life insurance or of accident and health insurance shall be deemed to be the Person insured, if the Policy was issued upon the application of such Person, or the Person who effectuated the Policy, if the Policy was issued on the application of a Person other than the Person insured; and
(ii) the Owner of a Policy that is an individual annuity or pure endowment contract shall be deemed to be the Person to whom the Policy is payable by its terms, exclusive of any beneficiaries, contingent owners or contingent payees.

(b) Except as otherwise provided in Section 6.3, the Owner of a Policy that is a group insurance policy or a group annuity contract shall be the Person or Persons specified in the group or master policy or contract as the policy or contract holder unless no policy or contract holder is so specified, in which case the Owner shall be the Person or Persons to whom or in whose name the group or master policy or contract shall have been issued and held or deemed to have been issued, as shown on the Company’s records.

(c) Notwithstanding Sections 6.1(a) and (b), the Owner of a Policy that has been assigned to another Person by an assignment of ownership thereof absolute on its face and filed with the Company in accordance with the provisions of the Policy and the Company’s rules with respect to the assignment of the Policy in effect at the time of such assignment shall be the assignee of such Policy as shown on the records of the Company. Unless an assignment satisfies the requirements specified for such an assignment in this subsection (c), the determination of the Owner of a Policy shall be made without giving effect to the assignment.

(d) In no event may there be more than one Owner of a Policy, although more than one Person may constitute a single Owner. When one Policy has more than one Person specified as the Owner or more than one Person who would be treated as an Owner under this Section 6.1, all of these Persons shall be deemed, collectively, to be the single Owner of the Policy.

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

(f) Subject to Section 6.1(i), the determination of the identity of the Owner of a Policy, including, but not limited to, such determination in any situation not expressly covered by the foregoing provisions of this Section 6.1, shall be made in good faith by the Company on the basis of its records, and, except for administrative errors, the Company shall not have any obligation to examine or consider any other facts or circumstances.

(g) The mailing address of an Owner as of any date for purposes of this Plan shall be the Owner’s most recent address as shown on the records of the Company.

(h) If the Owner of a Policy as determined under Article VI has died, then the Owner shall be deemed to be the estate or other successor of the Owner.
(i) Any dispute as to the identity of the Owner of a Policy or the right to vote or receive consideration shall be resolved in accordance with procedures acceptable to the Superintendent and, if applicable, Section 7312(k)(4).

6.2 In Force Dates.

(a) Except as otherwise provided in Section 6.3, a Policy shall be deemed to be In Force on any date if (x) as shown on the Company’s records on such date, the Issue Date of such Policy is on or prior to that date, and as of that date the required premium, if any, has been received at the Company’s administrative office located at 10 Krey Blvd., East Greenbush, New York and (y) the Policy, as shown on the Company’s records on that date, has not matured by death or otherwise been surrendered or otherwise terminated. With respect to clause (y), the following special rules shall also apply:

(i) a Policy that is a life insurance policy shall be deemed to be In Force after lapse for nonpayment of premiums during any applicable grace period, or other similar period however denominated in such Policy, and, if applicable, for so long as it continues as reduced paid-up insurance or as extended term insurance, on the records of the Company;

(ii) a Policy that has been reinstated after not being In Force shall be deemed to be In Force on the date of reinstatement of the reinstated Policy, as shown on the records of the Company, without regard to any prior period during which the Policy was In Force;

(iii) a Policy that is a group annuity contract shall not be deemed In Force on any date if on that date the Company has no monies on deposit with respect to such Policy and the Company has no obligations under any individual annuity Certificate issued with respect to such Policy;

(iv) a group Policy shall not be deemed to be In Force on any date if on that date the Policy has terminated and the Company’s only obligations with respect to such Policy either are (A) to disabled Certificate holders who, in accordance with the terms of the Policy, are eligible for and are receiving benefits or coverage under the Policy, or (B) for unpaid claims incurred under the Policy prior to its termination; and

(v) an individual Policy shall not be deemed to be In Force on any date if on that date the Policy has terminated and the Company’s only obligations with respect to such Policy are for unpaid claims incurred under the Policy prior to its termination.

(b) A Policy shall not be deemed to be In Force until it is issued, or deemed issued on the Company’s records, and coverage thereunder is in effect, notwithstanding
that temporary insurance upon application for such Policy may be In Force prior to the Issue Date.

(c) Notwithstanding the fact that a new Policy, such as a supplementary contract, has been issued as a result of the exercise of a right under a predecessor Policy, the new Policy shall be deemed to be In Force in accordance with its Issue Date without regard to the Issue Date of the predecessor Policy. However, if the predecessor Policy is registered under the Securities Act, and the Owner of the Policy received as the settlement option a variable payout annuity covered by the same prospectus as the predecessor Policy, then the variable payout annuity (i) shall be deemed to be In Force in accordance with the Issue Date of the predecessor Policy and (ii) shall be deemed to be a Participating Policy if such payout annuity or such predecessor Policy is or was a Participating Policy.

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

6.3 Certain Group Policies and Contracts.

(a) Except as provided in Sections 6.3(b) and 6.3(d), each employer, association or other entity whose employees, participants or members have coverage under any of the Company’s group welfare benefit Policies issued to, or deemed to have been issued on the Company’s records to, and held by a trust established by, or on behalf of, the Company or to a trust established by, or on behalf of, two or more employers, shall be deemed to be the Owner of a Policy. The Policy shall be deemed to be In Force as of any date, if the employer or entity has requested and has been approved or deemed approved for participation in the trust or coverage is otherwise in effect under the group Policy, and the trust participation or coverage under the group Policy is in effect as of that date, as shown on the Company’s records. The trustee of any such trust shall not be an Eligible Policyholder or an Owner.

(b) Each Certificate described below shall be deemed to be a Policy, the Owner of which shall be determined in accordance with Section 6.1, and that Certificate shall be deemed to be In Force as of any date if, as shown on the Company’s records, the exercise of the paid-up option described below occurs on or prior to that date and the effectiveness of the option has not terminated on or before that date. This rule shall apply only to those Certificates held by persons who have exercised a paid-up option under any of the Company’s group universal life insurance Policies. Neither the named policyholder of the group Policy pursuant to which such Certificates were issued nor the Owner pursuant to Section 6.3(a) shall be an Eligible Policyholder or an Owner with respect to the coverage evidenced by such Certificates.
(c) Each employer, association or other entity whose employees, participants or members are covered under any of the Company’s group annuity contracts, other than those specified in Section 6.3(e), issued to, or deemed to have been issued on the Company’s records to, and held by a trust established by, or on behalf of, the Company, shall be deemed to be the Owner of a Policy. The Policy shall be deemed to be In Force as of any date, if the employer, association or entity has requested and been approved or deemed approved for participation in such trust, or coverage is otherwise in effect under the group annuity contract, and the trust participation or coverage under the group annuity contract is in effect as of that date, as shown on the Company’s records. The trustee of any such trust shall not be an Eligible Policyholder or an Owner.

(d) Each Certificate that (x) is issued under any of the Company’s group Policies issued to, or deemed to have been issued on the Company’s records to, and held by a trust established by, or on behalf of, the Company and (y) does not require affiliation by Certificate holders with any particular employer, voluntary employees’ beneficiary association or entity in order to have coverage under the group Policy shall be deemed to be (i) a Policy, the Owner of which shall be determined in accordance with Section 6.1, and (ii) In Force as of any date if, as shown on the Company’s records, the Certificate’s effective date occurs on or prior to that date and the Certificate has not terminated on or before that date. The trustee of any such trust shall not be an Eligible Policyholder or an Owner.

(e) Each Certificate that is qualified or is intended to be qualified under Section 408 or 408A of the Code (including Roth Individual Retirement Accounts (“IRAs”), SIMPLE IRAs, SEP IRAs and traditional IRAs), Section 403(b) of the Code (tax-sheltered annuities), or Section 72(s) of the Code (tax deferred annuities) and that is issued under any of the Company’s group annuity contracts issued to, or deemed to have been issued on the Company’s records to, and held by a trust established by, or on behalf of, the Company shall be deemed to be (i) a Policy, the Owner of which shall be determined in accordance with Section 6.1; and (ii) In Force as of any date if, as shown on the Company’s records, such Certificate’s effective date occurs on or prior to such date and such Certificate has not terminated on or before such date. The trustee of any such trust shall not be an Eligible Policyholder or an Owner.

(f) The Company shall, subject to the approval of the Superintendent, determine ownership and In Force rules for any types of group Policies not specifically covered by Section 6.3, if the Company determines that the general provisions of Sections 6.1 and 6.2 are not applicable. These rules shall be applied in a manner that is consistent with the other provisions of this Article VI.
ARTICLE VII

Allocation and Payment of Consideration

7.1 Allocation of Allocable Common Shares.

(a) The consideration to be given to Eligible Policyholders in exchange for their Policyholders’ Membership Interests shall be shares of Common Stock, cash or Policy Credits. Solely for purposes of calculating the amount of this consideration, each Eligible Policyholder’s allocation of Allocable Common Shares shall be determined in accordance with this Article VII and the Actuarial Contribution Memorandum.

(b) Each Eligible Policyholder shall be paid consideration based on the allocation to the Eligible Policyholder of a number of Allocable Common Shares equal to the sum of:

(i) a fixed component of consideration equal to 37 shares of Common Stock (subject to proportional adjustment as provided in Section 10.2) (the ‘‘Fixed Component’’), regardless of the number of Policies owned by such Eligible Policyholder in the same capacity; and

(ii) a variable component of consideration equal to the portion, if any, of the Aggregate Variable Component which is allocated in respect of the Qualifying Policies of which the Eligible Policyholder is the Owner on the Adoption Date.

This sum will be rounded to the nearest whole share (with one-half being rounded upward). The Allocable Common Shares shall be allocated first to provide for the number of shares required for the aggregate Fixed Component allocable to all Eligible Policyholders, and the remainder of the Allocable Common Shares shall constitute the Aggregate Variable Component. The Aggregate Variable Component shall be allocated to determine the Variable Equity Shares in respect of the Qualifying Policies in accordance with Section 7.2 and the Actuarial Contribution Memorandum.

7.2 Allocation of Aggregate Variable Component.

(a) The Aggregate Variable Component shall be allocated to each Eligible Policyholder in respect of his Qualifying Policies and shall be determined by multiplying the Variable Equity Share determined in accordance with clause (i) below for each Eligible Policyholder by the number of Allocable Common Shares constituting the Aggregate Variable Component.

(i) For the purpose of determining the Variable Equity Shares of Qualifying Policies, negative Actuarial Contributions of Qualifying Policies will be adjusted by setting them to zero, subject to Section 7.2(a)(iii). The Variable
Equity Share for each Eligible Policyholder shall be equal to the sum of the Actuarial Contributions of all of that Eligible Policyholder’s Qualifying Policies, as so adjusted, divided by the sum of the Actuarial Contributions of all Qualifying Policies, as so adjusted.

(ii) Based on estimates of the historic and future contributions of Qualifying Policies to the Company’s surplus, the Company shall make reasonable determinations of the dollar amount of the Actuarial Contribution, both positive and negative, for each Qualifying Policy, according to the principles, assumptions and methodologies set forth in the Actuarial Contribution Memorandum.

(iii) If, for the purposes of determining the dividend scales or experience factors of a Qualifying Policy, the experience of different Policies has been combined together or has been transferred from one to another, regardless of whether the Policy from which such experience has been combined or transferred remains In Force, the experience shall be taken into consideration in determining such Qualifying Policy’s Actuarial Contribution, as described in the Actuarial Contribution Memorandum.

(iv) Each Actuarial Contribution shall be determined on the basis of the Company’s records as of the Statement Date, unless the Qualifying Policy shall have been issued after the Statement Date, in which case the Actuarial Contribution for the Qualifying Policy shall be equivalent to the present value as of the Statement Date of its expected future contribution to the surplus of the Company, as estimated by the Company in accordance with the Actuarial Contribution Memorandum.

(b) As described in the Actuarial Contribution Memorandum, the Actuarial Contribution will be determined for all Qualifying Policies In Force on the Statement Date as the estimated historic contributions to surplus of such Policies accumulated with interest to the Statement Date plus the estimated future contributions to surplus of such Policies, discounted with interest to the Statement Date. The Actuarial Contribution Memorandum was completed in accordance with the principles set forth in this Section 7.2 and provides further details regarding the provisions of Sections 7.1(a), 7.1(b), 7.2(a) and 7.2(b).

7.3 Payment of Consideration.

(a) Except as otherwise provided in Sections 7.3(b), (c), (d) and (e), each Eligible Policyholder shall receive consideration in the form of shares of Common Stock equal to the number of shares allocated, in the aggregate, to such Eligible Policyholder pursuant to this Plan.
(b) The Eligible Policyholders described below shall receive consideration in the form of Policy Credits with respect to the Policies described below:

(i) each individual Owner of a Policy that is an individual retirement annuity within the meaning of Section 408 or 408A of the Code or a tax sheltered annuity within the meaning of Section 403(b) of the Code;

(ii) each Owner of a Policy that is an individual annuity contract that has been issued pursuant to a plan qualified under Section 401(a) or 403(a) of the Code directly to the plan participant; and

(iii) each Owner of a Policy that is an individual life insurance policy that has been issued pursuant to a plan qualified under Section 401(a) or 403(a) of the Code directly to the plan participant.

If any such Policy has matured by death or otherwise been surrendered or terminated after the Adoption Date but prior to the date on which the Policy Credits would have been credited, however, cash in the amount of the Policy Credits shall be paid in lieu of the Policy Credits to the Person to whom the death benefit, surrender value or other payment at termination was made under such Policy.

(c) The Eligible Policyholders described below shall receive consideration in the form of cash:

(i) each Eligible Policyholder who is not required to receive Policy Credits pursuant to Section 7.3(b) and whose address for mailing purposes is shown on the records of the Company to be located outside the States of the United States of America or with respect to whom the Company, after a reasonable effort to locate such Eligible Policyholder, has a reasonable belief that the most recent address for mailing purposes as shown on the Company’s records is an address at which mail to such Eligible Policyholder is undeliverable;

(ii) each Eligible Policyholder who is not required to receive Policy Credits pursuant to Section 7.3(b), and with respect to whom the Company determines in good faith to the satisfaction of the Superintendent that it is not reasonably feasible or appropriate to provide consideration in the form of Common Stock; and

(iii) each Eligible Policyholder who is allocated equal to or fewer than 60 shares of Common Stock and who has affirmatively expressed, on a form approved by the Superintendent and provided to such Eligible Policyholder, which form has been properly completed and received by the Company prior to a date set by the Company, a preference to receive cash in lieu of Common Stock; provided, however, that the Company may, with the prior approval of the
Superintendent, pay cash to Eligible Policyholders who are allocated more than 60 shares of Common Stock and who have indicated their preference to receive their compensation in the form of cash provided, further, that the amount available for any such cash payments to such Eligible Policyholders who are allocated more than 60 shares of Common Stock shall be distributed by the Company to such Eligible Policyholders in accordance with the number of shares of Common Stock allocated, beginning with such Eligible Policyholders allocated 61 shares of Common Stock and continuing to the highest level of share allocation possible at which cash preferences can be completely satisfied using such amount of available funds.

(d) If an Eligible Policyholder that is an Owner of more than one Policy is entitled to receive consideration under this Article VII solely in the form of Policy Credits, then the Fixed Component shall be payable only with respect to one of such Policies, which shall be the Policy with the earliest Issue Date. If an Eligible Policyholder that is an Owner of more than one Policy is entitled to receive consideration under this Article VII both in the form of Policy Credits and in the form of cash or shares of Common Stock, then the Fixed Component shall be payable only with respect to one of the Policies for which cash or shares of Common Stock are payable, which shall be such Policy with the earliest Issue Date.

(e) If consideration is to be paid or credited to an Eligible Policyholder in cash or Policy Credits pursuant to this Plan, the amount of such consideration shall be equal to the number of Allocable Common Shares allocated to the Eligible Policyholder, as determined in accordance with this Article VII, multiplied by the IPO Stock Price. Payment shall be made by check, net of any applicable withholding tax, or by the crediting of a Policy Credit, as the case may be, in accordance with Section 5.2(j).

(f) In the event that more than one Person constitutes a single Owner of a Policy, consideration allocated in accordance with this Article VII and the Actuarial Contribution Memorandum shall be distributed jointly to or on behalf of such Persons.

(g) Any cash consideration that the Company is unable to distribute to any Eligible Policyholder shall be retained by the Company and held in a manner that is consistent with its practices for holding undeliverable or unclaimed funds and in compliance with applicable laws and regulations on behalf of that Eligible Policyholder until it escheats in accordance with applicable laws.

(h) The Holding Company shall establish a commission-free purchase and sale program which shall begin no sooner than the first business day after the six-month anniversary of the Plan Effective Date and no later than the first business day after the twelve-month anniversary of the Plan Effective Date and shall continue in either case for 90 days (and may be extended if the Board of Directors of the Holding Company
determines such extension to be appropriate and in the best interest of the Holding
Company and its stockholders). The terms and conditions of such purchase and sale
program and any amendments, modifications or supplements thereto shall be subject to
the prior approval of the Superintendent. Pursuant to such purchase and sale program,
each Eligible Policyholder or other stockholder who holds 99 or fewer shares of Common
Stock shall have the opportunity to sell at prevailing market prices all, but not less than
all, the shares of Common Stock owned by such stockholder, without paying brokerage
commissions, mailing charges, registration fees or other administrative or similar
expenses. The Company shall concurrently offer each stockholder entitled to participate
in the commission-free purchase and sale program the opportunity to purchase that
number of shares of Common Stock necessary in order to increase such stockholder’s
holdings to a 100-share round lot, without paying brokerage commissions, mailing
charges, registration fees or other administrative or similar expenses. The commission-
free purchase and sale arrangements described herein shall be subject to such limitations
as are advisable to obtain appropriate no-action relief from the staff of the SEC.

7.4 ERISA Plans. The Company has applied to the Department of Labor for an
exemption (the “DOL Exemption”) from Section 406 of ERISA and Section 4975 of the
Code with respect to the receipt of consideration pursuant to this Plan by employee
benefit plans subject to the provisions of such sections. Notwithstanding any other
provision of this Plan, if such exemption is not received prior to the Plan Effective Date,
the Company may delay payment of such consideration to those Eligible Policyholders
who are subject to such provisions and place such consideration in an escrow or similar
arrangement subject to terms and conditions approved by the Superintendent. Any such
escrow or arrangement shall provide for payment of such consideration to Eligible
Policyholders not later than the third anniversary of the Plan Effective Date and all costs
and expenses of such escrow or arrangement shall be borne by the Holding Company.

ARTICLE VIII

Method of Operation for Dividend-Paying Business

8.1 Establishment of the Closed Block.

(a) The Closed Block Business shall be included in the Closed Block to ensure
that the reasonable dividend expectations of policyholders who own Policies included in
the Closed Block Business are met. As set forth in the Closed Block Memorandum,
assets of the Company shall be allocated to the Closed Block in an amount that produces
cash flows which, together with anticipated revenue from the Closed Block Business, are
reasonably expected to be sufficient to support the Closed Block Business including, but
not limited to, provisions for payment of claims and certain expenses and taxes, and to
provide for continuation of dividend scales payable in 2000, if the experience underlying such scales continues, and for appropriate adjustments in such scales if the experience changes. Subject to the provisions of this Article VIII, all Participating Policies that are part of the Closed Block Business shall continue to be Participating Policies in accordance with their terms.

(b) The Closed Block Assets are those of the Company’s assets, or portions of the Company’s assets, that are allocated to the Closed Block as of the Statement Date. Cash and policy loans, accrued interest and due and deferred premiums shall be allocated to the Closed Block as of the Statement Date, as described in the Closed Block Memorandum. The Closed Block Assets and such cash, policy loans, accrued interest and due and deferred premiums shall be brought forward to the Plan Effective Date in accordance with the principles set forth in Section 8.2. The amount of the Company’s assets required to support the Closed Block as of the Statement Date is determined as set forth in the Closed Block Memorandum.

8.2 Operation of the Closed Block.

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

(i) With respect to insurance cash flows:

(A) Cash premiums, cash repayments of policy loans and policy loan interest paid in cash on Closed Block Business, and amounts paid for reinstatement of Closed Block policies into the Closed Block shall be received by the Closed Block. Death, surrender and maturity benefits (including interest allowed for delayed payment of benefits) paid in cash, policy loans taken in cash and dividends paid in cash on Closed Block Business shall be withdrawn from the Closed Block.

(B) As described in the Closed Block Memorandum, cash shall be withdrawn from the Closed Block in the amount of state and local premium taxes (including guaranty fund assessments and credits and franchise taxes to the extent measured solely by premiums) paid in cash on premiums received in respect of Closed Block Business. Cash payments shall be withdrawn from or received by the Closed Block for state and local income taxes in accordance with the procedures described in the Closed Block Memorandum. Cash payments with respect to certain
reinsurance on Closed Block Business, as described in the Closed Block Memorandum, shall be withdrawn from or received by the Closed Block.

(C) Cash payments shall be withdrawn from or received by the Closed Block for federal income taxes in accordance with the procedure described in the Closed Block Memorandum.

(D) No cash shall be withdrawn from the Closed Block with respect to expenses, other than as provided in Section 8.2(a)(ii), and the Closed Block shall not be charged for any such expense.

(E) With respect to Closed Block Business issued after the Statement Date and prior to the Plan Effective Date, an amount of assets equal to the anticipated present value, as of each Policy’s Issue Date, of future premiums, less the anticipated present value of future guaranteed benefits, dividends, state and local premium taxes (including guaranty fund assessments and credits and franchise taxes to the extent measured solely by premiums) and state and local income taxes, reinsurance expenses and provision for federal income taxes, all as set forth in the Closed Block Memorandum, shall be withdrawn from the Closed Block.

(F) With respect to Policy Credits provided for Policies included in the Closed Block pursuant to Article VII, after the Plan Effective Date, the Company shall transfer to the Closed Block an amount of assets appropriate to reflect the addition of such Policy Credits, as set forth in the Closed Block Memorandum. For this purpose, cash or other Eligible Investments shall be added to the Closed Block in an amount equal to the statutory liabilities with respect to the Policies in the Closed Block receiving Policy Credits, calculated immediately after adding the Policy Credits, less the statutory liabilities with respect to the same Policies, calculated immediately prior to adding the Policy Credits.

(ii) With respect to investment cash flows:

(A) Cash received on dispositions of investments shall be net of all reasonable and customary brokerage and other transaction expenses that are deducted in reporting gross proceeds of those sales in the Company’s Annual Statement to the Superintendent. Cash payments for equity real estate acquired upon foreclosure of, reasonable and customary operating expenses of, and equity real estate taxes (as reported in the Annual Statement) on, any Closed Block assets that are investments in equity real estate shall be withdrawn from the Closed Block.
(B) Cash paid for expenses in acquiring an investment shall be withdrawn from the Closed Block to the extent included in the cost of such investment in the Company’s Annual Statement to the Superintendent.

(C) Investment management expenses shall not be withdrawn from or charged to the Closed Block.

(iii) With respect to additional benefits provided under Closed Block Business in accordance with the Class Action Settlement, shortly after such benefits are credited to Closed Block Business, the Company shall transfer to the Closed Block an amount necessary to provide for such benefits, as set forth in the Closed Block Memorandum. In addition, assets shall be added to the Closed Block in connection with any enhancement to Policies included in the Closed Block made in accordance with any legal or other settlement (other than the Class Action Settlement) entered into after the Statement Date, subject to prior approval of the Superintendent when material in relation to the assets in the Closed Block. Cash or other Eligible Investments shall be added to the Closed Block in an amount equal to the statutory liabilities with respect to the Policies in the Closed Block receiving enhancements, calculated immediately after adding the enhancements, less the statutory liabilities with respect to the same Policies, calculated immediately prior to adding the enhancements.

(b) After the Statement Date the Company shall not acquire any new investments on behalf of the Closed Block other than “Eligible Investments”. Subject to the limitations set forth in this Section 8.2(b) below, Eligible Investments are investments of the same asset classes that are allowed for investments made on behalf of the Company’s general account. Currently, these include, but are not limited to, both publicly and privately sourced domestic and foreign securities and assets in the categories of government and government agency securities; corporate bonds; mortgage-backed and other asset-backed securities; and commercial mortgage loans; limited or general partnership interests; common and preferred stock (including through investments in mutual funds and index funds); equity real estate; and other equity interests; as well as all participations, components or other interests in any of such investments. Derivatives, collateralized funding, and securities lending may be used by the Company on behalf of the Closed Block to the extent permitted by the laws applicable to the Company.

Notwithstanding anything to the contrary set forth above, except in connection with a work-out, restructuring, bankruptcy or other reorganization involving an investment acquired in compliance with this Section 8.2(b), the Closed Block shall not invest, at the time the investment is made, directly or indirectly through a partnership as to which the Company or any Company Affiliate possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such
partnership, whether through the ownership of voting securities, by contract (except a commercial contract for goods or non-management services) or otherwise, in (and the following shall not be Eligible Investments) (i) real property, or (ii) debt, common or preferred stock, or other equity issued by the Company or any Company Affiliate. For purposes of this Section 8.2(b), no Person shall be deemed to control a partnership solely by reason of being an officer or employee of such partnership.

(i) The Closed Block shall be managed so that, at the time any assets of the Closed Block are acquired, a majority of the resulting Closed Block fixed income portfolio will be investment grade, based on ratings of Moody’s Investor Services (“Moody’s”) or comparable ratings. Equity investments shall be acquired giving consideration to market availability, risk characteristics relative to the Closed Block liabilities and the Company’s then current best judgment regarding their relative expected returns.

(ii) The Closed Block assets shall be managed in the aggregate to seek a high level of return consistent with the preservation of principal and equity and with the principles of this Section 8.2(b).

(iii) The Closed Block assets shall reflect the duration and the ability to take risk consistent with the long-term nature of the Closed Block and the investment objectives outlined in Section 8.2(b)(ii).

(iv) The Closed Block assets shall be managed in compliance with the New York Insurance Law and other applicable laws and regulations. Closed Block assets shall be managed in good faith and with that degree of care that an ordinarily prudent individual or entity in a like position would use under similar circumstances. The Closed Block shall also be managed, from the investment perspective, as if it were an independent entity apart from the Company, but subject to all of the New York insurance investment laws applicable to the Company, including, but not limited to, the investment limitations set forth in Sections 1405 and 1410 of the New York Insurance Law (as they may be amended from time to time).

(v) Any transfer of Closed Block assets between the Closed Block and non-Closed Block segments of the Company, or within the Closed Block, shall be executed primarily for the purpose of benefiting the Closed Block. Every such transfer shall be executed at market price (adjusted for tax effects) as determined in accordance with the Closed Block Investment Guidelines filed with and approved in advance by the Superintendent.

(vi) From time to time, the Closed Block may borrow funds if it is expected to benefit the Closed Block. This borrowing may be made from
independent external sources or from the Company or any Company Affiliate. Any borrowing by the Closed Block will be at rates no higher than the best rates at which the Company can borrow from an independent external source for loans with comparable terms and conditions.

(vii) The Board shall appoint as the Company’s Closed Block actuary, a person who is an officer of the Company and a “qualified actuary” pursuant to Section 4217 of the New York Insurance Law (as it may be amended from time to time).

(viii) Each year the Closed Block actuary and an investment officer of the Company shall report to the Board or the committee thereof supervising the operation of the Closed Block on the current year’s investment strategy for the Closed Block, provide an overview and assessment of the implementation of the investment strategy and the investment results for the Closed Block in the prior year, distribute a copy of the most recent opinion letter regarding the Closed Block signed by the Closed Block actuary, as described in Section 8.2(b)(ix), and discuss that opinion letter.

(ix) The Closed Block actuary shall opine annually with respect to the Closed Block:

(A) whether the current investment strategy for the Closed Block is appropriate for the Closed Block Business;

(B) whether the investment portfolio and the investment activities for the past statement year were consistent with the investment strategy set out at the beginning of such year or, if not, the reasons that any deviation or change in investment strategy was necessary;

(C) with reliance on a written opinion from an investment officer of the Company, whether the Closed Block had fair access to Eligible Investments, and Eligible Investments allocated to the Closed Block during the statement year were allocated on a fair and equitable basis compared to allocations made to business segments of the Company that are not part of the Closed Block Business, were in accordance with the Company’s policy, if any, regarding allocation among business segments and any investment activity during the statement year between the Closed Block and non-Closed Block segments of the Company, or within the Closed Block, was made in accordance with the principles set forth in this Section 8.2(b);
whether any borrowing during the statement year was made in accordance with the principles set forth in this Section 8.2(b); and

whether any investment activity during the statement year between the Closed Block and non-Closed Block segments of the Company, or within the Closed Block, was made in accordance with the principles set forth in this Section 8.2(b) and the Closed Block Investment Guidelines filed with and approved in advance by the Superintendent.

The Company shall submit to the Superintendent a copy of the most recent opinion described in Section 8.2(b)(ix) and a copy of the materials presented during the most recent year to the Board or the committee thereof supervising the operation of the Closed Block regarding the Provisions of this Section 8.2(b), by May 1 of the year following the year in which the Plan Effective Date occurs and by May 1 of each year thereafter, for so long as the Superintendent may require.

The Company may amend this Section 8.2(b) at any time with the prior approval of the Superintendent.

The Company shall not permit any transaction between the Closed Block and any other portion of the Company’s general account, any of its separate accounts, or any Company Affiliate which, if entered into between the Company and any Company Affiliate, would under Section 1505 of the New York Insurance Law be subject to the Superintendent’s prior approval, or prior notice and nondisapproval, without such prior approval or such prior notice and nondisapproval, as the case may be. For purposes of the preceding sentence, in applying the percentages referred to in Section 1505, references to “the insurer’s admitted assets” in Section 1505 shall be deemed to refer to admitted assets of the Closed Block. The Company may amend this Section 8.2(c) at any time with the prior written approval of the Superintendent.

Dividends on Closed Block Business shall be apportioned annually by the Board or the committee thereof supervising the operations of the Closed Block in accordance with applicable law and with the objective of minimizing tontine effects and exhausting assets allocated to the Closed Block with the final payment upon termination of the last Policy contained in the Closed Block.

The Company shall submit to the Superintendent periodic reports of the operation of the Closed Block. These reports shall include an opinion of an independent actuary who is a “qualified actuary” pursuant to Section 4217 of the New York Insurance Law (as it may be amended from time to time), and shall be submitted by July 1 of the fifth year following the year in which the Plan Effective Date occurs and by July 1 of each fifth year thereafter for so long as the
Superintendent may require. The actuary shall opine whether the Company, in setting dividend scales for the Closed Block Business, has acted in accordance with the provisions of this Article VIII.

(iii) By July 1 of the year following the year in which the Plan Effective Date occurs and by July 1 of each year thereafter for so long as the Superintendent may require, the Company shall submit to the Superintendent, with respect to the prior calendar year in a form and with detail satisfactory to the Superintendent, reports of Closed Block borrowing and investment transfer activities which were effected with the non-Closed Block segments of the Company.

(e) The Company shall provide as supplemental Schedules to its Annual Statements for each year commencing with the year in which the Plan Effective Date occurs (i) financial Schedules, consisting of the information required by Annual Statement pages 2, 3, 4 and 5, and (ii) investment Exhibits, consisting of the information required by Annual Statement Exhibits A, B, BA, D and E (or comparable information under financial reporting requirements as they may be established from time to time for the Company as a whole by the Superintendent after the Adoption Date), in each case for the Closed Block. By July 1 of the year subsequent to the year being reported, the Company’s independent public accountants shall furnish to the Company, and the Company shall submit to the Superintendent, an opinion on the financial statements of the Company, which opinion shall encompass the foregoing financial Exhibits of the Closed Block. Additionally, the Company shall submit to the Superintendent by July 1 of each year a report, prepared at the Company’s request by its independent public accountants, in a form acceptable to the Superintendent, of the results of certain procedures, which procedures shall have been approved by the Superintendent, to test the Company’s compliance with Sections 8.2(a) and (f). The reporting obligations provided for in this Section 8.2(e) shall continue for so long as the Superintendent may require.

(f) No amounts shall be withdrawn from or received by the Closed Block for any taxes, including federal, state or local or foreign taxes, resulting from the operations of the Company or any of its subsidiaries prior to the Statement Date. No asset valuation reserve or any increase or decrease therein, or any similar reserve, shall be charged or credited to the Closed Block.

(g) None of the assets, including the revenue therefrom, allocated to the Closed Block or acquired by the Closed Block shall revert to the benefit of the stockholders of the Company.

8.3 Guaranteed Benefits. The Company shall pay all guaranteed benefits for Closed Block Business in accordance with the terms of the Policies contained in the Closed Block Business. To the extent provided in this Article VIII, cash shall be
withdrawn from the Closed Block in respect of those benefits. The assets allocated to the Closed Block are the Company’s assets and are subject to the same liabilities (in the same priority) as all assets in the Company’s general account.

8.4 Other Participating Policies.

(a) Participating Policies In Force on the Plan Effective Date that are not included in the Closed Block Business (as identified in Exhibit M) shall continue to be Participating Policies to the extent provided by their terms.

(b) The classes of individual Participating Policies described in clause (i) below shall be managed in accordance with this subsection (b).

(i) The classes shall consist of individual Participating Policies and riders that are In Force on the Plan Effective Date, that have any non-guaranteed elements, that are not included in the Closed Block and that fall within the following categories: (A) life insurance policies, (B) medical insurance policies, (C) annuities, and (D) certain blocks of business acquired from other life insurance companies.

(ii) The Company shall establish, for each such Policy class, (A) objectives based on: (a) a non-guaranteed element, such as an expense charge, mortality charge or investment margin; (b) a long-term loss ratio; or (c) any other appropriate measure of margin; (B) a basis for measuring deviations from such objectives in (A) above; and (C) a method by which any long-term deviations from such basis shall be reflected in the financial treatment of Policies within such class.

(iii) Prior to the Plan Effective Date, the Company shall submit a memorandum to the Superintendent setting forth for each of the above Policy/rider classes the bases and methods described in clause (ii) of this Section 8.4(b), which bases and methods shall be subject to the approval of the Superintendent. The Company shall not change such bases and methods except with the prior approval of the Superintendent.

(iv) Commencing July 1 of the year following the calendar year in which the Plan Effective Date occurs and continuing for so long as the Superintendent may require, the Company shall submit to the Superintendent by July 1 of each year a report as to its compliance with this Section 8.4(b) with respect to the prior calendar year in a form acceptable to the Superintendent.

(c) The classes of individual Participating Policies described in clause (i) below shall be managed in accordance with this subsection (c).
(i) The classes shall consist of individual Participating Policies that are in Force on the Plan Effective Date, have a currently payable dividend scale and are not included in the Closed Block Business.

(ii) Prior to the Plan Effective Date, the Company shall submit a memorandum to the Superintendent setting forth for each of the above Policy classes a method for determining the dividend scales of the contracts identified in clause (i) above, which method shall be subject to the prior approval of the Superintendent. The Company shall not change or adjust such methods except with the prior approval of the Superintendent.

(iii) Commencing July 1 of the year following the calendar year in which the Plan Effective Date occurs and continuing for so long as the Superintendent may require, the Company shall submit to the Superintendent by July 1 of each year a report as to its compliance with this Section 8.4(c) with respect to the prior calendar year in a form acceptable to the Superintendent.

ARTICLE IX

Plan of Operation; New Participating Business

9.1 Plan of Operation. The Company's Plan of Operation, including 10-year actuarial projections, is set forth in Exhibit K. The Plan of Operation and projections represent the Company’s current estimates and expectations based on the assumptions used in their preparation and may change in the future, subject to any required approvals of the Superintendent.

9.2 New Participating Business. The Company will apply to the Superintendent for a permit to allow the Company to continue issuing for delivery in the State of New York and elsewhere participating policies and contracts after the Plan Effective Date.

ARTICLE X

Additional Provisions

10.1 Acquisition of Securities by Certain Officers, Directors and Employees.

(a) From the Adoption Date until the Plan Effective Date and thereafter until the fifth anniversary of the Plan Effective Date, no officer, director or employee of the
Company, the Holding Company or any Company Affiliate, including their family members and their spouses, shall directly or indirectly offer to acquire or shall acquire in any manner the beneficial ownership of securities of the Company or the Holding Company, unless the acquisition is made: (i) pursuant to The Phoenix Companies, Inc. Directors Stock Plan and The Phoenix Companies, Inc. Stock Incentive Plan, approved by the Superintendent, copies of which are attached as Exhibits I and J, respectively; (ii) as an Eligible Policyholder pursuant to this Plan (provided that acquisitions pursuant to the commission-free purchase and sale program described in Section 7.3(h) are subject to Sections 10.1(a)(iii) and (iv)) or pursuant to the equity plans or arrangements identified in Exhibit N; (iii) by non-officer employees of the Company, the Holding Company or any Company Affiliate, including their family members and their spouses, pursuant to the commission-free purchase and sale program or from a broker or dealer registered with the SEC at the then quoted prices on the date of purchase; or (iv) by officers or directors of the Company, the Holding Company or any Company Affiliate, including their family members and their spouses, at least two years after the Plan Effective Date from a broker or dealer registered with the SEC at the then quoted prices on the date of purchase.

(b) For purposes of this Section 10.1,

(i) the term “beneficial ownership” with respect to any security, means the sole or shared power to vote, or direct the voting of, such security and/or the sole or shared power to dispose, or direct the disposition, of such security;

(ii) the term “securities,” includes (a) voting securities of any class or any ownership interest having voting power for the election of directors or management, other than securities having such power only by reason of the happening of a contingency; (b) any certificate or subscription existing prior to the Plan Effective Date; or (c) any security convertible (with or without consideration) into any such security, or carrying any warrant or right to subscribe for or purchase any such security, or any such warrant or right; and

(iii) the term “family member,” includes a brother, sister, spouse, ancestor or descendant of the officer, director or employee.

10.2 Adjustment of Share Numbers. In order to effect an IPO Stock Price which the Company and the managing underwriters of the IPO deem appropriate, the Company may adjust the number of shares of Common Stock set forth in the definition of Allocable Common Shares. The Company must receive the prior approval of the Superintendent before making any such adjustment. In the event of such an adjustment, the number of Allocable Common Shares to be allocated to each Eligible Policyholder as the Fixed Component of consideration pursuant to Section 7.1(i) shall be adjusted proportionately, provided, however, that no such adjustment will be made unless it would result, without any rounding, in such number being a whole number.
10.3 Notices. If the Company complies substantially and in good faith with the requirements of Section 7312 or the terms of this Plan with respect to the giving of any required notice to policyholders, its failure in any case to give that notice to any Person or Persons entitled to that notice shall not impair the validity of the actions and proceedings taken under Section 7312 or this Plan or entitle the Person or Persons to any injunctive or other equitable relief with respect to that notice.

10.4 Amendment or Withdrawal of Plan. At any time prior to the Plan Effective Date, the Board may amend or withdraw this Plan in accordance with Section 7312(f). No amendment made after the public hearing or after the vote of Eligible Policyholders may change this Plan in a manner that the Superintendent determines is materially disadvantageous to any policyholder (as defined in Section 7312(a)(2)) unless a further hearing or vote is conducted as provided by Section 7312(f). Notwithstanding the foregoing, the commission-free purchase and sale program described in Section 7.3(h) may be amended by the Holding Company at any time. Until the first anniversary of the Plan Effective Date, any such amendment to the commission-free purchase and sale program shall be subject to the prior approval of the Superintendent. If the Superintendent approves such amendment, the Company shall notify the Eligible Policyholders as promptly as practicable following such approval.

10.5 Costs and Expenses. The Company and the Holding Company have delivered to the Superintendent a written undertaking to pay for costs related to this Plan in compliance with Section 7312(p).

10.6 Governing Law. The terms of this Plan shall be governed by and construed in accordance with the laws of the State of New York.

10.7 Corrections. The Company may, until the earlier of the mailings required by Sections 5.4 and 5.5, by an instrument executed by its Chairman of the Board, President or any Executive Vice President, attested by its Secretary or Assistant Secretary under its corporate seal (if required) and submitted to the Superintendent, make such modifications of a non-material nature as are appropriate to correct errors, clarify existing items or make additions to correct manifest omissions in this Plan (including the Exhibits). Subject to the terms of this Plan, the Holding Company may issue additional shares of Common Stock and take any other action it deems appropriate to remedy errors or miscalculations made in connection with this Plan.

10.8 Compliance. The Company shall use commercially reasonable efforts to monitor the compliance of the stockholders of the Holding Company with the 5% limitation set forth in Section 7312(v) of the New York Insurance Law and shall promptly report any violations thereof to the Superintendent.
IN WITNESS WHEREOF, Phoenix Home Life Mutual Insurance Company, by authority of its Board of Directors, has caused this amendment and restatement of the Plan to be signed by its President and its corporate seal to be affixed hereto attested by its Secretary as of January 26, 2001.

PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY

[SEAL] By: /S/ Dona D. Young
Dona D. Young
President

ATTEST: /S/ John H. Beers
John H. Beers
Secretary