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To: [REDACTED]

Subject: PPPVUL Product Information

Date: Tue, 09 Apr 2013 18:07:18 +0000

Attachments: Legal_Summary_Materials_4-2013.pdf; Cedarwood_&_Kingswood_Combined_Payout_4-8-13.pdf

Jeffrey-

As a follow up to our discussions, I wanted to share additional information on the Evergreen PPVUL policy with you.

Summary information regarding a \$1 billion investment in two different policies is attached. The first is a \$500 million 7702(a) compliant policy (Kingswood), and the second is a \$500 million 7702(g) compliant policy (Cedarwood). You'll see that breakeven is achieved in the year following issuance. By year 20, the after-tax value of the Evergreen policies exceeds taxable account performance by \$1.4 billion (\$3.8 billion vs. \$2.4 billion). By year 30, the Evergreen policies outperform the taxable account by \$3 billion (\$7.4 billion vs. \$3.4 billion).

The above numbers assume the following fees and charges.

Upfront fees consist of the following:

Upfront charges: \$11.5 million (2% on first \$100 million, 1.5% on next \$100 million, 1% thereafter). Note consists of approximately \$500,000 in legal fees with the balance allocated between the party arranging for the insured lives and a sales charge

Issue fee: \$3.9 million (\$300 per life)

DAC tax: \$7 million (70 bps)

Ongoing fees consist of the following:

Cost of insurance: charged at standard rates based on the age/sex of underlying insureds

[REDACTED] fee: 65 bps per annum

Administrative fee: \$100 per life

Our attorneys at Mayer Brown have handled the legal work associated with the structure. In order to provide an overview of the review and analysis performed to date, I attach a legal summary containing the following:

Summary of Legal Opinions: Provides an overview of tax, insurable interest and ERISA opinions that will be provided at closing. The opinions are not yet written, but this reflects the scope

7702(g) Opinion Overview: Provides an overview of the legal opinion which will be provided in connection with the Cedarwood 7702(g) product and the relevant legal analysis

Wal-Mart Case: Provides an overview of a well-known case that concerned the issues that arose when Wal-Mart purchased life insurance policies (commonly referred to as janitor insurance) on the lives of its employees. The memo explains how the Evergreen programs do not violate the legal principles described in that case, including insurable interest considerations

Recovery Statutes: Explains why the risk is remote that an insured or his estate could bring a successful claim under a recovery statute

STOLI: Provides an overview of Stranger Owned Life Insurance and its relevance to insurable interest laws. The memo explains how Evergreen is not STOLI and does not violate STOLI legislation

Public Policy and Insurable Interest: Provides a summary of the conclusions in the prior three memos with respect to insurable interest and public policy considerations)

I think you'll find there are no comparable products in the marketable that allow for the acquisition of such a sizable amount of insurance, except for the standard 7702(g) policies. The Cedarwood 7702(g) product does offer a major structural advantage to its competitors in that it allows for annual distributions over the life of the policy.

As I mentioned, Withers is familiar with the structure, and Jim Brockway has spent the most time on it. We look forward to discussing the above in more detail and are, of course, happy to answer any questions or provide more information.

Regards,
Louis